

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into the Impact of the COVID-19 Pandemic on the Tourism and Events Sectors

Anglesea—Wednesday, 12 May 2021

MEMBERS

Mr Enver Erdogan—Chair

Mr Bernie Finn—Deputy Chair

Mr Rodney Barton

Mr Mark Gepp

Mrs Bev McArthur

Mr Tim Quilty

Mr Lee Tarlamis

PARTICIPATING MEMBERS

Dr Matthew Bach

Ms Melina Bath

Dr Catherine Cumming

Mr David Davis

Mr David Limbrick

Mr Andy Meddick

Mr Craig Ondarchie

Mr Gordon Rich-Phillips

WITNESS

Ms Raylene Fordham, Anglesea Backpackers.

The CHAIR: The Economy and Infrastructure Committee public hearing for the Inquiry into the Impact of the COVID-19 Pandemic on the Tourism and Events Sectors continues. Please ensure that mobile phones are switched to silent.

I wish to begin by acknowledging the traditional owners of the land, and I pay my respects to their elders past, present and emerging.

I wished to introduce my fellow committee members: Mr Rod Barton, Mr Mark Gepp, Mr Lee Tarlamis and Ms Wendy Lovell.

Before the first witness begins, I would like to read out a short statement. All evidence taken at this hearing is protected by parliamentary privilege as provided by the *Constitution Act 1975* and the Legislative Council standing orders. Therefore the information you provide is protected by law; however, any comment repeated outside this hearing may not be protected. Any deliberately false statement or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript, and ultimately that transcript will be made available on the committee's website.

We welcome the opening comments but ask that they be kept to a maximum of 5 to 10 minutes to allow plenty of time for discussion. Please start by stating your name for the Hansard and then begin your presentation. Over to you.

Ms FORDHAM: Hi, guys. I am Raylene Fordham. I did not start my little presentation with this, but I thought while I was listening to everyone I would explain: I have many hats. Since I moved to Anglesea, literally a few months in—I think it was not even a year—I was made President of the business and tourism association, which I did for eight years and then moved into Executive Officer because I was actually running an over \$100 000 business by the time we got towards that, and I just finished that up that role in 2019. Damien obviously here took over from me. I am a volunteer director with the community banks of Winchelsea, Anglesea and Lorne, so quite diverse, and I was chair of the Surf Coast Tourism Board previously. But I think today I have been asked to come here to speak as the owner-operator of the Anglesea Backpackers. I have a little bit of a tale to tell you, and I hope that I can stay on time because I have tried to cut it down.

The context is I and my business partner, Barbara, met when I was 17. It was the first time I had lived independently and I had my first full-time job. It was May 1988, and if I cry just let me go. I used to catch two buses and a train to get to my work, and Barb was a fellow passenger on those trips. She lived one block away with her husband and child and kindly offered me a place to do my washing. So once a week I would wander around and do my washing and she would give me a good meal. Thus we have a relationship of mother-daughter. Fast-forward to 2003: I had been living for a few years in the US, when I came home and I just really felt like that was the time in my life—I was in my 30s—that if I was going to do something that I really wanted to do, now was the time. So over the next couple of years I talked to all my friends. I discussed options of owning businesses. I had dreamed about this. I had lists—I used to write lists of what I was going to have at my hotel. It was probably a year or two in: Barb came to me and she said, 'Whatever venture you decide to embark on, I want to be your business partner'. So off we went.

In March 2006 I started due diligence on a national mystery shopping company—this you will not know about—which was a good fit for me because I had had 15 years in retail operations. The business assessed customer service standards in retailers and did customer service training. In May 2006 we commenced trading that business, and it traded very, very well. I bought it from someone who co-founded Bras N Things—big, big, big client list. So that was going really well, but I always remember: I worked at the bookshop for 15 years and I was operations manager for the national at the end, and I read a book called *Rich Dad Poor Dad*—I do not know if you know it—by Robert Kiyosaki.

He was the guy that invented the velcro wallet, and he went from zero dollars to lots of dollars and back to zero dollars living in a car. He said, 'You should always diversify your income'. So while we had bought our first business venture and it was going well, I did say to Barb, 'What do you want to do? What's your thing that you want to do?', and she told me she wanted to buy a backpackers. So in 2007 in about October I started due diligence on Anglesea Backpackers. We had heard that it was for sale. Unfortunately the income did not stack up. He was trying to sell the property and then we had to buy the goodwill. I knew as two ladies we could probably get a mortgage for the property, but there was no way anyone was going to lend us money for the goodwill. We were going to max out our money that we actually had if we tried to service that, so we walked away. In early December I heard that the sale of the business had fallen through. The owner had sold it to a security company that was going to use it to put up security guards over peak season. I made a call and I told him why we did not make an offer—'This is the reason'. We negotiated, and on 27 December that year we took operation of the backpackers, with no future bookings because he was going to have the security company in. He left for South Africa—left, gone.

It was a trial by fire, and there have been challenges along the way with both businesses—both small businesses. In the great financial crisis the mystery shopping company took a big hit. We lost a couple of big, big clients. The backpackers—we are coming up to 15 years or 14 years—just has not changed income. It has stayed consistently small. It is on average \$50 000 turnover a year. It has been able to service a small wage for Barb, so she gets paid for six months of the year—November through to April, which is around Easter—about 800 bucks a month, \$5000 a year, so she has always had another job. I run the mystery shopping company, that pays me—again, we are both small income earners—and I supplement my job with some consultant work, so I go out and speak and train and do all those things or I work the census or the election and that kind of thing. So we have always had to have another income for both of us because we are small income earners. The last several years Barb worked across the road at the school camp.

I have to tell you this because I thought it was cute. In 2016–17—so 10 years after we bought the backpackers—we turned over our first profit of 200 bucks. I was very excited. Coming into the end of the financial year in 2019–20 we were on track to make \$4000. That was going to be \$2000 back in each of our pockets. We thought, 'Wow!', because we had made this investment. And in fact Retail Services—which had gone through a major rebrand and we had to rebuild the whole operating system; it was in a very old state—which cost us tens of thousands of dollars. That was in about 2015. I had to paid it off over about five years. We were due to make a profit. In 2019–20 we were coming into our first profit in five years.

And then—I do not how or what date it was—we heard these rumblings about this mysterious flu, primarily in Asia, so I thought about our risk. Our market primarily is European; that is who we get through the backpackers. We have a small domestic, Asian and Indian market—very small. So while I was not concerned for us with my business hat on for the traders, I was very concerned about our region. I was concerned that these serviced a highly Asian market, and I knew that Chinese New Year was coming. I was not really worried about us, but I was a little bit worried about them. And then over February, from our observation there were Australians coming home with the flu from America, and that was getting—'Uh-oh'—a bit worrying. But on Friday, 6 March, something changed. At 2.00 pm on that afternoon I got an email from a national retailer that has three brands across this country, 'Suspend the program immediately—indefinitely. We'll be in touch when things improve'. So I thought, 'Uh-oh, something's up'. I called out to Barb, 'Google search the Great Depression. What are we going to do?', you know, 'Something's on the horizon'. So over the next couple of weeks I talked to friends about this big grey cloud that I could see coming. You know, I had this plan, and as a worst-case scenario I was going to live in a tent. If we lost the business, I would live in a tent by a stream. Really that is what I was thinking because it was just coming thick and fast.

I was about to service my biggest national supplier, so 117 stores, and I kept saying, 'Are you sure you want us to go out with the program?', 'Yes, yes, yes'; 'Are you sure? We're hearing rumblings', 'No, go'. So I said to my team, to my supervisors, to tell the consultants, 'Hit the ground running. You've got to get out there, you've got to do the work, because I think they're going to pull the pin on this'. Five days in, they called me and said, 'Pull the pin'.

So by the end of March we had the shutdown come and we had no customers, no guests, and I had no clients. So I have got two businesses with zero turnover—done. A bit scary. So from that moment on, as I said, we had zero. I think between April and September 2020 the backpackers made about \$460, and that was because we went in between lockdown 1 and lockdown 2 with the June long weekend; so that was it. Retail Services had its

first nibble of business in February this year. So from March last year to February absolutely nothing, but we have now serviced two huge retailers and a new one I had been working on. So, you know, we will get there.

We actually ended up watching to see if we should rent out the backpackers, like a six-month rental. Should we just rent it to one entity, one family, one group? That would help us, because with communal areas you were not allowed to be open. You were not allowed to trade until much later in the year. So I think in September we took in a young man that was working for Parks Vic; he had come down from New South Wales. That was one of the reasons you were allowed to trade in accommodation. So he came to stay with us from September through to about November, and we were just rapt to get a little bit of income. We probably traded about a third or a quarter of what we normally would, because September is when we start to pick up a bit. So it was down, but it was something.

I just want to go back and just talk to you about the things that were going through our minds when it all started to happen. You know, we went from a sadness and despair to a safety net offered by the federal government. That was called cash boost. This was followed by JobKeeper and the state government's first round of business support. Because Barb worked at the camp 11 months of the year—so she only had January off to service our peak—and they were STP-compliant, we decided to opt to nominate her for JobKeeper from the camp, and I was STP-compliant with mystery shopping company and I would register through there. Hindsight—I wish I knew then what I know now. Sadly we did not qualify for the first round of the state government grants because you had to have a minimum turnover of \$75 000, and each business did not. And when I called and I explained, 'We're just the two same ladies, it's just that they're different business entities', it did not matter; they had separate ABNs, you are done. Thank goodness for cash boost. So we were all right, we were okay—'It's fine. Moving on'.

I shifted into my business and trader's hat. We worked with all sorts of businesses in town around supporting each other, talking about the grants—grant application assessments, criteria, 'Don't give up'—and I heard all sorts of tales. Some people got them, some people did not. We were really restricted, as you know, so when the second support package came out I went, 'Okay. No! We don't qualify!'. Guess what one of the criteria was? You had to be on JobKeeper. Bang! We were out of the water. That was okay; Barb had income coming in from the camp. That was the only income she had coming in, but she had an income coming in from the camp.

In September the camp approached all staff for voluntary redundancies, and we went, 'No, no, no. Look, that's not for us'. You know, the federal government was paying them to pay her a wage. That was her only income; we would not want to go down that route. And she had worked there for seven or eight years. Anyway, in October she was pulled in and she was told she was being made redundant. And I said to myself, 'That's okay. We'll transition her from JobKeeper at the camp to JobKeeper from the backpackers. That's okay'. I rang the ATO, I spoke at length with an officer. We toed and froed, we talked about all the complexity and he said, 'No, you know what? That'll work'. After her last pay date I popped her on the next fortnight. We are not STP-compliant, which we do not have to be until 1 July this year, but by the way there are no wages now, so I am not rushing. The ATO officer said if we could call them back, they would manually register Barb for the JobKeeper in the ATO system. So if you have done your BAS, then you know how that system works. So they would do that. So I paid her for the second fortnight of November, which was six weeks after her notice, and in the first week of December I called to get her registered manually. Unfortunately again the same conversation, and that officer said, 'No, in fact if you read the criteria, there is one line item, right down the bottom, that says that you don't qualify'. I asked if there was an umpire I could talk to. I was told no, but you could request a consideration—'Here's how to do it'. So I finished that phone call and straightaway I was going to do the consideration.

Oh, and I forgot to tell you, by the way, I was so excited because the third round of the state business support had come out and we were going to have JobKeeper; so we could apply. I was just rapt. I was doing this all at the same time, and when she said no I went to the consideration. The consideration read like it was more about having an extension of the time you could apply, and if you were concerned or confused call back. So I called back. Another officer—look, they were all brilliant—said, 'You know, there's a lot of grey here and I'm not so sure. Can I get a supervisor to call you back?'. We were not trying to double up, we were just trying to transition her from one to another. Anyway, the supervisor called me back that night and he said no. And look, really, really, really everyone was sympathetic. I was pretty upset. I hate lying. So now I have to call the state government business support tomorrow and say, 'You know that application I put in? We just failed on JobKeeper'. I was mortified. Well, that gentleman was the most amazing man I have ever talked to. He spent so

much time with me. He said, 'Let's look at everything', and we did, and there was nothing unfortunately. So that is where we are at. So we were left a little high and dry.

So where are we now? As I said, Retail Services have turned over a little bit of business. With the backpackers there are no planes. Our main market of European international travellers is not here, but we did trade a little bit back to normal kind of March to Easter, so we were a little bit, 'Okay', but after Easter, we unfortunately have that winter off-peak thing and we go 'Bang'—very small facility, three bedrooms, very old house, very cold. But look, I will say when there are events on and everything else gets full we do fill up too. So let us hope there are some safe events that can run.

With Barb, early February, we did the final application for JobSeeker on 8 March, a month in we had not heard anything. We rang, and we got told by the gentleman he did not want to lie to us and he did not want to tell us anything. He did not know when the application would be assessed, he did not know when it was going to be delivered, he did not know if it would be successful or not but he could not tell us anything because he did not want to lie. So last week was two months. I rang back again, and she could not tell us anything. She said that it was being assessed through two different departments because we have got two company structures and a partnership structure—it is not simple. I think there were 13 documents. Some of them were 56 pages long, and all of the other criteria—it is just not simple. So this morning—my notes say we have not heard—but we got a call; it has been rejected. But it is not the end of the world. It was rejected because apparently the first lot said to me they wanted all of this information on her up until 12 November, which was after the redundancy. So I did all of that. Now they want from 12 November to 8 March, when we put the application in. So that is okay; I will go back and I will get that done. But just if you want to know anything—there was no letter; they said they sent a letter. We have done everything online—'It's online, it's online'—we cannot find a letter that says that.

The CHAIR: On that point, Raylene, I know my committee members are eager to ask you some questions as well and obviously there are time constraints. But like I said, I definitely share my sympathy, and it is great to hear your lived experience of this pandemic—I guess pre but throughout the pandemic—today and your frustrations, I guess, with the ATO and Centrelink.

Ms FORDHAM: It has been crazy.

The CHAIR: And the lack of continuity with staffing is probably more a reflection of how those agencies in the last few years have been made leaner—I am putting it very politely. It is great to hear that at the same time the staff were always very helpful, but those were the constraints that they had been put under. But on that point, if you could just try to wrap up so we can give people the opportunity to ask questions.

Ms FORDHAM: Sum up? Yes. I will just do 'Ways forward' quickly. The Great Ocean Road authority, which has been mentioned, I really think the success or failure of that will really impact hugely on our region. It needs to run efficiently and effectively, and to do that it needs to understand what the funding model is going to be and what its responsibilities are. I have to say my instinct on the ground being part of tourism, the broader tourism, for a long time is that that responsibility is so wide, it is such a huge breadth, that I think things will fall through the cracks, and who knows where that is going to fall. So we need to keep an eye on that.

Look, I really hope there is some clarity around border reopenings—understanding and agreement between what the state and the federal governments will do and the roles they will play—and then just consistent messaging back to industry and business about that, so talking to us. There is a game changer on the table in our region for the mine rehabilitation in Anglesea. That comes from low yield, low stay to a high-yield, longer stay, year-round offering. There are 1100 children in this town on any one day during the week—seven school camps.

By the time you get the daytrippers down from Melbourne, the people that just stop for a toilet break but go, 'Hey, you know what, I think I might go to Anglesea. It's an hour and a half from Melbourne, and I think I will stay overnight because Eden takes me 5 hours to explore', you know, 'And then I might go on with the GOR journey the next day', it is like putting something at this end of the road to that end of the road—it is a game changer. I have been giving feedback to that question or conversation with community since 2015, and never in my wildest dreams could I have imagined something so exciting to represent what our beautiful environment is. And I think events, as I said to you, if we could safely deliver events.

And I just want to say, to close, I do not want to be all negative. So let me tell you, coming into December we were trading 90 per cent down at the backpackers, coming out of January we were trading at 70 per cent down, coming out of Easter we were trading at 55 per cent down, so we are clawing it back. We are working on it, and we will continue to work on it. I did not want to finish negatively.

The CHAIR: No, no. I appreciate that, Raylene. As I said, I have really enjoyed it. It has been very refreshing and a real personal experience in how hard you and Barb have worked to build the business and I guess everything you have gone through. On that note, I will go over to Mr Gepp, Mr Barton and Ms Lovell, in that order, if they have got questions.

Mr GEPP: Yes. Thank you. Thanks so much, Raylene. And you have got nothing to apologise for. You have not been negative at all.

Ms FORDHAM: I did not cry. That was a good thing.

Mr GEPP: Your resilience, I think—you hear lots of stories about this pandemic and you are still smiling, despite being knocked down again and again and again and again. So, you know, hats off to you for your resilience, and I am sure Barb as well. She sounds as if she is just as resilient as you. You have talked a little bit about the ways forward. What can we do to get people into your establishment? When it is all said and done, it is getting those occupancy rates up.

Ms FORDHAM: Yes. That is my five years of investment into the community conversation around changing why people come to Anglesea. I knew very quickly when I came down here—it was not a place that I had holidayed; I had holidayed at Ocean Grove—we were the ‘pee stop’ to the Twelve Apostles. What? And then the messaging was ‘Where the ocean meets the sea’. Well, in fact that was not what I knew of Anglesea. When I came to understand the camp experience I would walk the riverbank and people would pull up in their car and say, ‘I came to camp here when I was a kid’. It is about building memories, and those memories last, and that means they have an investment to come back. So Anglesea is about adventure, and that is what we built Anglesea’s brand on—Anglesea adventure. So that is my conversation about ‘Give them a reason to come and do something’.

Mr GEPP: I know you were sitting there earlier listening to Mick and Bindy, and before that we had Liz and Damien, and we have talked about product offerings and businesses pivoting from their core business into other streams, and it has been a bit of a theme that we have heard—if we can provide some sort of opportunity for that product development. So, you know, what else can your business be? You know, is it just backpacker or is there something else that it can be? Is there anything that we can take back to Spring Street and say, ‘Look, these people have actually got ideas about how they can shift their business from this to expand it to be something else’?

Ms FORDHAM: You know what you could do for us?

Mr GEPP: Yes, what?

Ms FORDHAM: Understand what happened in Eden, Cornwall. Understand about that small seaside town that was one road in, one road out, and what it has come to today—pre-COVID, because obviously there some huge impacts. They have transformed that town. And so just having a product that brings people to come and play, they will stay. And if I could pick up 1 per cent of 4 per cent of the 4000 people projected to visit that facility—1 per cent—you would hugely impact my business. And they have built, I think, a YCA or whatever over in Eden because the demand was such that they could not keep up, because there is a whole range of people who want to have that experience. And so there is a place for us. You know, people who walk the Surf Coast Walk—we are 22 kilometres, we are halfway—we have a lot of people that will walk here and stay with us because they are thrifty. We have got the odd thrifty domestic traveller. So I just think it is really about having a reason to come and stay, and then it will be about the different ranges. You talked about families and it being affordable for families. I am thinking about changing our name because the reality is that we are servicing more and more families for whom it is hard to pay to stay at some of the other accommodation in town. The B & Bs are really expensive. It is ridiculous! You hear ridiculous prices.

Mr GEPP: Just quickly, Chair, if I can. Wendy and I share an electorate, Northern Victoria, and we often hear from towns like Sea Lake that will get buses of tourists, people who will fly into bigger destinations or go

to bigger destinations and then catch a bus to go to Lake Tyrrell, but they do not stop. They go to Lake Tyrrell, they get their happy snaps, but they do not spend money. So it is that issue, isn't it, about connecting those things for people and saying, 'There is a broader experience here. You need to stop, stay a little longer, because there are more offerings' and we have got to paint that picture.

Ms FORDHAM: That independent traveller that is in the car with the family or with whoever, yes.

The CHAIR: I might pass over to Mr Barton and then Ms Lovell.

Ms LOVELL: I think Mr Gepp has actually asked my question.

The CHAIR: Yes, he has actually asked my question too.

Mr GEPP: I am sorry.

The CHAIR: No. You have covered the question that we had in our minds. That is fantastic.

Mr BARTON: Raylene, I know you are very reserved about speaking in front of people you do not know, but I look forward to you coming out of your shell.

Ms FORDHAM: I am terrible when I start—all the quivering and the shaking and the dry mouth. I am sorry.

Mr BARTON: No, you have been fantastic. Mr Gepp has nailed a number of things. We want to know how we can help you, how we can help the community. I think you did an excellent presentation today and you have covered most of the things I wanted to and Mr Gepp—

Ms LOVELL: Teased out what was left.

Mr BARTON: teased out what was left, yes.

The CHAIR: On that note, Raylene, I might, on behalf of the committee, thank you again for your really touching presentation.

Ms FORDHAM: Feel free to reach out any time if you have got questions.

The CHAIR: Yes, we may have questions that come to mind later. If you are okay, we would love to shoot you an email and ask those. But on that point, the committee is now going to go to a lunch break.

Ms FORDHAM: Thanks very much for coming down.

Witness withdrew.