



GREAT OCEAN ROAD
REGIONAL TOURISM LIMITED

15th April 2021

Patrick O'Brien
Committee Manager
Legislative Council Economy & Infrastructure Committee

Dear Patrick,

RE: COVID IMPACTS IN THE VISITOR ECONOMY

Great Ocean Road Regional Tourism (GORRT) is the Regional Tourism Board for the Great Ocean Road region spanning the six local Government areas of Surf Coast, Colac Otway, Corangamite, Warrnambool, Moyne and Glenelg Shire Councils. Prior to COVID the region received more than 7.5million visitors. Over 1 million international visitors, 800k+ international daytrippers and \$250k+ international overnight visitors. Impacts of COVID were felt as early as January 2020 with the loss of the China market especially in the lead up to Chinese New Year 2020 and have continued with interstate, international and at periods Melbourne border closures. Like all of Vitoria the extended length of the Victorian and Melbourne lockdowns exacerbated the impact especially for businesses 100% reliant on visitors with no capacity to pivot their operations.

The visitor economy in the state and even within a region has not been equally impacted. Impacts and the path of recovery vary depending on:-

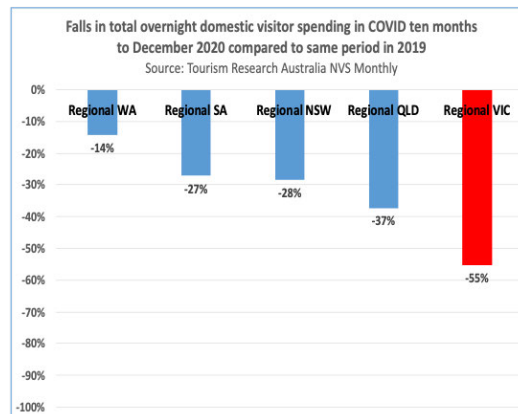
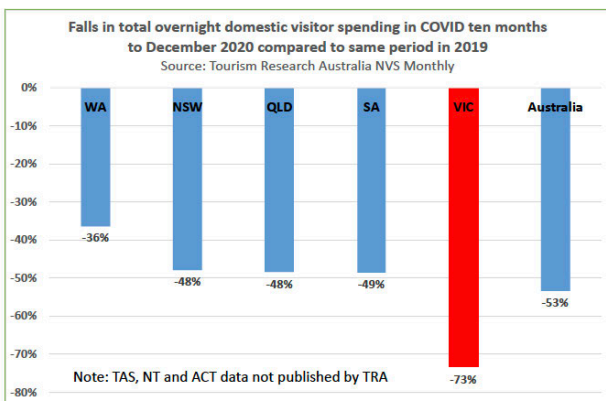
- The composition of a region and individual destination's visitor markets;
- The breadth of products and experiences – natural attractions are a strong draw, however consumers have looked for less crowded destinations/experiences.
- Proximity to Melbourne
- Type of business – attractions and experiences are often not part of a domestic visit and some businesses have been highly geared to international markets by their location and through their offering.
- Cancellation of signature events at critical periods;
- Timing of snap lockdowns ;
- Realisation of economic impacts from loss of job keeper and end to moratorium on rents, mortgage suspension etc come to an end.

Below are some of the key areas of impacts that have been felt in the Great Ocean Road region and please find attached the economic analysis prepared by Decisive Consulting Pty Ltd, commissioned to understand the impacts of and pathway to recovery from the pandemic. The recovery pathway remains speculative pending confirmation of timelines around international border openings and conditions of entry.

Financial Impacts - Business survival & job losses

- 18% of jobs in the GOR region are dependent on the visitor economy significantly greater than Melbourne, Geelong & Mornington Peninsula.

- This is significantly higher in some local Government areas within the region, representing the 35% of jobs in the Surf Coast and 23% of jobs in Colac Otway.
- Job keeper was a life line for the sector and the region again the dependence on this varied across LGA area with Surf Coast at 47% the 2nd highest in regional Victoria, followed by Warrnambool (38%) and Colac Otway (33%)
- Independent analysis commissioned by GORRT completed by Decisive Consulting identifies the significant impact pending with the end to jobkeeper as the region enters the off peak season. The report estimates the total impacts of falling visitor spending in the GOR region, set to peak at the end of 2020/21 at around 3,400 jobs under the fast recovery and 4,700 under the slow recovery scenario.
- Accommodation & Food services is the worst affected sector nationally by job losses, 11% nationally and 12.6% in Victoria. Nearly 20 times worse than the State average, even with jobkeeper and recognizing that ATO payroll data doesn't pick up small businesses.
- In January 2021 in Victoria there were many more people on JobKeeper (388,000) than officially unemployed in December 2020 (231,000 producing the official "unemployment" rate of 6.3%).



Workforce challenges

GOR has had significant challenges attracting, retaining and housing workers. COVID has exacerbated these challenges.

Recruitment has been further hindered by:-

- The extended lockdown of hospitality & tourism businesses has resulted in the exit of existing workers retraining in search of jobs that provide greater security and career progression;
- The loss of international students;
- Loss of international backpackers.

Even where workforce can be attracted, the lack of affordable accommodation is prohibiting workers migrating here from Melbourne, population centres and other states.

These workforce challenges have resulted in many businesses having to constrain business operations, reduce capacity, opening hours or offering to work within current staff constraints.

Loss of Events

Events are a significant economic driver and reason for visitation to the Great Ocean Road region. The last 15 months has seen a significant number of signature events cancelled including the Rip Curl Pro (twice), Cadel Evans Great Ocean Road Race, Amy Gran Fondo, Great Ocean Road Running Festival, Port Fairy Folk Festival and or significantly reduced ie. May Race carnival, Warrnambool Speedway and we continue to see visitor and community events significantly reduced or abandoned due to uncertainty and an inability to reframe them in a COVID compliance manner.

The cost of the loss of events is significant both to the event and to all the businesses that supply events and rely on events for their trade. In addition is the significant cost to a community where events are critical to maintaining a sense of community connection.

Loss of school camps

The region has a strong school camp industry. The extended periods of home schooling and then restrictions on large gatherings saw mass cancellations to this critical sector with the onflow to the businesses that supply services and activities to the camps. This sector was very much forgotten in many of the support programs offered.

Business & Corporate Travel

The shift to working from home and online meetings has had a dramatic effect on towns and businesses that rely heavily on corporate travel and business events. This is predicted to be one of the slower markets to return with limited understanding what will be the permanent shifts or changes to this market. Business vents & corporate travel play a critical role in driving mid week, year round visitation.

International

The region is heavily reliant on international visitation both in size of market, day trippers and international but also in supporting the smoothing of seasonality and providing mid-week visitation. With the domestic market highly skewed to weekends, public and school holidays, international visitation, like business events & corporate travel play a critical role in driving mid-week, year round visitation.

In addition, the loss of international students for the region and Melbourne will continue to impact visitation as this market is a strong source market for visitation both directly and through their visiting friends & relatives.

The uncertainty of changes to international border controls mean recovery of international visitation is not anticipated until 2023/24.

Consideration of travel bubbles does provide an opportunity to start to claw back some international markets however some travel bubbles may result in a net loss of visitation, with Australians taking up the opportunity to return to international travel than a net uplift in regional travel.

The length of time international borders remain closed will impact on the capacity of distribution chains to continue to resource the market. We have already seen significant job losses across the travel distribution networks as well as international trade partners shifting resources from marketing and servicing Australia to alternate markets available to their audience. This will result in a significant loss of knowledge and talent in the sector and will lengthen the time international travel will take to recover. Many international markets have long lead times and need significant education. This could be further exacerbated as we see traditional markets return to a more traditional approach to planning and booking international travel.

Interstate Visitation

Snap border closures has dented interstate and intrastate consumer confidence and has resulted in a delay in consumers committing to plans. These delays make it more difficult for operators to plan ahead and resource their operations, often resulting in last minute increases in visitation not being able to be capitalised on ie. food shortages, staff shortages

GOR and Victoria as a whole is also at risk of not having the visibility interstate and attracting the domestic visitor with a limited presence in interstate market and recent Federal programs focusing on air travel. Critical is ensuring Victoria, especially Regional Victoria is in the interstate consumers choice set.

Digital Capacity & Capability

The pandemic drove an accelerated push to digital and virtual channels. This compounded the lack of capability and capacity already evidenced in this region. Ensuring digital equality across the region remains a key priority and is critical especially as we continue to encourage businesses to invest in upskilling and shifting to omni channel models.

Stalled Infrastructure projects

The pandemic has also negatively impacted on the progress of public and private infrastructure projects. These projects are critical to addressing the region's key challenges of increasing length of stay, geographical & seasonal dispersal and visitor spend. The current climate represents an opportunity to accelerate implementation of key public infrastructure projects that have already been funded ie. Geelong & The Great Ocean Road City Deal and support acceleration of key private sector projects that would be game changes for the region.

The region has a strong public and private investment pipeline that if accelerated supports building a more resilient, year round visitor economy that can deliver a greater return to the sector and the community.

Mental Health

The pandemic has created unprecedented levels of stress and exacerbated many of the challenges of operating a small or micro business in a remote location. The investment in mental health programs has been well received however significant work still needs to be undertaken to ensure these programs are reaching some of our most vulnerable businesses and supporting them through the challenges this crisis continues to have. Supporting businesses that continue to be faced with uncertainty about their future viability, supporting them through tough decisions with staff management and recognizing that for many micro businesses the intrinsic link between their business viability and their capacity to meet personal financial obligations.

Innovation

Whilst much of this submission has focused on the negative impacts of this pandemic, it is imperative that we also look at some of the opportunities and successes. A number of businesses have used this opportunity to innovate and have developed new strategic partnerships to work to mutually grow their businesses. Support to stimulate further innovation is vital in building a more resilient sector so to is capturing the learnings of some of these successes to stimulate other businesses to continue to innovate and evolve.

The path to Recovery

It is critical that Government recognize the length of time it is going to take the sector to recover and continue to support stimulus measures. For the Great Ocean Road region, visitor expenditure is not predicted to reach pre-covid levels until 2023/24, this will continue to have a varied impact on individual destinations and businesses. Recovery must be measured by return to visitor expenditure levels and not by measuring visitor numbers. Further recovery stimulus programs must be targeted at the sector and the outcomes we are seeking to drive including increasing overnight stays, increasing expenditure, driving visitation mid-week and though winter, reigniting events and building the region's and the sectors resilience.

Finally, it is critical that the sector is provided with greater clarity around the pathway to recovery in a vaccine environment. Restrictions and lockdowns must deliver the granularity of detail that maximises the opportunity for businesses to continue to trade. Events require significant support to ensure they can plan with some level of certainty and have the capacity to have the infrastructure and processes in place to operate in a COVID safe manner.

Great Ocean Road Regional Tourism is grateful for the opportunity to provide input into the Parliamentary Inquiry. As a region, a sector and a State we have a long road to recovery.

Yours sincerely,



Liz Price
General Manager