



Inquiry into the impact of the COVID-19 pandemic on the tourism and events sectors.

To Patrick O'Brien
Committee Manager
Legislative Council Economy and Infrastructure Committee

Parliament House, Spring Street
EAST MELBOURNE VIC 3002

Document North East Victoria Tourism Board Inc. Submission

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Dear Patrick,

Thank you for the opportunity to contribute to the Legislative Council Economy and Infrastructure Committee's inquiry into the impacts of the COVID-19 pandemic on the tourism and events sectors.

Tourism supports an estimated 27% of all employment across Victoria's High Country and is imperative to the region's economic success. The following submission outlines the impacts of COVID-19 on the region's tourism industry together with considerations for a successful recovery.

Please don't hesitate to reach out should you have any questions regarding our submission.

Sincerely,

Bess Nolan-Cook

1. ORGANISATION OVERVIEW

Tourism North East (TNE) is the Regional Tourism Board for Victoria's High Country, which encompasses the Shires of Alpine, Murrindindi, Benalla, Indigo, Mansfield, Towong and Wangaratta, and the three major alpine resorts of Falls Creek, Mt Buller and Mt Hotham.

Tourism North East is an independent, not-for-profit organisation that represents a partnership between Local Government, the Victorian Alpine Resorts, Visit Victoria and industry.

Tourism North East is charged with developing the strategic tourism direction for the High Country, uniting its diverse stakeholder base in a common development path to optimise visitor economy outcomes.

This work includes delivering a broad range of strategic supply and demand tourism initiatives including regional marketing, product development, strategic planning, industry development, investment prioritisation, research and advocacy.

These efforts are focused on the High Country's five recognised product strengths in cycle, snow, nature-based tourism, food/drinks and arts/cultural heritage.

2. VICTORIA'S HIGH COUNTRY

Located in the north-east of the state, Victoria's High Country forms a significant part of Australia's Great Dividing Range. From Mt Beauty to Mt Buller, from Mansfield to Rutherglen, this region is unlike any other in Victoria.

It boasts mountainous, alpine and low land terrain, picturesque villages, rich farmland, world class wineries and thriving rural towns.

Renowned for its physical beauty as well as a rich diversity of visitor experiences, the High Country boasts beautiful landscapes, big blue skies, clear starry nights and clean, fresh air.

A high reward destination with flourishing produce, exceptional 'new world' wines including local heroes Prosecco and Muscat, a thriving arts and culture scene, epic snowfields and is known as Australia's Premier Cycling Destination.

3. THE VISITOR ECONOMY

Tourism is significant to the High Country's economic profile. In the year ending December 2019, Victoria's High Country welcomed 5.3 million visitors who generated \$1.5 Billion in direct expenditure and \$2.7 Billion in total economic output. Supporting an estimated 27% of total employment across the region.

The majority of visitors to Victoria's High Country are domestic visitors with the largest proportion of visitors coming from Metro Melbourne followed by regional intrastate, interstate and a small percentage of international travellers.

4. IMPACTS OF COVID-19

As a tourism reliant region, COVID-19 has had a catastrophic impact on Victoria's High Country. Devastatingly, the pandemic arrived a month after the 2020 Bushfires which cost the region an estimated \$200 million in the peak summer trading season. Leaving tourism industry operators without a financial cushion for the year ahead.

The COVID-19 pandemic and associated lockdown and trade restrictions from March - November 2020, impacted approximately 1500+ tourism operators across the High Country and resulted in a **conservatively estimated loss of \$400 million over the June quarter, \$700 million in the September quarter and approx. \$200 million in the December quarter.**

The impacts of COVID-19 on tourism was felt differently across varying sectors of the industry. Some businesses used the opportunity to 'pivot' their operation while some sectors were decimated. Such as the accommodation sector, creative industries and Victorian Alpine Resorts and associated on-mountain businesses, who suffered a whole year of losses, crippling their capacity for recovery, causing serious financial distress and mental health challenges including social isolation.

The COVID-19 pandemic has further exacerbated already significant challenges within the region's general operating environment. Most notably the quality of digital connectivity, attracting and retaining staff (permanent and seasonal) and access to affordable housing.

In 2019, Tourism North East conducted a human capital review in the context of tourism businesses and found:

- 80% of businesses surveyed are affected by staffing issues in peak seasons.
- 49% of businesses experience labour turnover in excess of 20%.
- There is a significant shortage of chefs across the region despite attractive employment packages available.
- A lack of available and appropriate accommodation is inhibiting employee attraction and retention.

Echoing these findings from two years ago, in a survey conducted by Tourism North East in March 2021, 35% of tourism businesses (predominantly hospitality) said that attracting staff was the number one challenge and 45% of respondents ranked retaining staff in the top three challenges facing businesses today.

Perpetuating the staff attraction and retention challenges is the limited access to affordable accommodation. In popular locations across the High Country, the real estate market has experienced a sharp upward trajectory. For example, House prices in Bright increased over 19% in the past 12 months. Largely driven by the private acquisition of properties for the purposes of short term rentals. i.e. Air BnB. Reducing the number of long-term rentals and pricing lower income workers, especially those in the hospitality industry, out of the market.

Consequently, businesses are under enormous pressure from staff shortages and are severely fatigued physically and mentally.

5. RECOVERY CONSIDERATIONS

The initial 'bounce back' within the regional tourism market from post-COVID restrictions has been strong and this is largely due to several environmental factors. People who live in urban environments, especially in Melbourne are craving space after being restricted at home for the majority of 2020 and international travel is unavailable.

However, it is critical that as the initial surge of activity recalibrates when the environment changes, regional tourism continues to be a priority for government investment.

Restoring community and consumer confidence

Community and consumer confidence is the lynchpin that enables the visitor economy. Over the past 12 months, public health announcements and restrictions have severely impacted consumer confidence and willingness to travel and regional communities' willingness to welcome visitors.

Restoring confidence among the local community and visitor economy is a vital step in the recovery process and events are a vehicle to achieve this.

Investment in dynamic multi-day destination driving events that engage the community, encourage innovation and target heavily impacted sectors such as the creative arts and accommodation industry, support various supply chains, build confidence and have far reaching benefits.

Strategic investment and solving long-term problems

Recovery from the COVID-19 pandemic is not just about building more stuff. It is critical we take the time and opportunity to invest in strategically meaningful initiatives and solve long-term challenges, for the benefit of creating a globally competitive and sustainable future state.

Investment in activities that enhance our tourism offering, underpin accessibility, and reduce growth inhibitors such as workforce attraction, retention and access to affordable accommodation is vital for the High Country region. As is digital connectivity and a robust year-round tourism offering leveraging our product strengths.

Summary

We continue to collaborate with our stakeholders across the region and we welcome the opportunity to work with the government at all levels to support the recovery of the visitor economy.