VICTORIA UNIVERSITY

BUILDING THE RESILIENCE OF TOURISM DESTINATIONS TO DISASTERS:

The 2020 Victorian Bushfires
and COVID-19 Pandemic
April 2021

THE SCHOOL FOR
THE VISITOR ECONOMY

VTIC

VICTORIA UNIVERSITY

A report by Victoria University, Melbourne
in collaboration with Victoria Tourism Industry Council
(VTIC)

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Authors

Gabrielle Lindsay-Smith (Lead Author), Joanne Pyke (Lead Chief Investigator), VanKhanh Nguyen, Salsabil Shaikh, Ancy Gamage, and Terry de Lacy.

Contributors

Chris Porter (VTIC), Felicia Mariani (VTIC) Mark Francis (MRT), Bess Nolan Cook (TNE).

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Front page image by *Anna Shvets*

EXECUTIVE SUMMARY

Project background

The Victorian visitor economy is in crisis due to the impacts of bushfire and the COVID-19 pandemic. The industry is vital to the social, economic and environmental health of all localities and destinations, but has particular impacts on regional areas where nature-based attractions (e.g., beaches, snow, national and state parks), provide the foundation for the operation of the visitor economy. While the 2019/2020 bushfires severely curtailed normal visitation to the regions, the travel restrictions and long-term forced business closures and border closures due to COVID-19 mean that the visitor economy has been at various crisis points over 2020 and is slowly emerging in an uncertain environment in 2021. These crises are unprecedented and associations such as the Victoria Tourism Industry Council (VTIC) and Regional Tourism Boards (RTBs) have been focussed on recovery planning and implementing measures to ensure sustainability.

The School for the Visitor Economy (SVE) at Victoria University has a long track record in planning and research in relation to tourism risk, recovery and resilience to disaster. Funded by Victoria University through a planetary health research fund, SVE and VTIC partnered on this project to develop a deeper understanding of the impact of crises on the Victorian Visitor Economy and develop strategies and frameworks to build resilience to future crises and shocks.
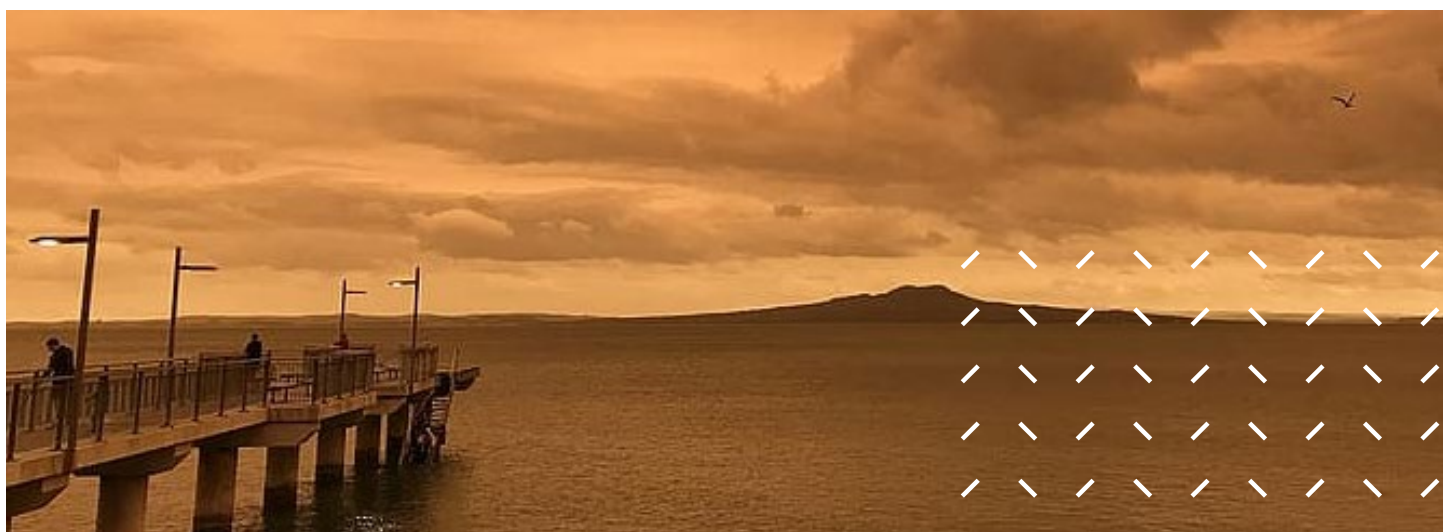
Methodology

This project was guided by a vulnerability and resilience framework based on a coupled human-environment system that encompasses the inter-related aspects of the tourism destination such as the environment, governance, economy, infrastructure, human and social factors to shocks (e.g., bushfire, flood) and stressors (e.g., climate change, exchange rates).

The project was phased and employed a mix of methods including:

The collation of reports and media on the unfolding of the crisis and its impacts on tourism across the world.

A state-wide survey designed to capture the impacts of the bushfires and COVID-19 and explore the resilience of the businesses and their development needs moving into the recovery phase. The survey received 323 responses with representation from key tourism sectors (accommodation, tours and transport, food and beverage, attractions, events and camps).

The conduct of case studies in two Victorian destinations, Echuca-Moama along the Murray River and Bright River in North East Victoria.
The case studies were based on document analysis, in-depth interviews and focus groups with a cross-section of industry, community and government stakeholders.

RESULTS AND DISCUSSION

Business impacts

Survey results demonstrated the wide-reaching impacts of the 2019/2020 bushfires and the extent of the devastation to the Victorian tourism industry by the COVID-19 pandemic. These are described in the following sections on financial, staffing, and wellbeing impacts.

Financial

Bushfire impacts

- The bushfires impacted 60% of the businesses surveyed, despite only 15% being in direct bushfire regions (see Figure A).
- Of those impacted by bushfire, 77% experienced moderate to extreme financial impacts to their businesses.

Eighteen per cent of the businesses surveyed had been impacted financially by other natural disasters in the last year including storms, flooding or drought.

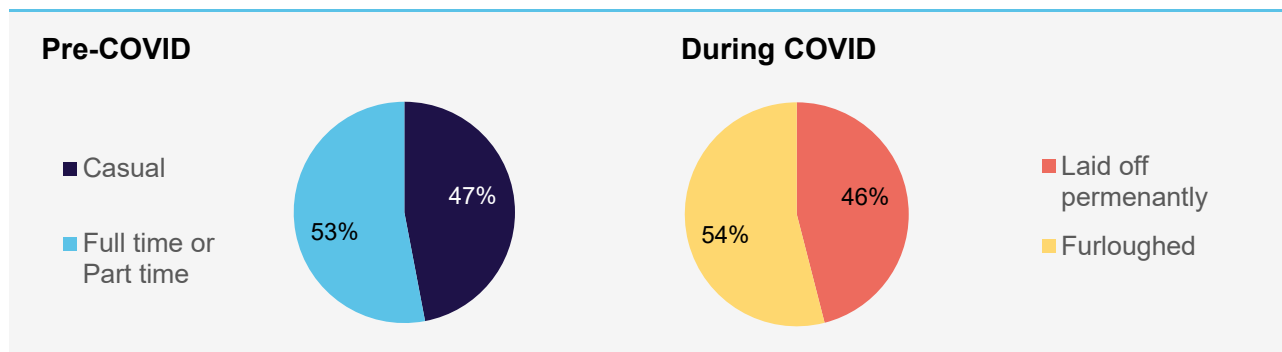*Figure A. Surveyed businesses impacted by 2019-2020 bushfires*
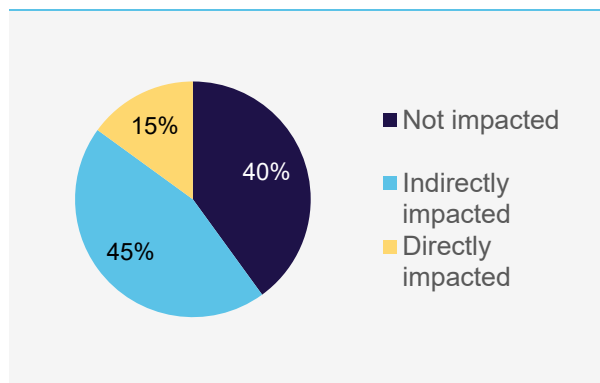
COVID-19 Impacts

International and domestic travel restrictions, border closures, as well as multiple lock downs during 2020 had a devastating effect on Victorian tourism businesses and destinations:

- The majority of businesses (84%) were forced to close at least once during the pandemic.
- Revenue losses of 75% - 100% were estimated by 65%.
- Bright lost 85% of their visitation and visitor economy income in Quarter 2 (1 April to 30 June 2020) as well as July and 100% in August and 95% in September, 2020.

Staffing

Figure B. Average proportion of employee types pre-COVID-19

Figure C. Impact of COVID-19 on casual workforce

Pre-COVID

- Casual
- Full time or Part time

47%
53%

During COVID

- Laid off permenantly
- Furloughed

46%
54%

Prior to the COVID-19 pandemic, nearly half the tourism workforce was casual (47%) and they were most heavily impacted by the pandemic. On average, 46% were laid off permanently and 54% were furloughed temporarily (see figures B and C).

Job Keeper was a key federal support taken up by 91% of the businesses surveyed. Only 30% of casual staff received Job Keeper as opposed to 70% of full-time staff.

Such large losses in the casual workforce translated to fears for business owners in being able to recruit adequately skilled staff in the future, with only 30% feeling confident they could do so. Challenges affecting the renewal of the workforce included:

- Many staff had either moved away from the regions or into other industries offering more stable employment.
- Seasonality and the short-term nature of available work (e.g., Bright, Ski-fields).
- A lack of affordable housing for staff due to high tourist visitation meaning that available housing is used as holiday rental properties.

Wellbeing impacts

Social isolation, financial strains and juggling family commitments during lockdowns are some of the challenges that have been faced by people worldwide because of the COVID-19 pandemic.

- Almost half (45%) of survey respondents had mental health concerns and 41% were concerned for their staff.
- Further assessment using a validated wellbeing scale (WHO-5) - showed that the average wellbeing of the cohort was very low and would usually warrant assessment for depression.
- Significant barriers to accessing help for mental health issues were identified including inadequate services, lack of knowledge about availability of services and a general reluctance to seek help.

Positive impacts

Whilst the crises had extensive negative impacts, there were also positive impacts described in both the surveys and the case studies including:

- Greater collaboration.
- Business innovation (e.g., changed business models, changed operating hours, diversification of product offerings).
- Adoption of better online presence and IT strategies.
- Spending more time with family.

TOURISM BUSINESS AND DESTINATION RESILIENCE

The second aim of this project was to explore strategies that may build resilience to future shocks. A number of key factors were identified that were associated with a more resilient or adaptable business or tourism destination. Using a 'coupled human-environment' system framework, consideration was given to the broad and interconnected systems in tourism to reveal impacts at the business, destination and governance levels. Outlined below are the key areas identified as priorities to build resilience in the future.

Workforce

Given the mass staffing and skill losses that have occurred, an assessment and development of the tourism workforce across Victoria is required to enable recovery following the crises.

Mental health

There is a need to increase the relevance and availability of mental health services to small business operators across regional Victoria. There is a need to consider the barriers to attending and seeking help in regional areas to ensure that all those in need can access support and services.

Planning for crises

- The findings showed low levels of **risk management** and continuity planning (particularly in small businesses) due to a lack of resources and skills. More than one-third (36%) of businesses identified the need to develop skills in adapting to change (business planning, business models and risk management). Lack of council resources and community complacency was a barrier to better risk management at the destination level.
- **Business insurance** in bushfire affected areas has increased by 100-400% making it unaffordable and a major issue for future resilience to crises if the issue is not addressed. In most cases business insurance did not cover COVID-19.

- **Experience of past disasters** was a factor that contributed to the resilience of businesses. To ensure that risk planning remains a priority, strategies are needed to guard against complacency.

Skills development

The quality of human capital in tourism businesses is vitally important for organisational resilience and the study indicated that various types of training will be a particularly important focus in the recovery period and to build future resilience.

Figure D. Proportions of businesses surveyed with VTIC accreditation
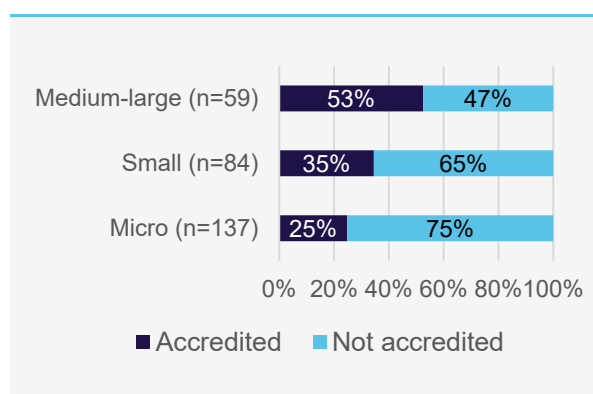
Accreditation: businesses accredited through the VTIC Quality Tourism Framework are more likely to recover more quickly than those without accreditation. Smaller businesses, however, were less likely to be accredited by VTIC than larger businesses (See Figure D).

ICT capacity: The pandemic has forced the need for improvements in ICT for tourism businesses and destinations and while many businesses implemented digital strategies (42%), invested in new IT infrastructure (31%) and trained staff in IT skills during the pandemic (23%), 39% of businesses still feel that they and their staff need additional training in digital and technical skills. This is especially the case for older people running micro businesses.

Marketing: Only 50% of the businesses felt they had the skills to be able to connect to customers (customer service, digital marketing, advertising, and negotiating service and marketing).

Leadership and institutions

Stakeholder engagement: Tourism is a complex multi-stakeholder sector including visitors, businesses, local community, government agencies, special interest groups and so on. Many of the responses in the case studies identified that stakeholder communications are fragmented, especially between tourism stakeholders and state and federal government departments during the COVID-19 pandemic. This resulted in poor understanding of the diverse operational realities across the tourism sector and between different tourism destinations. While some government support measures, such as the Job Keeper scheme was widely regarded as extremely important, there was a perception by many stakeholders that support measures were 'not quite right'. Engaging stakeholders more effectively in state planning and provision of funding for destination development outside the crisis period will be critical for ensuring that support measures are relevant to destinations and the diverse stakeholders within them.

Cross-governance collaboration: during the crises, the ability to communicate effectively between government departments was vital and it was noted that in many cases, there were no working relationships between key staff in different government departments that could facilitate crisis information flow when required.

In addition, competition between states in relation to the delivery of tourism funding was a key issue for border towns due to funding guidelines that failed to consider the community connectedness of destinations that cross borders.

Tourism organisational leadership: strong leadership at both the destination and business level was critical to resilience during both the pandemic and the bushfires.

a. **Destination leadership:** Management of the crises as well as enabling growth during the recovery period requires strategic tourism planning. The extent to which regional destinations have clear tourism planning that integrates cross-regional and cross-border linkages is patchy.
b. **Business leadership:** Leadership capabilities were identified as being important to improve business resilience to crises. These included having adequate skills and capacity to equip business for crises (e.g., financial and risk planning, connecting with other businesses and networks who can provide support and collaborate during crises and supporting staff).

Climate change

Climate change forecasts predict the increased frequency and intensity of natural disasters such as bushfire, drought, flood and storm, as well as producing additional stressors such as sea levels rising. Given the visitor economy's inherent vulnerability to climate related disaster, it is vital to implement effective adaptation strategies at a destination level as well as support low carbon initiatives across the industry and more broadly.

RECOMMENDATIONS FOR RECOVERY

It is recommended that a Victorian recovery roadmap be developed to address the current vulnerabilities in the tourism system and increase resilience to future crises. This should be a collaborative effort between government, key stakeholders from the Victorian tourism industry and related experts. Implications arising from the findings of this research highlight the need to address the following:

Policy and planning

- Long term problems relating to industry skills gaps and workforce capacity have been exacerbated by the pandemic and there is a need for a state-wide review of workforce capability and sustainability.
- The barriers to effective destination planning and infrastructure development by border communities require further investigation and a strategic response.
- There is a need to review tourism stakeholder communications during crisis to ensure clear and coordinated approach to crisis preparedness, management and recovery.

Structural issues

- Given that the tourism industry is on the front line of the impacts of crises, there is a need to consider the adequacy and accessibility of mental health services to the tourism industry.
- Given the exhaustion of financial and emotional reserves following the extended crisis period, appropriate support for businesses and destinations to maintain and grow tourism infrastructure will be a priority for industry recovery.

Business management/capacity building

- Consider barriers to engaging in training or capacity building activities as well as how best to encourage businesses to put learning into practice.
- Increased digital capability is a priority across the industry with consideration for a diversity of needs and digital skills.
- Increased industry access to and uptake of training with a focus on resilience is a priority (e.g., risk management, leadership, contingency and continuity planning)
- As a key resilience factor, tourism business accreditation such as the VTIC Quality Tourism Framework, which includes training in risk management, strategic business planning and management and guidance on marketing, should be encouraged.

Research

- Each tourism destination in Victoria has its own unique context and vulnerabilities. The assessment of individual destinations would assist in promoting sustainable tourism development.

There is little investigation of the impact of multiple crises to date. Longitudinal research on the recovery process would be beneficial for better understanding crisis resilience in tourism (longitudinal studies)