

Tourism Resilience

Discussion paper – October 2020

Purpose

Byron Shire, together with many communities, experienced a series of recent natural disasters and the COVID-19 pandemic. The tourism sector has been among the most significantly impacted by the measures put in place to contain the spread of COVID-19.

In 2019, total visitation to Byron Shire was 2.41M visitors, who stayed 5.42M visitor nights and contributed \$883M to the local economy. The COVID-19 pandemic and subsequent lockdowns saw these visitor numbers dissipate overnight.

This discussion paper summarises some of the known impacts of recent events. It is designed to be read alongside the draft Sustainable Visitation Strategy (SVS) and intends to encourage discussion amongst the business and residential community, to assist in developing a roadmap for an adaptive and resilient tourism sector.

Tourism forecast updates

The draft SVS contains a section on forecasting the future of the Shire's visitor economy, which was written prior to the COVID-19 pandemic and the fire and flood events of 2019/2020.

Tables 1 to 3 below shows the 'Actual' visitor statistics from 2019 against the original 'Pre-COVID' visitor forecast (in the SVS) and the now revised 'COVID Impact' forecast. For a detailed outline of the forecast methodology used, go to the 'Tourism Forecast to 2030' section of the SVS.

Forecast methodology

Despite the travel uncertainty surrounding the COVID-19 pandemic, it is important to understand what future visitor flows and associated expenditure may look like. To achieve this, as a starting point 2020 was broken down in month-by-month; market-by market and this was completed for each main visitor category (i.e. domestic overnight visitors, domestic day visitors and international overnight visitors). Key tourism industry stakeholders were also asked to provide their visitor volume expectations for 2020 compared to last year. The amalgamation of this information led to revised visitor volume forecasts for 2020

The process beyond 2020 became one related to estimating the duration of COVID-19, with a focal point being how long until visitation returns to pre-pandemic levels. The closest point of reference for this is the effect the 2009 Global Financial Crisis

(GFC) had upon travel volumes, although COVID has impacted the tourism industry more than the GFC (and border closures were not a factor). The GFC affected the overnight travel market more than the day trip market, which was largely unaffected.

Note: due to the changing restrictions with the COVID-19 pandemic the forecasts presented in this strategy are subject to change.

The revised COVID Impact forecast shows:

- Visitors are not expected to return to 2019 numbers until 2024.
- Visitor nights are not expected to return to 2019 levels until after 2030.
- International visitors are not expected to return to 2019 numbers for at least 10 years.

Table 1. Total visitors and gross expenditure for 2019 compared with pre COVID and COVID impact forecasts to 2030

Total Visitor Statistics	2019 Actual	2020	2022	2024	2026	2028	2030
Visitors PRE-COVID	2,410,000	2,600,000	2,900,000	3,190,000	3,440,000	3,660,000	3,860,000
Visitors COVID Impact	Not applicable	1,480,000	2,130,000	2,440,000	2,640,000	2,770,000	2,870,000
Visitor nights PRE-COVID	5,420,000	5,870,000	6,550,000	7,180,000	7,610,000	8,070,000	8,580,000
Visitor nights COVID Impact	Not applicable	2,530,000	3,360,000	3,800,000	3,950,000	4,080,000	4,270,000
Estimated gross expenditure PRE-COVID	\$883M	\$1,009M	\$1,157M	\$1,285M	\$1,404M	\$1,518M	\$1,623M
Estimated gross expenditure COVID Impact	Not applicable	\$526M	\$745M	\$861M	\$935M	\$986M	\$1,023M

Table 2. Domestic visitor numbers for 2019 compared with pre COVID and COVID impact forecasts to 2030

Domestic Visitors	2019 Actual	2020	2022	2024	2026	2028	2030
Overnight visitors PRE-COVID	1,010,000	1,170,000	1,330,000	1,460,000	1,560,000	1,660,000	1,750,000
Overnight visitors COVID Impact	Not applicable	644,000	899,000	1,021,000	1,087,000	1,121,000	1,131,000
Day visitors PRE-COVID	1,170,000	1,190,000	1,310,000	1,460,000	1,580,000	1,680,000	1,780,000
Day visitors COVID Impact	Not applicable	800,000	1,190,000	1,380,000	1,500,000	1,590,000	1,660,000
Visitor nights PRE-COVID	3,910,000	4,030,000	4,490,000	4,890,000	5,090,000	5,290,000	5,550,000
Visitor nights COVID Impact	Not applicable	2,210,000	3,030,000	3,430,000	3,540,000	3,570,000	3,590,000

Table 3. International visitor numbers for 2019 compared with pre COVID and COVID impact forecasts to 2030

International Visitor Statistics	2019 Actual	2020	2022	2024	2026	2028	2030
Overnight visitors PRE-COVID	223,000	240,000	260,000	280,000	300,000	320,000	340,000
Overnight visitors COVID Impact	Not applicable	41,100	41,700	44,500	48,800	58,300	76,200

International Visitor Statistics	2019 Actual	2020	2022	2024	2026	2028	2030
Visitor nights PRE-COVID	1,510,000	1,830,000	2,060,000	2,290,000	2,530,000	2,780,000	3,040,000
Visitor nights COVID Impact	Not applicable	321,000	335,000	369,000	416,000	511,000	685,000

International Tourism

In Byron Shire, the breakdown of visitor numbers pre-COVID showed that 9% of total visitors were international overnight visitors who contributed \$108 million to our economy. Following the global onset of COVID-19, international travel demand came to a near complete halt.

[The Deloitte Access Economics report COVID-19 Recovery for the Tourism Sector \(June 2020\)](#) speculates on the post-COVID recovery of tourism in Australia. It suggests a:

- scenario where international travel could return to pre-COVID levels as early as 2022
- more cautious scenario indicating a return to pre-COVID levels by 2023
- 'worst case' scenario where pre-COVID international tourism numbers would not return until 2025

The modelling indicates that there is still a long path to recovery for the international tourism industry, as international travel is likely to remain volatile and dependent on COVID-19 outbreaks and management on a global scale.

Domestic Tourism

Byron Shire's tourism industry is significantly reliant on and affected by Australian domestic travel. Over 90% of all visitors to our Shire are domestic, with 78% being day visitors from South-east Queensland (SEQ).

Over much of April and May, almost all domestic travel demand went into hibernation, along with large components of the economy. Further with the Queensland border restrictions our domestic SEQ day visitors stopped coming and our local businesses that directly and indirectly support our tourism economy were hit hard.

Recent surveys have shown that the desire of Australians to travel within Australia exists, but visitors are very reliant on the advice of health authorities. It is accepted

that this assurance will take into account the need to avoid certain hotspots as clusters occur.

Around 2150 local jobs were lost with 60% on job keeper. In April to June 2020 there was a 40 - 100% downturn in revenue (the festival and event industry, together with tourism businesses that service the international visitor markets were among the hardest hit).

As Australia 'flattened the curve' and the restrictions started to lift, the tourism recovery journey began. In the early recovery stage, States encouraged 'statecations' - travel within the State. This resulted in an increase in intrastate visitors as NSW residents saw Byron Bay as the ideal place for a statecation. Over the past few months 80% of accommodation has been booked out mostly by intrastate visitors. Visitors are staying longer (increased on average from 3-4 to 5-8 nights) and are not dispersing/travelling as much to nearby villages such as Bangalow and Mullumbimby. Neither are they participating as much in organised tours. This could be an indication of the impacts social distancing measures are having on the tourism industry.

Byron Bay is now a filming hot spot due to the efforts of Screen Australia, which is attracting a growing number of cast and crew, who are also supporting the local visitor economy with medium term accommodation.

This early recovery will be accelerated as restrictions are eased by pent-up demand from business and the need to visit friends and relatives following lockdown.

In the medium term it is anticipated that Australians will redirect overseas travel plans to domestic travel pursuits, offsetting some of the loss of international visitor expenditure.

Even with opportunities from pent up demand and redirection of outbound travel, the tourism recovery will likely be longer and slower than many other parts of the economy. In the absence of a vaccine or effective treatment, physical distancing measures are one of the most effective to control the outbreak. Such measures, however, will have direct implications on the free flow of people for travel and tourism. Even with restrictions easing, demand to travel, like demand for other discretionary goods and services, is expected to mirror consumer confidence in the economy and health concerns.

In the scenarios put forward by Deloitte, it is predicted that the domestic tourism sector could start its recovery mid-late 2020. Some predictions within the Deloitte report state that pre-COVID domestic travel demand could return as early as 2022. The more cautious scenario suggests such a return by 2024, with the 'worst case' modelling showing a return by 2025.

Byron Bay is an iconic destination both within the domestic and international travel markets. Whether our Shire's tourism economy will rebound quicker than forecasted waits to be seen. Early indications are that we are on trend to recover sooner such as the recent void created by the SEQ day visitors being filled by pent up demand from intrastate visitors.

Local impacts

Our tourism sector is the main source of employment for local residents.

As a result of COVID:

- more than 2,150 local jobs have been lost. This number may not be truly representative as many other industry sectors also service and depend on the tourism industry, such as garden maintenance, trades, cleaners, professional services, the construction industry, education and training and some areas of the manufacturing industry.
- there's been a 40% to 100% downturn in business across the tourism industry from March to June 2020.
- more than 60% of businesses in Byron Shire have been relying on JobKeeper to stay afloat. This is the highest in any local government area in Australia and double the number in capital cities.
- 35% of business owners felt that they and their employees' mental health and wellbeing had been greatly impacted by COVID-19.
- Around 69% of business owners found the level of uncertainty was greatly impacting their business decisions. Business owners told Council that their key priorities, especially in the early days, included making rent/loan repayments, paying suppliers and ensuring the retention of jobs.

Some businesses have used this time to:

- refocus on future goals and create more efficient practices within their business
- move their business online
- strengthen branding and marketing
- identify new and potential markets

JobKeeper and JobSeeker were identified as the most helpful government initiatives to date, with the need for continuous financial support post COVID-19 expressed by many.

Some community have raised concerns through social media over safety, due to the numbers of visitors from hotspots such as Sydney, especially during the periods when there have been COVID-19 outbreaks and newly-declared hot-spots. This concern around community transmission within the Shire has prompted tighter COVID-19 controls in businesses and in public spaces to ensure the NSW Government's public health orders are upheld.

What is Council doing in resilience and recovery?

Council has received Federal and State Governments funding to help mitigate the impact of recent disasters. The projects to be delivered encompass resilience, planning and preparation, emergency operations and flood planning and preparation.

The two major projects being delivered with relevance to the tourism industry are:

1. **Get Ready Workshops** will support businesses to develop a Get Ready plan to prepare for future extreme weather and other events that may impact their businesses.
2. **Disaster Dashboard** will include a Visitor Protocol to support tourism operators and providers to engage with and direct their customers during an emergency incident.

Council's engagement with the Tourism Industry

In mid 2020, Council spoke with many sectors of the tourism industry to hear their ideas and suggestions for building a resilient tourism industry. The following suggestions were provided:

1. Create a tourism business fundamentals program and workshop series that covers topics such as budgeting, contingency planning, insurances, product and service diversification and natural disaster preparedness.
2. Create a targeted coordinated destination marketing program to attract respectful visitors into Byron Shire, so when visitation returns the behaviours of the visitor are in harmony with the community and the destination message is clear.
3. Create a locals passport program to encourage the Byron Shire community to support and experience the Shire's tourism offering and increase consumer confidence.
4. Commence sharing of data between businesses to better understand the visitor economy.
5. Create stronger partnerships with local, state and federal agencies to streamline the communication to businesses during natural disasters and other unforeseen events.
6. Support a closed loop economy, where local businesses are part of the supply chain and are supported wherever possible.
7. Partner and work more closely with the tourism industry during natural disasters to assist with future planning and assist with providing more direct communication regarding relief and grant opportunities. This could include initiatives such as a key contacts directory, a set of guidelines for business to help navigate continually changing public health orders, regulations and restrictions.
8. Many tourism businesses require additional funding to recover from the business downturn and to kick-start their businesses again.

Some of these ideas are included in actions of the draft Sustainable Visitation Strategy.

The delivery of these actions won't all rest with Council. Whilst Council will lead some of the actions, others will be lead by the Tourism and Business Industry with Council's support, and others Council may advocate for to state and federal governments.

What are State and Federal Governments doing?

National Tourism Restart Taskforce has been formed by the Australian Chamber of Commerce, through its national Tourism chapter (the national peak body for tourism organisations). The Taskforce provides advice to industry and government on the short, medium and long-term priorities to rebuild tourism in Australia.

As the economy reopens, tourism businesses will benefit from a better understanding of the conditions that will allow governments to further ease restrictions. The Tourism Restart Taskforce has identified four key priorities for immediate consideration:

1. A Clear Restart Timetable;
2. Open State / Territory Borders;
3. Effective easing of Restrictions; and
4. JobKeeper and other Employment and Business Support

Tourism Australia and Destination NSW: In June 2020, Destination NSW commenced marketing to encourage travel within NSW with its 'Love NSW' campaign. This campaign continues to support the restart of the tourism industry post COVID-19 lockdown.

Tourism Australia has also been working closely with Destination NSW and other State tourism organisations to encourage domestic travel.

What do you think?

Considering the information above and the content of the Byron Shire Sustainable Visitation Strategy (SVS) – do you believe the SVS is still relevant and current?

Do you believe there are any strategies or actions from the draft Byron Shire Sustainable Visitation Strategy 2020 – 2030 that need to be deleted or amended in light of COVID-19?

Thank you for taking the time to read the Byron Shire Sustainable Visitation Strategy 2020 – 2030 and the tourism resilience paper. We look forward to hearing from you. To provide a written submission please visit: <https://www.yoursaybyronshire.com.au/svs> and if you have any questions please email the tourism team at tourism@byron.nsw.gov.au.

ⁱ Deloitte Access Economics paper COVID-19 recovery for the tourism sector: Restarting tourism... what shape might the recovery of tourism in Australia take? (June 2020)

ⁱⁱ This tool draws on the economic forecast model developed by the National Institute of Economic and Industry Research and focuses on the economic impacts of COVID-19 in Byron Shire to 30 June 2020.

ⁱⁱⁱ Council's Business Impacts, Resilience and Continuity Survey Report - <https://www.byron.nsw.gov.au/Business/Research-reports-and-news/Business-surveys>

^{iv} Covid-19 Financial impacts article by data analytics company Taylor Fry - <https://taylorfry.com.au/articles/covid-19-financial-impact-index/>