

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

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

Bright—Wednesday, 28 April 2021

MEMBERS

Mr Enver Erdogan—Chair

Mrs Bev McArthur

Mr Bernie Finn—Deputy Chair

Mr Tim Quilty

Mr Rodney Barton

Mr Lee Tarlamis

Mr Mark Gepp

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Ms Melina Bath

Mr Andy Meddick

Dr Catherine Cumming

Mr Craig Ondarchie

Mr David Davis

Mr Gordon Rich-Phillips

WITNESS

Mr Rupert Shaw, Operations Manager, Bright Brewery.

The CHAIR: The Economy and Infrastructure Committee Inquiry into the Impact of the COVID-19 Pandemic on the Tourism and Events Sectors continues.

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

I wish to introduce my fellow committee members who are here present with us today, starting from my left: Ms Wendy Lovell, Mr Rod Barton, Mr Tim Quilty and Mr Lee Tarlamis.

To our witness, I need to read a short witness statement before you begin. All evidence taken at this hearing is protected by parliamentary privilege, as provided by the *Constitution Act 1975*, and further subject to provisions of the Legislative Council standing orders. Therefore the information you provide at this hearing is protected by law. However, any comment repeated outside may not be protected. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

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

Mr SHAW: Okay. My name is Rupert Shaw. I am the Operations Manager of Bright Brewery.

The CHAIR: Thank you. Would you like to start your presentation, Rupert?

Mr SHAW: Sure. I have been Operations Manager for Bright Brewery for five years, and we have seen some big changes in the town in that time—primarily the growth of popularity of mountain biking and other active sports in the area. So we have seen year-on-year growth in tourism numbers accompanied by the expansion of holiday accommodation. People are getting more in tune with wanting to get out there in the natural environment and do active things, and Bright has benefited from that. So we were happily motoring along, and more and more businesses were opening in town—and restaurants—and the quality was going up and up and up, which was great.

And then the bushfires happened in January 2020. The bushfires were something we, as a brewery, always knew were going to happen because of the geography of the area and the fact that we are all surrounded by pine trees. It is just a natural thing, so we always knew it was going to happen. So we were insured against that. So that is okay. However, COVID we were not insured for. We never really thought it was going to be an occurrence, so we were not really prepared for that.

In terms of the impact on tourism, COVID was far, far bigger and continues to be significant versus a bushfire. We know bushfires are going to come, we just do not know when, and we had not had a bushfire since 2009. So COVID was really serious for us because it just eliminated business overnight with no end in sight, because we did not know. A bushfire will go out, and you will be out for two or three weeks. The restrictions around COVID lasted months, and we had very limited opening. So we were allowed to do takeaways, but with a population of 2300 you have virtually got no market for that. So we were doing a few hundred dollars a day basically versus in the tens of thousands of dollars a day on a normal weekend.

We were very grateful for JobKeeper. We took 31 people through the period on JobKeeper, which was fantastic. We did a huge amount of maintenance and upgrading of facilities with that money, and that allowed us to remain open, although we were hemorrhaging losses. You still pay for electricity and all the other overheads and rates et cetera, super and some of the taxes, so we were losing money hand over fist, but we could just about survive.

Regional Vic opened and we got a reasonable amount of business; we were not super busy. Then on 13 November 2020 Melbourne restrictions were released, and then we have been overwhelmed from that day onwards. So we have been about 20 per cent above our busiest year since then, and it has just continued. So January was our biggest month ever. December was like a January. Normally December is a very quiet month for us because everyone is at home with carol services and Christmas parties. So we generally use November

and December to recruit and train a lot of staff ready for Boxing Day, when the whole town just explodes, and that is normal. But this year we were 20 per cent bigger than we have ever been.

Normally January and Easter are the busiest times in Bright and everywhere is booked, and that is normal, but this year—I do not know where people were staying—we just had a huge year. In the quieter months like February we have again been busy, and it has just continued. If you have been in town, we are fully booked out for lunch today. It is a very different demographic to the school holidays, but we are still busy, and it has continued. And that has exacerbated a few problems which existed before COVID.

It was always hard to recruit hospitality staff in the kitchen before COVID. That is just because there is a general skills shortage of chefs in Victoria, and I am sure you know about that. But that has been exacerbated by COVID, and it is virtually impossible to find a chef. We have been advertising for months, and we get one CV. We do get a lot of CVs from people abroad, but then you have got to pull them through on a visa and they can only stay a couple of years. So we have done 457s in the past for foreign chefs, and they have worked out really well, but because they can only stay for two years and it does not lead to residency, that is less popular. And for a business we like to keep people at least five years because we want to invest in them, and they become our managers and supervisors. So two years—it is not ideal. However, hospitality has not got the greatest reputation for being attractive to young people. No-one would leave school thinking, ‘I’m going to work behind a bar or be a chef’. They just kind of fall into it, and some really good people fall into it and they make a career out of it. We knew we had staff shortages before COVID. We have got five apprentices. We are trying to grow our own: taking local kids and keeping them happy and trying to train them—making it a career. That is working. But the issue we have got at the moment is that we do not have enough skilled people to train the apprentices, so they are slow. We are always on the lookout for skills, yes.

The accommodation thing in Bright has been exacerbated this year because we are so busy and there is a very poor supply of accommodation in Bright. It has benefited Myrtleford and Mount Beauty in some ways because my guys are buying houses in those towns next to Bright. But in Bright itself, there is very little supply of long-term rental accommodation, and a couple of things have driven that. One is: we are building houses but we are building big houses, so my guys cannot afford a \$600 000 to \$700 000 or \$800 000 house there. Their budget is between \$400 000 and \$550 000 to buy themselves a house, so they can afford to buy in Mount Beauty and they can afford to buy in Myrtleford. But in the houses that are being built in Bright you are either retiring or bringing in equity from Melbourne, or you are renting it out because that is the way you can afford it. A lot of people have weekenders in town, which is fine, and they rent them on the weekends; they are not using them. But we are not building small two-bedroom units so people who work here can afford them. That has been exacerbated this year.

Another thing about Bright is it is very seasonal. There is a real peak in accommodation between November and April and then it drops off. I am also president of the chamber of commerce, and we are trying to do as much with the shire as possible to reduce seasonality because then a landlord will have a really good offer, to say, ‘Well, I’m happy to rent that house all year round to someone rather than just for six months’—because if you are a landlord you want constant income, not being empty for part of the year. There are a couple of things: one, we have got more people who would like to move here, and there are more people here because of the demand. We have not traditionally been building a lot of small houses, just big ones, and you can only rent an Airbnb or rent a big one if you do not live here, because you have got to pay back your \$800 000 or \$900 000, and then we have got a lot of people moving here because it is a great place to live and they are buying the bigger houses. It is less of an impact on the smaller houses. Builders build the houses that people want to buy, and they will build big houses.

The CHAIR: I appreciate that overview, Rupert. I really appreciate it, I guess, from a private business operator and also a local president of the chamber.

Mr SHAW: It is the same for all hospitality venues.

The CHAIR: Many of our previous witnesses told us about the labour shortages, and some of that even pre-dated COVID.

Mr SHAW: Yes, definitely.

The CHAIR: And obviously it has probably been exacerbated with the spike in demand. As you explained there, it is 20 per cent above your previous January time, which is good.

Mr SHAW: It is great.

The CHAIR: Congratulations. It is fantastic to see the rebound. I guess as a committee we want to see what are the challenges faced.

Mr SHAW: Well, the challenge is there are just not enough people to put the hours in. Two of the big venues in town are closed three days a week because they cannot get the hours. Once the staff are working 45 to 50 hours a week, they burn out really quickly. So with no end in sight they have just taken the decision to shut, which makes sense until you are the only venue in town that is open on a Wednesday or a Tuesday, which means we just get overwhelmed. People do not like being told they cannot have a table.

The CHAIR: Well, that is right. Before I saw that you were appearing today—as you do, I always do a bit of background on our witnesses—I checked the Google reviews. Some of the comments were regarding the labour issues faced by your business. So it tells me that broadly speaking it is challenging for you because you are taking on some of that extra demand or you try to.

Mr SHAW: And we have not got the capacity there. So we have closed off our block and we close off sections of seating when we do not have enough people because the queues would be too big. We just cannot service them to the standard we want to because we just do not have enough people.

The CHAIR: I might ask my fellow committee members if they have got questions. We will start from Wendy, Rod—we will go left to right. So, Wendy, would you like to ask the first formal question?

Ms LOVELL: Yes, sure. You talked about having been extremely busy over summer and the autumn period, which is great, and we have had the vouchers from the government that have been attracting people to regional Victoria. Do you think that they contributed to that in Bright? And those vouchers also expire on 31 May when we move into our quieter period here in Bright over the winter, so do you think that it would benefit Bright to have those vouchers extended throughout the winter period?

Mr SHAW: The problem that we have got at the moment is not demand, and I just do not think that extending the vouchers would help us, because we just cannot deal with the demand we have got.

Ms LOVELL: Even though we are going into the quieter period for Bright?

Mr SHAW: This year has been so different to other years because people cannot travel abroad. So everyone has banked up, I think, a lot of annual leave, and they are just holidaying in regional Victoria because they cannot go to Bali, they cannot go to some of the nearby countries. I would love to go back and see my parents in Europe, but I cannot, so I holiday in Tasmania because I just cannot go anywhere else. So we have not really got a demand problem, so I am not at the moment worried about being able to fill vacancies in May, because I look at holiday rentals and they are booked out all the way through May. It has been the same since November. December was supposed to be a quiet month for us, and it was just crazy, which took us a little bit by surprise. So I am not worried about demand, because I just think until people can travel abroad they will be holidaying here. I mean, it is now autumn, and it is just stunning. So we have got a really nice offer with mountain biking, which is an all-year-round sport, and the mountains and all this kind of stuff is here. I am not that concerned about demand.

Ms LOVELL: Okay. So if you were the minister for a day or a week, what are the three things that you would do to help the industry here in the Alpine shire?

Mr SHAW: There are a few things I would do. One, I would look at immigration and temporary visas, because we always used backpackers and they were a good source—they work really hard; they were here generally over the summer—and some kind of managed program about being able to let them in to work, obviously looking at the risks from COVID and bringing people in from other places, because that is an immediate impact on both hospitality and a lot of the agricultural sector, who were looking for pickers at the same time we looked for bar staff and kitchen staff. So that is one thing.

The second, which is longer term, is trying to glamorise the hospitality industry as a place to work, because I do not think it is at the top of the list for most people who leave school, but it is a decent career, especially if you are in a bigger organisation where you can become chef, sous-chef, head chef. And the money is okay, to be

honest. I mean, the award is good, especially if you live in Bright—you see, the award is the same for Bright and Melbourne, and you have got a lot lower living costs here versus Melbourne.

And the third thing really, for me, is housing for us, because I do not know how many people look at our job adverts, go on Domain and Real Estate and the Dickens website and think there is nowhere to live and so do not even apply for a job. I have got no figure to reflect that. That is what I would do. If you were, for example, moving to London, you would look at rents in London and look at the supply in the area you wanted to live in, but here it is just zero—one house maybe.

Ms LOVELL: So your first one there was bringing in foreign workers, which is something that we have had to do for pickers because people do not want to do that hard work. Certainly it has been a great help in the hospitality sector, those foreign workers working there, but if we cannot bring in foreign workers, what is the answer for the hospitality industry?

Mr SHAW: The answer may be encouraging people to move from other areas, because we are at 5-point-something per cent unemployment, which is not high.

The CHAIR: No, it is not high.

Mr SHAW: Full employment is around 3, 4 per cent, they say, in theory. There are people unemployed, but they are just not here, and I do not think they are in Melbourne. Where are these people?

Ms LOVELL: Or they just do not want to work in the industry because of the hours.

Mr SHAW: Maybe, yes. Then it goes back to my second point about making the industry more attractive, because it is a decent career. It is not underpaid. A lot of the new managers are starting to be a lot more sophisticated and saying, 'Look, you don't work more than 30 hours a week', because we know in the past people have been doing 55–60 hours, and that is just not sustainable if your chef is burning out and going to drink, drugs and all this kind of stuff. So it is trying to sell the industry itself so that if we cannot increase supply externally, we try and increase the supply internally, because it is not a bad career. It is better than sitting in a contact centre all day. You are out and about; you are doing interesting work; you are interacting with people. So there is something in making the industry more attractive to people.

The CHAIR: I might pass to Mr Barton to ask a couple of questions.

Mr BARTON: Yes, thank you. Hi, Rupert.

Mr SHAW: Hi.

Mr BARTON: I can absolutely say how busy you were in January, because I was up here for a few days in January and it was mental.

Ms LOVELL: Brett Sutton could not get in either, so do not feel—

Mr SHAW: Yes, well, that was the COVID rule.

Mr BARTON: I was not worried about him; I was okay.

Mr SHAW: But I mean, the thing is, turning people away is not good for the long term for the business.

Mr BARTON: No, no. Because you turn them away and they are not going to come back again.

Mr SHAW: Yes, and they are not happy.

Mr BARTON: Yes. So there was just some of that. But immigration—I notice the government is bringing in an extra 120 people, and they focused on saying that they are going to be students coming in, but my understanding is it is going to be chefs and others, so clearly the government knows this is a major issue. We need to get some skilled people coming in, and I think that is a good thing as long as we do it right.

The antisocial hours—both my daughters have worked in hospitality. We know all about those funny hours, and it is not great for young kids. But they enjoyed their time, and if they get the right environment—but I think

one of the key things too is about the burning out of people. I think that is really important, getting that balance right.

Mr SHAW: Yes. There is nothing in the award about controlling people's hours. You will get paid for those hours, so they are pretty well off, but there is nothing—you can work as many hours really as you like, but it takes a toll.

Mr BARTON: It does. And you know, that is just running a good business, making sure we are looking after the staff and all that. And we have discussed previously about the housing situation there. Some of the councils and shires have got some good ideas, and I think the committee should take heed.

The CHAIR: Thank you. A lot of the questions I was going to ask you have answered. You have listed your three issues. About getting some temporary visa workers back, that might assist. Glamourising the hospitality sector—I agree; it is a good profession as a career path, and there is definitely a lot of demand for it. It is a growing sector. And obviously you have addressed the issue about affordable housing in the region to attract people here. So you have answered all my questions. I will pass to Mr Quilty. Do you have a question?

Mr QUILTY: Obviously the pandemic is not over, and there is the risk of new outbreaks and new lockdowns out there. What impact is that having on community and business confidence, the risk of that? And then, secondly, if we do get another lockdown, what does that do to local businesses?

Mr SHAW: Well, it is devastating for local businesses. We rely on tourism. And it is not just the hospitality businesses in town; it is the cleaners, the laundry places, the chippies, the tradespeople, because they are all supported by the hospitality industry. Only 15 per cent work in hospitality, but it is those people who support hospitality, who do not classify themselves as hospitality workers. So with a five-day lockdown we just have to wear it. We cannot do anything else, so we have got to plan for success because we could be open and busy for the next 12 months until people can travel abroad. But it is devastating for us, because business evaporates overnight. As soon as a place is locked down, that is it. People stop. Cancellations—it just stops. There is no tapering off. There is no local demand for hospitality because the population is too small. So it is a risk, and a lot of businesses have been burned by it, so a lot of people have used quite a lot of their reserves. But thank goodness it has come back, because now people are ploughing their money back into paying off debts, paying off mortgages—all this kind of stuff.

Ms LOVELL: So therefore do you think that the lockdowns need to be more nuanced like they are in New South Wales? In Melbourne we just locked down everybody. Even though there might have been an outbreak in Flemington, the whole of Melbourne was locked down, whereas in New South Wales they dealt with the Northern Beaches outbreak by just locking down the Northern Beaches and not the rest of the state. Do you think we should be looking at that model?

Mr SHAW: Yes, I think it could be nuanced. The five-day statewide lockdown for us—people started to think it was not entirely necessary because we had never been in stage 4 here ever. I do not think we have ever had a case yet in the Alpine shire. I think we had maybe one false positive. But nuanced is fine, because until we are all vaccinated this could be a way. There could be a risk of small outbreaks, and Australia has done a great job of minimising the impact of COVID, but—

Ms LOVELL: But even in regional Victoria, if there is an outbreak in Bendigo, it is no threat to Bright if they lock down Bendigo.

Mr SHAW: No. Yes, that is fine by us. I mean, we understand that, so that is fine. But it does not kill tourism overnight like a statewide lockdown does.

Mr QUILTY: I guess if there is a new lockdown or crackdown, what should the government do immediately to support business?

Mr SHAW: Just another variation of JobKeeper, really. That is our biggest cost. It is very hard for the government to keep subsidising rents and other costs, but labour is our biggest cost and they are our biggest, most important resource—so if we can keep those guys here doing things and not moving on to other areas. And that was one of the things: a lot of people just left because we could not pay them. We literally had nothing for them to do. So some kind of JobKeeper thing that just ticks in depending on the severity of the lockdown is good for us.

The CHAIR: Mr Tarlamis, do you have a question?

Mr TARLAMIS: Yes. You spoke about the work that you were doing through the chamber of commerce with landlords around trying to work with them around renting out the properties throughout the whole year as opposed to just during the peak times and stuff to get that higher revenue. How receptive have they been?

Mr SHAW: We have not talked to a lot of landlords, to be honest, but we have been trying to connect with the shire to understand how best to do that. It is an economic question. We have got to understand how many of the holiday homes are weekenders, because you could restrict weekenders and you would never get any more supply. Because they bought it to come up here and enjoy it, and the other two weekends they are not here they just rent it out to cover the cost and that is an extra bonus. So it is around trying to understand where the supply of houses would come from, and it is an economic question, because you can make \$700 or \$800 per week as a holiday let versus \$320 as a permanent let. So as a landlord, I know it is more hassle for holiday lets. It economically just does not make sense, especially if it is very seasonal where you could be risking having it empty during the winter. So there is an economic question there. I am sure if you subsidised landlords they would be a lot more receptive to putting more long-term holiday lets on the market, because it is a hassle having a holiday let: cleaning—finding a cleaner, for a start.

Mr TARLAMIS: Have the council undertaken to do some of that work to do an assessment of those?

Mr SHAW: Yes. I think they were presenting something today, and we fed into that. We have been telling them the same story that we told you guys every time we get a chance to meet them about the supply of housing. We have not got a demand problem, we have got a supply problem, which has been exacerbated this year.

Mr TARLAMIS: Because that could be one of the tools in the toolbox, if you like, to address that, or an option for the landlord.

Mr SHAW: The only other tool that we think the shire has is around planning, because they are in control of that and they can flex it also. Speeding up planning applications would be easy. I know there are some mandatory days to respond and all this kind of stuff, but if they set a target to try and get everything through in six weeks, and complying with all of the regulations. Maybe it would be more flexible on things like tiny houses for a certain amount of time, because they are an easy way and a quick way to get supply up for singles or couples. So there are some creative ideas there that do not have to be long-term solutions, but we need people tomorrow, not in two years.

Mr TARLAMIS: I assume you have been part of the discussions that we have been talking about today with some of the portable accommodation arrangements that have been discussed.

Mr SHAW: Well, we have heard about it, but we have not really been engaged properly on it. But yes, portable—it is the same as tiny homes: you just tow them in.

Mr TARLAMIS: And a register of workers and things like that as well to connect up.

Mr SHAW: Yes. Ultimately everyone will find somewhere to stay, if they manage to get it, because there is a huge network. Nothing ever goes on the market, it is all informal: 'I am giving up my place'. 'Oh, well, I'll take that' or 'I know someone who's going to take that'. But, again, if you are external to the area, you are not in that network and you do not see it.

The CHAIR: Thank you very much for that, Rupert.

Mr SHAW: It is a pleasure.

The CHAIR: It is a refreshing outlook, different perspective, as a local business owner. I really appreciate your honesty and candour to the committee. I found it very informative. I like the fact that from your perspective it is not a demand issue, it is a supply issue. It was similar to what we heard from other presenters about the labour shortage in the region, and some of the suggestions you had to resolve some of these issues were very helpful.

Mr SHAW: And if anyone wants to move to Bright, we have got plenty of shifts.

The CHAIR: Thank you. It is a pleasure, and I will probably run into you tonight.

Mr SHAW: Thanks, guys.

The CHAIR: No worries. Thank you. The committee will now take a short break.

Witness withdrew.