

Inquiry into the Impact of the COVID-19 Pandemic on the Tourism and Events Sectors

Mr Steve Peterson

Organisation Name: Sports Event Projects

Your position or role: Managing Director

YOUR SUBMISSION

Submission:

Hi, thanks for the opportunity to submit.

I founded and manage a business called Sport Projects. I am the sole Director. I founded the business in 2015 and the business was registered as a company limited in 2016 12 months later. We specialise in large scale events held in public space, and usually taking the form of sport and mass participation events.

Since March 13, 2020, what we do has effectively been considered unlawful. That is, the coordination and management of mass gatherings. In 2020 all of our events were cancelled and we suffered a more than 95% hit on revenue. Compared to 2019-20, 2020-21 will see a decline in revenue of more than \$4.5m in turnover. Since inception, we have been a profitable business each year, with a sound business model, servicing clients who want to deliver events, and we leverage the expertise of a core staff of experienced, knowledge workers. During the summer events period of around 10-12 full time. A wider network of more than 150 casual staff are deployed onto our events and more than \$3m is spent procuring a supplier network, to service our events.

JobKeeper (JK) has been crucial to maintaining a link with my core group of staff, and keeping the business alive. As JK has tapered off though, my staff have been leaving for employment outside of our industry. It is a common story amongst my peers. Staff run out of patience waiting for their hours to return to normal, as the uncertainty continues. This week though, with JK coming to an end, I have had to end the employment of one of my staff. Another couple I have promised 2 days per week for the time being. How long they will last is anyone's guess. Both have had to secure supplementary employment in 2021 given I can offer dramatically reduced hours.

The Victorian government business support has been helpful too. It has effectively covered a portion of the rent at our office, which has now been unused for more than 12 months. We are currently in negotiations to try and terminate our lease agreement, which still has 18 months to run and has become a massive burden on the business and on me, as the sole director. More support should be provided for businesses like mine (and our landlords), to facilitate the termination of commercial leases where it is necessary.

I am highly supportive of the government's work, particularly at state level in Victoria, to quell the transmission of COVID-19 and ultimately, place us in the enviable position of a basically COVID-free community. However, with the government restrictions in place it continues to mean that we cannot plan for the resumption of our events, with confidence. Our clients remain apprehensive and will not invest in events. Our events are highly exposed to border closures, domestic and international, and to the prospect of snap lockdowns. Government restrictions demands ongoing government support. I think it is simple.

I thought I would share the story of the Melbourne to Warrnambool cancellation, due to the snap lockdown (the circuit breaker) in February. My business is Sport Projects and we specialise in road events - both mass participation and Elite Sport - running and cycling historically. The 'Warrny' is not one of my events but it is a very relevant scenario which restricts me from wanting to perform any significant work on an event of its nature, when they are so susceptible to the pandemic and the permitting process.

Karin Jones (KSJ Events) dedicated months and months of work to the Warrny. It is the oldest one day

classic in the world. It is a very challenging event to mobilise as I am sure you could imagine. Hundreds of cyclists on a rolling closed road of 267km, implemented by Victoria Police. The police permit conditions are strict and requires significant logistical coordination and deep stakeholder consultation. With the lockdown, the police simply revoke the permit and move on, as you can expect. But there is little recognition of the sunk costs, the hire trucks full of equipment sitting ready, the course signage for more than 250km that then needs to be collected again, the interstate riders who are already in town and ready to race. It has been re-scheduled now, but shifting something like the Warrny just introduces a whole bunch more sunk cost risk again. Good on Karin for committing to doing it all again and I hope it can go ahead as planned this time around. Event cancellation insurance, underwritten by government would be helpful here. There are numerous examples abroad of this, and could and should be introduced.

The event industry is very broad as you will appreciate. For some events there is little 'sunk time' leading into a lockdown like this. For road events the 'spent hours' and significant salary costs are a huge consideration. Personally, my risk tolerance for this is minimal, particularly given I have spent the best part of 12 months trying to keep the doors open and staff intact. The Warrny scenario is exactly what I have been envisaging and fearing. It has reinforced my position not to venture down the path of assembling my events. This in turn directly impacts my ability to retain staff, deploy suppliers etc etc, and I recognise the flow on impact of this, but there is little choice. Hibernation is the safest option for me at the moment, but as office rent wastes away and gradually my staff lose patience and are drawn out of the events industry.

I lost 3 staff in 2020, and 3 more already in 2021. We are down to a skeleton team of 4, all of us part-time for at least the next three months. Will their jobs survive, I am not sure?

Steve Peterson
Managing Director

FILE ATTACHMENTS

File1:

File2:

File3:



Signature:

Steve Peterson