

**16 April 2020**

The Secretary

Economy and Infrastructure Committee

Parliament House, Spring Street

EAST MELBOURNE VIC 3002

## **Inquiry into the impact of the COVID-19 pandemic on the tourism and events industry**

### **Strathbogie Shire Submission**

Thank you for the opportunity to provide this submission, our comments are provided through the prism of a regional location with significant tourist visits daily, overnight, passing through, and staying on vacation.

Our towns of Nagambie, Euroa, Avenel, Violet Town, and Longwood have natural and built attractions drawing in many visitors to stay and enjoy Strathbogie's recreational opportunities.

During the 2020 Covid - 19 pandemic our tourism, events, accommodation, recreational and hospitality businesses in the Strathbogie Shire were either shut down during public health lockdowns, closed due to low levels of demand, or operating when permitted, at greatly reduced capacity.

The impact of Covid – 19 in the regions was particularly harsh on those businesses that totally relied on tourist traffic and travellers.

For the purpose of this submission we have included accommodation and hospitality as a part of our tourism and events sector as both sectors rely heavily on tourism and event to generate income and both were severely affected by the impacts of Covid 19 .

Strathbogie Shire is located on the Hume and Goulburn Valley Highways usually frequented by many travellers. Tourism and related businesses felt the severe reduction in traffic which caused substantial cashflow reductions and losses.

Public health driven lockdowns restricted movements to regional Victoria. Cashflows in all tourism related businesses were reduced to either nothing or very low percentages of the average for weeks and months on end.

## **The economy was deeply affected during lockdown.**

Starting from March 2020 business confidence plummeted to record low level.

The NAB in their March 2020 survey said: *“Both business confidence and conditions recorded their largest monthly falls on record in March. Business confidence fell to -66 index points – its lowest level on record. Business conditions fell to -21 index points, slightly weaker than the GFC but well above the trough seen in the 1990s recession. The decline in conditions was driven by a fall in all three components, with profitability weakest at -27 index points”*

The impact of COVID -19 on the economy was immediate and continued through 2020.

A Business Victoria report on these pandemic related economic issues reports that:

*“The coronavirus (COVID-19) crisis has had the sharpest impact on jobs in tourism related industries in Victoria due to travel/movement restrictions and the drop in consumer demand, severely impacting the sector”* and

- In the six months ending June 2020, total visitors to and within Victoria was 30.7 million, a decline of 19.9 million visitors (-39%) compared to the same period in 2019.
- Total visitor spend in Victoria over this period experienced a deeper decline (-43%, or down \$7.0 billion) to \$9.3 billion.
- Occupancy rates in Victoria fell from 77.4 per cent in February 2020 to a low of 26.5 per cent in April, then lifted slightly to 33.1 per cent in June pre-Stage 4 restrictions.
- The sharpest impact of the crisis on payroll jobs has been in tourism related industries in Victoria.
- From the week ending 14 March to week ending 14 November 2020 Victoria had the deepest change in payroll jobs of all states and territories (-5.4%) compared to the national average decline of 2.9 per cent.
- Jobs in accommodation and food services (-22.6%) as well as arts and recreation services (-19.6%) experienced the deepest declines in Victoria.

These Government statistics broadly define the extent of negative impacts experienced by tourism and related businesses in Strathbogie Shire.

In Strathbogie Shire all tourism related businesses were impacted, large, small, and home based (B&Bs) experienced a dramatic downturn that could not be defended and was no fault of their own.

There was for many business owners a feeling helpless in the face of an inevitable cashflow crisis.

### **Impact on local hospitality businesses**

During 2020 lockdowns there were forced and voluntary closures of cafes, restaurants, hotels, bars, and reception venues, some have yet to reopen. Those that have reopened have struggled to find suitably qualified and experienced staff.

Many hospitality businesses only survived during 2020 due to Government support in the form of grants and subsidies. The various grants available in hospitality were appreciated, as was the JobKeeper subsidy which retained many people in their jobs.

### **Lockdown rules caused confusion**

While the public health reasons for lockdowns in Melbourne and regional Victoria are understood, there was some confusion over the many rules and interpretations of rules. It was at times difficult

for tourism business owners to be sure they were in fact compliant and up to date with changes that occurred overnight.

A common complaint received from business and representative groups was the failure of government to provide certainty by publishing clear and consistent trigger points for changes to levels of restriction. Such action would have permitted a level of confidence in organising hospitality and other events. In some cases the extremely short notices of these changes resulted in substantial losses for individual business. Examples included the purchase of large amounts of perishable goods for service at events that were cancelled at very short notice following changes to the level of restrictions. As well as the financial losses that were incurred the confidence of many business owners was shaken and this still remains that case in some instances.

### **Events were closed and may not reappear**

Many tourism driven events planned for 2020 were cancelled due to public health concerns or restrictions. Events bring substantial economic activity to towns and income often over one long weekend can support a business over slower parts of the year. When the events were cancelled all the consequent economic trickle downs in the local economies dried up.

Where events have been cancelled last year may not reappear this year or next year. There is an opportunity to survey the events market, both commercial and not for profit to gauge viability and encourage continuity in the future.

Local events like Ag shows, Farmers Markets, sporting competitions, tournaments, conferences, car shows, would appreciate a level of Government support and consideration. An effort could be made in the regions to understand how many events are being planned and how they could be assisted to recover from the COVID – 19 pandemic.

### **Many celebrations were missed during 2020**

Weddings, birthday parties and funerals were heavily curtailed or prohibited during much of 2020. Businesses which supply venues, catering and services will be unlikely to catchup with replacements for these special events being cancelled due to the pandemic.

Mixed and confusing messaging from Government

### **Accommodation and overnight stays – vouchers**

Overnight stays in all forms at hotels, motels, caravan parks, B&Bs and camping grounds reduced dramatically. As overseas travel is currently restricted further promotion of the overnight stay vouchers for regional Victoria is recommended.

### **Outdoor Dining Grants a success**

The supply of funding and assistance to businesses and Councils to enable and encourage outdoor dining during the pandemic was a success. It drew customers out to dining venues which otherwise may have closed, unable to open, or unviable. The programme and campaign worked well. Continuing support for outdoor dining initiatives would be welcome in Strathbogie Shire.

### **Government support was appreciated**

The capability and preparedness of the Victorian Government to introduce stimulus spending and to assist the tourism industries during the COVID – 19 pandemic was greatly appreciated.

” Working for Victoria” added employment and targeted grants and subsidies assisted tourism businesses to continue to trade. Now is the time to reflect on how the gains made can be consolidated and further supported by the Victorian Government in the future.

### **Conclusion and recommendations**

- The COVID -19 pandemic impacted heavily on tourism and related industries in Strathbogie Shire.
- Tourism based industries in the Strathbogie Shire need support in these times of crisis.
- The threat to businesses for many tourism industry and hospitality owners is very personal, small business owners in hospitality operate a lifestyle that is often fully integrated with the business.
- The personal pressure of managing business during a crisis and the financial impacts are likely to have a long-term effect on those who have left the tourism industry and those that remain.
- These pressures were increased by mixed and confusing communications from State and federal Government messaging.
- Targeted grants and subsidies assisted tourism businesses during 2020 and were appreciated.
- Further such support of assistance programmes and funding like the outdoor dining grant would be further appreciated.

### **Strathbogie Shire Recommends that:**

- 1. the Victorian Government investigate the opportunities for promoting local events, survey organisations who propose to organise local events, remove impediments, and help where needed. These may not be major events but local and or regional tourism attractions like ag shows, car shows etcetera.**
- 2. Government continue funding support for tourism businesses and local Chambers of Commerce to support and assist small business owners in the tourism industries to recover from COVID -19 impacts.**
- 3. Government continue to issue overnight stay vouchers for regional Victoria be continued to support intra state travel.**
- 4. It is recommended that continuing recognition that the outdoor dining allowances and exemptions made during COVID -19 can be continued and supported by Government for the future.**
- 5. Government further promote the many services and assistance made available by Business Victoria, providing programmes, workshops, and personal contact online or in person to help tourism industry businesses survive and prosper.**
- 6. That Government at State and Federal level work cooperatively to produce common definitions and trigger points for changes in levels of restriction that will allow the**

**business community some measure of confidence in planning and implementing business activities.**

Our recommendations and are comments are made in the interests of supporting the tourism industry in Strathbogie Shire and restoring jobs lost during COVID -19. I would be pleased discuss our submission with you. Further information can be supplied by \_\_\_\_\_, Economic Development Co-ordinator on \_\_\_\_\_ or at \_\_\_\_\_

Yours sincerely

References and attachments

**NAB Survey of Business Survey March 2020**

<https://business.nab.com.au/nab-monthly-business-survey-march-2020-39344/>

**Coronavirus (COVID-19) impact on Victoria's Visitor Economy Released April 2021 Report produced by the Tourism, Events and Visitor Economy (TEVE) Research Unit**

[https://business.vic.gov.au/data/assets/pdf\\_file/0003/1984620/Coronavirus-COVID-19-impact-on-Victorias-Visitor-Economy-released-April-2021.pdf](https://business.vic.gov.au/data/assets/pdf_file/0003/1984620/Coronavirus-COVID-19-impact-on-Victorias-Visitor-Economy-released-April-2021.pdf)