



13th April 2021

From Bruce Rouse - President – Australian Amusement Association

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

The Australian Amusement Association (AAA) has been in existence for the last 30 years to provide support to the smaller operator and has members in every state in Australia. The organisation provides support to its members in the area of health and safety, training and general support.

Most members of the AAA work in the less glamorous Events sector being School fetes, Community Events, Corporate Celebrations, Business Grand Openings, Local government events...etc. These are described as Tier Three Events by Worksafe Victoria.

Impact of CoViD-19 to Victorian AAA members

Members of AAA understood that the number 1 priority of the Government during the CoViD crisis was to ensure the safety of Victorians and the necessary restrictions that were required to control the crisis.

Members of AAA are grateful for the support the Victorian Government has provided however the members are concerned about their future and feel the support they have received to date has been insufficient.

Initial Impact

In the weeks leading up to 13th March 2020, Members reported that school events had started to express concern over the CoViD issue and therefore started to cancel their event. The AAA attempted to contact Victorian Government about this as there were no warnings being publicly communicated. After the Friday 13th March 2020 announcement of the cancellation of the Australian Grand Prix, the members advised the association of a total cancellation or postponement of events. The outdoor event season in Victoria is heavily populated with events in the period from January through to Easter. In 2020, Easter was in April, so many members were looking to have an outstanding March and April. That all changed with the cancellation of the Australian Grand Prix and after surveying Victorian Members, between \$3 - \$5 Million dollars of work was lost, and that was for the period from the 13th March 2020 until May 2020.

The Industry was shut down for the next few months and members of the Association reported earning as little as \$100 over the period March 13th 2020 to November 2020.

Continuing Impact

After November 2020, Members reported increased work, Christmas carnivals and Events were strong, and organisations were booking events. Then the circuit breaker shutdown of February 2021, Members reported the majority of forward bookings through to Easter 2021 were either postponed or cancelled.

Autumn and Winter is now upon us and guess what that means? Outdoor events slow right down until Spring.

Victorian members of AAA have advised that revenues are between 5-12% of pre-covid revenues. This is completely unsustainable for members of the industry.

Financial impacts

The fixed costs of any business are those that cause the greatest concern when in periods of low revenue including **Building Rent, Business Insurance, Vehicle Insurance, Vehicle registrations and Bank Loans.**



The members of the AAA were grateful for the state wide Grants provided by the government in terms of Business support funding, but the size of the grants given were helpful but did not provide substantial support. If the member of the AAA received all three grants for the size of business, they would have received a maximum of \$30,000. For a reasonable size Amusement company, the cost of Public Liability insurance is \$30,000, the cost of vehicle registration \$22,000, Vehicle fleet insurance \$25,000 and it goes on.

The Victorian Government assisted with one item – Rents, nothing else.

AAA wrote to the Premier and the Roads Minister to gain support with Registrations but did not receive a response from either.

During the CoViD period, members of the AAA began reporting excessive increases in Public Liability Insurance premiums, some including increases up to 80%. Some members have been unable to get any insurance cover for rides. The AAA is unsure if the Insurance issue is related to the CoViD-19 issues but it has occurred in the same timeframe and members need support. The main supplier of Public Liability Insurance to the Amusement industry has advised the market that they will no longer taking new policies, their book is full. How do Amusement operators now get insurance.

Latest Impacts

End of Job Keeper – Many members are now advising they are unable to keep their staff as there is insufficient work to support them.

End of Rent support means that any AAA member who rents premises are now back to full rent even though their revenues are down 85-90%.

End of JobKeeper and the beginning of winter means we are unable to provide paid work for what remains of the trained workforce that Events businesses have.

Entering Winter means there is minimal work until spring 2021, and spring 2021 is looking quite promising. The issue is how do businesses survive until then.

Events Owners beginning to suffer hardship. The AAA received information that one of their members had been forced to sell their house to reduce their business debt. They had purchased a new amusement which did not work due to CoViD and they had continuing interest costs, which has forced them into this situation.

The industry is clearly struggling only last month the AAA and industry ran a hastily organised drive around parliament house which had a strong attendance. Is this now something we need to do more of to promote awareness and highlight our plight.



What would the AAA like to happen?

- Understanding that this is an important industry which supplies countless jobs, services and revenue to schools, along with the more glamorous events. **The events industry is important.**
- Support for the events industry at all levels – whilst we can have hospitality and tourism supported, why can the government not support smaller events – why not provide vouchers to Schools/Event Organisers to provide a cash incentive to hold a fete? Small Event organisers could use these vouchers as deposits to assist the struggling operators or put an expiry date of 30th September 2021
- The biggest hurdle for the amusement/Events industry at the moment is the ability to survive the winter months of 2021 after a significant shutdown and then a restricted season since November 2020. To support the industry the government needs to provide grants to Events/Amusement Businesses immediately. One suggestion is to provide a tiered model based on business turnover starting at a minimum of \$15,000 and ending with a maximum of \$100,000, another suggestion is HECS style loans which are repaid when the business returns to profitability.
I note that the government was able to find \$10,000,000 for grants to 100 hospitality venues during the height of the pandemic, is the events industry not valued enough obtain the similar.
- Support with Vehicle costs – Vehicles are expensive to own whilst you are not using them. Why can we not get a reduced registration rate? I was interested to learn that the Showman's Guild of Victoria has announced that their members can receive a reduction in registration costs. Why not everyone in the Events industry?
- Support with dealing with the public Liability insurance issues that are now beginning to affect the industry. The Victorian Government supports other industries when they have had issues with public Liability such as building Surveyors. The government needs to support this industry in the same way.

The AAA welcomes this enquiry and is happy to provide any further information should you require.

Regards,

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