



Dear Inquiry Members,

I would like to attend and make a submission at the hearing in the lack of financial support for the Business Incentive Industry.

I believe there has been no representation from any Incentive Event Company despite the fact almost 40% of work is generated from this genre.

Please find below a brief summary of what I would like to touch on in summary with the Inquiry.

Can you kindly contact me to advise the next step moving forward.

### **Who We Are**

We are Australia's largest privately owned full service Event Management Agency in Australia which has been running for 23 years.

We service the global Corporate market with clients such as Mercedes-Benz, Herbert Smith Freehills, Pfizer, Land Rover.

### **Some Logistics**

- We run an average of 220 events per year, with 75% of these offshore pre Covid.
- Annual turnover of \$35 million and growing pre COVID (19/20)
- Employed 60 staff, with 25% tenure of over 15+ years
- Payroll of \$4 million per year

### **Our Service Offering Includes:**

- **Engagement & Business Insight Programs** that engage, reward, retain and educate.
- **Strategic Business Insights Events** focusing on imaginative programs including visits to NASA, Caltech, LVMH, Mona, Boeing.
- **Conferences & Exhibitions** from conception to production and staging
- **Online Reward Programs** including Performance Tracking for companies
- **Creative Services** which include Website builds, creation of Apps, Graphic Design, Teaser Campaigns, Marketing Collateral and Database builds for Performance tracking
- **Travel Management** for all airfares and accommodation
- **Australian University** collaboration with post grad students working on IBIP Programs



### Initial Affects from Covid

- Business shut its doors in March 2020 with 100% work cancelled for the remainder of that year
- \$2.5 million dollars in deposits for programs was requested and returned to clients within that month.
- All employees placed on Job Keeper
- We have not done a major event since March 2020 (15 months)
- \$300,000 of our personal funds have still not been returned by Suppliers overseas, some have closed up and hotels only offering future credit.
- All International Events are on hold for the next 24 months

### Financial Affects 20/21 Financial Year

- Annual Turnover of \$35 million has reduced by 85%
- **Zero** income from Events, Conferences & Travel
- \$5 million Annual Turnover made up of:
  - performance tracking
  - virtual dinners
  - wine tasting and corporate gifts
  - On the books in 10 million (25 %) 21/22
  - Staff no went from 60 staff down to 15 70%)

### Financial Affects 21/22 Financial Year

- \$10 million on the books
- Reduction of turnover by 75%
- Staff reduced from 60 to 15 downsizing by 70%

### Personal Financial Affect

- Sole Income was Job Keeper and due to both working in the company only 1 could qualify as I was paid by Trust Entity which ATO disallowed
- A family of 7 with 5 children
- 2 Children completing year 12 so we could not pull them out of Private School
  
- **We are at a personal loss of almost \$600,00:**



- Sell Personal investment to the value of **\$270,000** to fund living expenses and children's education
  - Office Building – have moved out to smaller premises
  - Had to refund client's deposits still overseas from our personal funds to the value of **\$300,000**
- Westpac Bank have yet to approve any COVID Bank loans despite having no loans out of order
  - We have no overdraft to work off as we have never had

### **Assistance from State Government**

Our business will find it difficult to continue without an extension to Government welfare or any business relief mechanisms and support.

We received \$0.00 Financial Support from the State Government. Due to stringent eligibility criteria, our Corporate structure did not allow us to access missed out on \$150,000 for travel so we have had to pay from our personal funds to keep on a Travel Agents to work on refunds for clients that have travel booked with airfare and accommodation suppliers.

Business Events make up:

- 58%** Conferences & Exhibitions
- 37%** Incentive Based Events

### **Where our company sits at present:**

- Lack of confidence from clients who are terrified of planning any future events.
- People (corporates) have stopped thinking about doing events with events in August, September and October being cancelled. Work is going to interstate event agencies.
- People were just starting to book events and activities again and are nervous about paying money because of fear of no notice lockdown.
- Clients are not prepared to commit to plans that involve gatherings or interstate travel of attendees.
- Created zero confidence to invest in events to help kickstart regional economies, especially after having to wear heavy costs over the past 15 months with zero turnover.
- Nobody has any confidence in Victoria and its promises to "Stay Open"
- Events are moving interstate already and the Victorian economy is losing tens of millions in taxes.
- Our event industry is being decimated with closures of up to 90%

I believe there has been no other representation from Incentive Event companies because they all have closed and are not here anymore to tell their story.

### **Financial Support to Event Industry Businesses**

To be able to survive post Job Keeper and until events traditionally start to pick up from September, our business event industry need some direct financial support based on research conducted by Business Events Australia, the following is needed to ensure this industry survives.



### Risk of Cancellation

The very real fear that the event might be cancelled and all those involved might lose everything is now the single biggest thing stopping events happening in Victoria. The lockdown and border closures have shown this fear to be very well founded. No commercial insurance company will currently insure against this risk. Many organisations do not have the ability to cope with the huge financial costs of a last minute cancellation of their event – as it would send them broke. Very few can justify taking such a risk as the potential consequences are so great.

### COVID Cancel Insurance

In a number of countries, the government will now cover losses from events cancelled due to Covid. Germany provides a good example: <https://www.iq-mag.net/2020/12/germany-announces-e2-5bn-event-cancellation-fund/> It could be structured like insurance. Event organisers pay a premium – e.g. 1% of total costs of the event – to the government fund to cover against Covid cancellation. This would help fund the scheme. Reducing the financial risks from cancellation would greatly increase the number of events in Victoria in 2021 and greatly help our industry to survive.

I thank you for your concerted time and effort in holding this Inquiry and I hope I am able to attend and appear before this Inquiry to help you gain a broader understanding of the devastating financial and emotional stress that has been placed on businesses such as ours which have in the past, been a comfort and financial support for others.

Yours sincerely

**Madison Fitzgerald** MPRIA  
Director Communication & Branding



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