

# TRANSCRIPT

## LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

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

Melbourne—Wednesday, 2 June 2021

*(via videoconference)*

#### 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

#### PARTICIPATING MEMBERS

Dr Matthew Bach

Mr David Limbrick

Ms Melina Bath

Mr Andy Meddick

Dr Catherine Cumming

Mr Craig Ondarchie

Mr David Davis

Mr Gordon Rich-Phillips

**WITNESS**

Ms Kathryn Mackenzie, Chief Executive Officer, Echuca Moama & District Tourism Development Association.

**The CHAIR:** I declare open the Economy and Infrastructure Committee public hearing for the Inquiry into the Impact of the COVID-19 Pandemic on the Tourism and Events Sectors. Please ensure that mobile phones are switched to silent and that any background noise is minimised.

I wish to begin by acknowledging the traditional owners of the land, and I pay my respect to their elders past, present and emerging. I wish to welcome any members of the public that are watching via the live broadcast.

My name is Enver Erdogan and I am Chair of the committee. I would also like to introduce fellow committee members that are present here online with us today: Mr Mark Gepp, Mr Rod Barton, Ms Wendy Lovell, Mr Andy Meddick and Mr Lee Tarlamis. That is who are appearing on my screen today. If there is anybody I have missed out, please let me know.

I would like to call our first witness, Kathryn Mackenzie, the CEO of Echuca Moama tourism. I would like to just state that all evidence taken at this hearing is protected by parliamentary privilege, as provided by the *Constitution Act 1975* and further subject to the provisions of the Legislative Council standing orders. Therefore the information you provide during this hearing is protected by law; however, any comment repeated outside the hearing may not be protected. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing. Transcripts will also be made public and posted on the committee's website. We welcome any opening comments but ask that they be kept to a maximum of 5 to 10 minutes and that we have plenty of time for discussion.

Would you please start by stating your name for Hansard and then begin your presentation. Over to you, Kathryn.

**Ms MACKENZIE:** Kathryn Mackenzie. Thank you. First of all I really welcome the opportunity to address this inquiry on behalf of over 250 tourism businesses from across the Echuca-Moama region. Echuca Moama & District Tourism Development Association is the peak tourism body for the region, and it spans both the Victorian and New South Wales side of this wonderful, iconic Murray River. Echuca-Moama is the closest point to Melbourne on the Murray and is a pleasant 2½ hours drive from Melbourne. The region pre COVID-19 was experiencing record visitation, with 797 000 overnight visitors, visitors spending a record 2.4 million visitor nights in the region and 770 000 domestic daytrip visitors. These visitors as at March 2020 were spending \$482 million in the region or, more simply put, contributed \$1.3 million per day to the local economy. We are a small destination, with the two towns together just on 23 000 people.

It would be fair to say that in March 2020 Echuca-Moama was a thriving visitor economy, with tourism being one of the major economic drivers for the region. However, with the onset of the pandemic in March this thriving tourism destination came to a standstill. Over the longer term with our lockdowns, border closures, further state lockdowns and river closures this visitor economy has been decimated. In fact the Echuca-Moama region has been one of the hardest-hit regions in Australia, with 41 weeks out of 52 weeks of closure from March 2020 to March 2021. It has been devastating, to say the least. Living in a border community during this time has not been easy, and again in 2021 we find ourselves back in this lockdown territory with no JobKeeper or support net for tourism operators.

Melbourne is the key source market for Echuca-Moama, accounting for 66 per cent of the region's visitors, and so any Victorian lockdown has enormous impact not only on the Victorian side of the river but on New South Wales. We operate as one town and one destination. Last year post the border closures and lockdowns our regional tourism body, Murray Regional Tourism, surveyed tourism businesses along the Murray and found that the impacts on the accommodation sector were immense. The report found that in winter 2020 with the borders closed an average-size motel, around about 20 rooms, lost between \$20 000 and \$30 000 a month, and in January 2021 with the Victorian border closure the same size motel estimated its losses to be between \$120 000 to \$150 000 for that month—it was peak season. Similarly, Echuca-Moama has a wonderful array of

beautiful caravan parks along the river, and the losses for them over the winter were around about \$20 000 to \$50 000 a month for those mid-range caravan parks and in January anywhere between \$350 000 to \$500 000 for that month. Larger caravan parks lost in the vicinity of \$1.2 million for January.

At this point in time we find that operators have banked up debt, and with the loss of JobKeeper really there is no safety net. We know our Victorian businesses have had some level of support. However, our New South Wales businesses have not had the same level. While Easter and the school holiday period since February have been promising, with excellent visitation, this in no way goes to ameliorate the underlying debt that exists across this once-thriving Echuca-Moama tourism region. Add to this the region is now currently in a circuit-breaker, and once again we are facing these uncertain times and uncertain conditions.

What has been the impact on the broader tourism visitor economy over this time? I think, like many, many destinations across Victoria and Australia, we are experiencing a massive skills shortage, and that is happening across accommodation, retail and hospitality. It is happening basically in accom. I saw recently where a number of operators leading into busy weekends could not let all their rooms because they did not have the staff to service them. We are also seeing in our regional towns our restaurants and cafes are closing early, not staying open late, and often closing a couple of days a week because they do not have the staff to keep their doors open.

I just want to turn my attention to events. As we all know, events have been severely impacted with the onset of the pandemic and what has ensued over the last 12 months. Echuca-Moama in 2021 lost its Riverboats Music Festival, an award-winning festival, and the 2020 Winter Blues Festival in July, and we lost the June long weekend steam rally, and that will not take place again this year. We have lost many sporting events, including the Australian and international darts tournaments. These events were sensitively positioned across Echuca-Moama to provide stimulus and attract major market segments during the quieter periods of the year, February and through our winter months, so the loss of events has had massive impact for us over the period of time.

I think, just in closing my remarks at this stage, it is important to note that as a thriving destination the severe impacts we have had have left this region really concerned about where we are now and really concerned about going into a winter, which is a much softer period for us. I also want to say that our community is extremely resilient. Post the New Year's Eve Victorian border closure the community and business came together and formed a group called Let's Revive Echuca-Moama, and to date that has raised \$85 000 to support the tourism sector to market into markets in Melbourne to try and attract visitation over this winter. We certainly know that if we do not attract this visitation, we could lose many, many businesses across accommodation, retail and hospitality. So as I sit here, it feels quite bleak not knowing what the government announcement is going to be today, and I am really feeling for our businesses and really thinking about what the journey ahead is for winter. Thank you.

**The CHAIR:** Thank you, Kathryn, for that and sharing your local insight into the impact of COVID-19 on the tourism and events sectors in Echuca-Moama. Thank you very much. It is very insightful. What I might do now is give an opportunity to committee members to ask a question. I do notice that Mrs McArthur and Dr Cumming have also joined us, so now we have eight committee members and participating members online. And due to time constraints I might ask all committee members to ask one question and, if we get an opportunity, to ask a second. So we will stay in the order of Mr Barton, Ms Lovell and then Mr Gepp, and then we will go through the list—I am just looking at what is on my screen. So Mr Barton, you can have the first question, then Ms Lovell and Mr Gepp. Thank you.

**Mr BARTON:** Thank you, Chair. Thank you, Kathryn. Kathryn, I have been visiting and holidaying in Echuca for the last 40 years. I was a resident of Stanhope, so I am very familiar with the battle that you are facing at the moment, which is widespread across all of Victoria in rural and regional Victoria. But I am just interested to see how things are panning out. There are pockets of recovery, if we take out what has happened this last week—prior to that. For instance, when we went to Bright there was huge visitation and all that sort of stuff. Where you seeing that same level of lift?

**Ms MACKENZIE:** Yes. As you know, Echuca-Moama is a very good, thriving tourism destination and much loved, and we have seen good visitation. I suppose the point I was making is that we really need that to continue with the underlying debt structure that we have got sitting across most of our businesses now with the losses they have incurred over those 41 weeks, and then we have had two circuit-breakers and we are currently in that second one. Winter is traditionally a much softer period, and that is why we put our events into the winter period or into February, when everybody goes back to school. So the events have been really well

positioned, even with the big international dance event that went into August, so that we had people visiting and we were actually trying to build that visitation in that winter month. So I think while we have had some really good visitation and some really good cash flow, it is not going to sustain us with the losses we have had over the past 12 months and through this winter period.

**Mr BARTON:** Thank you, Kathryn. Thank you, Chair.

**The CHAIR:** Thank you. Ms Lovell.

**Ms LOVELL:** Kathryn, thank you for your presentation, which was extremely informative. Our communities here on the border are in a unique situation and were much harder hit last year, as you said. I spoke to motel owners who were in tears because they still had their leases to pay et cetera that were not forgiven, and I spoke to the hospitality providers who prepared for a long weekend over New Year and then again for the Valentine's weekend that were closed down at the very last minute, and I understand the impact that had on your community. The uncertainty around these sudden lockdowns—what do you think that does to the confidence of the whole sector in the region and the events sector to actually gear up and plan again for a long weekend only a couple of weeks away now and for other events? I mean, the Winter Blues Festival is coming up in July. What would be the cost to the community if that was cancelled at the last minute?

**Ms MACKENZIE:** The cost is immense. The phones have been running hot over the last couple of days with the industry fearful that we will not have the Queen's Birthday weekend visitation. As soon as the circuit-breaker was called, even before that operators were having cancellations, and cancellations have already started into the long weekend. People are just not wanting to travel, and that is understandable. But I think what our industry is really asking for for a border community is that we know the levers for lockdowns from both sides of the river, from both governments, so that we can plan better. I think it is this stop and start, where lockdowns are called very quickly. We understand possibly why, but we just want some better certainty around that—and I think our visitors want better certainty too so they know what the levers are. Through this we have got to plan, we have still got to run businesses, and if we just had some better levers and certainties around what is entailed and we can see those being put in place, then our businesses can plan.

We have had a resilience study done over this period of time and we are looking to put in destination-wise some better strategies, but it is this stop and start. Really it does a lot to the mental health of our accommodation, hospitality and retail. That uncertainty brings that sort of stress—and of course the loss of income, which is devastating.

**Ms LOVELL:** So do you think that the state needs to provide more financial assistance to the operators when they close down for these lockdowns like this? And also, the vouchers for travel, they expired last Monday. Do you think following this lockdown that they should be reinstated to restore confidence and get people back into the regional communities and travelling?

**Ms MACKENZIE:** Yes. Two elements there. Confidence is shot with the sudden circuit-breakers and, dare I say, border closures—so yes. And secondly, we do need more demand-driving initiatives like the voucher system, especially for areas like us over winter, where we are not a snow destination; we are a much softer destination. Even for our events during this time, if they can run, they have got smaller numbers and they are working under huge restrictions. So our operators were saying even with the welcome support from the Victorian government in the last week, \$2500 does not go anywhere to food wastage, to cancellations on properties. It is helpful, but it does not solve anything for them personally in their businesses.

**Ms LOVELL:** Thank you.

**The CHAIR:** Thank you very much for that, Kathryn. I might pass over to Mr Gepp, and Mr Gepp can also a question on my behalf as well, so I waive my right to ask a question.

**Mr GEPP:** No, I think with eight people I will just ask my question. I will not go into it. Thanks, Kathryn, for being with us today. I think, like everybody, we are all frequent visitors to Echuca. It is a beautiful place in northern Victoria. I was very interested when you were talking about the certainty. And I am, of course, reminded that last week one of the cases that was uncovered was in Cohuna, just up the road. I am in Bendigo—

**Ms LOVELL:** Mark, it was not a case. It was just an exposure. No cases in Cohuna.

**Mr GEPP:** Of course. Thanks for the correction. So there was a hotspot identified in Cohuna as well as Bendigo, but also down the corridor of the Hume Highway there have also been some designated spots. So that makes that issue of certainty a little bit tricky, doesn't it, if suddenly these places pop up. I am really trying to understand, in that sort of environment, where it is so fluid, precisely what it is that you are looking for when you talk about certainty.

**Ms MACKENZIE:** I suppose it has been around circuit-breakers but also lockdowns on borders. We experienced 38 weeks from New South Wales and then the New Year's Eve lockdown that came in with moments—you know, only hours—of warning. We lost over 35 000 people from this region. It was chaos. I think businesses are saying that they need to have some sort of warning mechanism so that they can actually manage their business. Lockdowns seem to be so quick, and we realise that, as various areas are seen as hotspots. But just having from government some sort of levers to say that we are going to lock down. That new year's situation, where we only had hours, there were people on the river. They did not even know that they were being asked to leave the place—they got in at 8 o'clock at night and their wives had packed up the vans. They had been out celebrating new year. It was very serious for us, and I think the devastation of going from that period of absolutely full occupancy to nobody within sort of 6 hours—and the chaos on the road—our industry is just calling for government to be more thoughtful about how it does lock down and giving warning. I think the Victorian government has been good this time. They have come very quickly to give a level of support, realising there is no JobKeeper or no safety net now for all our businesses there. So, Mark, I think it is just really trying to make sure that we are given due process as opposed to just hours, like new year.

**Mr GEPP:** Okay. I will ask a follow-up, Chair, just based on that. You mentioned the business support and the lack of JobKeeper. They are federal government. The Victorian government has stepped up with a package and we have asked the federal government to also make a contribution, but they have declined to do so. You talk in your opening presentation about a lot of the caravan parks and you have talked about Echuca and Moama being a border town. The state border is not something that a local community sees; it is part of one community. But most of those businesses are on the other side of the river. Are you aware of what support the New South Wales government have been providing to those businesses during this, particularly when they put in place their own lockdown and border closure?

**Ms MACKENZIE:** Yes. The level of support across the river has not been anywhere near what the Victorian government has provided. I think one of the challenges for New South Wales has been that they were receiving regionally very good visitation across New South Wales and it was really only the border communities that were being impacted by the border closure per se, and so our New South Wales operators have had very little support. I think I put in my paper to the Legislative Council that there were lots of issues with ABNs. If they had a Victorian accountant, often they were seen as not being a New South Wales business. The eligibility was very tough and a lot did not qualify, so it has been really hard. Many of our businesses on the New South Wales side of the river are very large caravan parks and establishments—our clubs—and they have been hugely impacted by the loss of the Victorian market, because we are really a Victorian destination. Even though locals see themselves as one destination, we do know that visitors crossed that border without even realising they were going into New South Wales sometimes and then were locked down with the border closures and could not get back. It has been a tough time all round, and I do think that our New South Wales operators have really suffered greatly, even visitation-wise—visitors could not get across the border but we could have some visitation on the Victorian side. Even if it was not what we normally expected, there was a little bit when the regions opened up. So it has been patchy, but I think the New South Wales businesses have really suffered through this 12 months.

**The CHAIR:** Thank you. I might just remind committee members that, because there are nine of us now online, we might not get an opportunity to all ask a question. But if you do not get a question this time, I will make sure you get prioritised for the next witness. Mr Meddick and Mrs McArthur have been patiently waiting to have a question. Mr Meddick.

**Mr MEDDICK:** Thank you, Chair, and thank you, Kathryn. I was just listening then to your reply to Mr Gepp's question, and I think you have thrown up a really important point there in that there has been support from the Victorian side but very little support for that—because as you rightly point out, these cross-border communities see each other as one and the same. They do not recognise a state border very much, particularly in a business sense, and I agree with that completely. This lack of support you keep pointing out from the New South Wales government for those people, it affects both sides. So with that in mind do you feel that perhaps there should be a national approach to this rather than individual states having to do what they can

do and provide the packages that they are providing—or refusing to provide in that instance? Do you think the federal government is abrogating its own responsibilities and should actually accept some of the responsibility that they have, an economic responsibility, to look after these border communities a bit more?

**Ms MACKENZIE:** I think from our point of view we just want a coherent approach that looks after our businesses. Echuca-Moama was and is an absolutely thriving tourism destination, and through no fault of anyone's we find ourselves in these situations. Our hope would be that governments would work together to make sure that through this time—tourism has been one of the most affected industries—there is a coordinated approach that really focuses on the health of tourism and the many businesses that are involved. As I said in my opening address, Echuca Moama tourism is an industry-led body with over 250 operators in this small town, and what our request is to all levels of government is to work together to support these really good businesses in good times that really through no fault of their own have ended up losing—many of them—their retirement funds. They were looking to retire, and now some of them have told me it will be another five to seven years before they can even look to getting out of their businesses. So it has really impacted border regions. We just want some coherence and some coordination from all levels of government and a focus on key issues to address the problem at hand.

**Mr MEDDICK:** Thank you, Kathryn. Thank you, Chair.

**The CHAIR:** Thank you. Mrs McArthur.

**Mrs McARTHUR:** Thank you, Chair, and thank you, Kathryn. Now, we have heard from the government apologists, Mr Gepp and Mr Meddick, on this matter. The bottom line here is that we do not need to have these lockdowns, we do not need to have these border closures.

**Mr GEPP:** Dr McArthur is at it again.

**Mrs McARTHUR:** You should be up and running as normal. The only reason for a lockdown statewide should be that the hospital system cannot cope. At the moment we have got one person in hospital, as far as we are told. Now, you need to be working as a viable operation in Echuca-Moama. New South Wales has managed not to lock down the whole state, and they have kept the economy going. In Victoria we seem to have shut down the whole state. So wouldn't you agree that the most help a state government could give is to end the lockdown, end the border closures and let you get on with working as you have done so successfully in the past?

**Ms MACKENZIE:** There is a real social licence around our roles in tourism. I have worked in tourism for many, many years now, and one of the things that we have to be totally aware of in small towns and regions like this is the nervousness of our local community, fearing that COVID will be brought here, especially from Melbourne and other parts of the state. So we work this fine balance of what is appropriate in terms of travel. But I have had many local residents call me just making sure and very, very concerned that if we are open during these really infectious times with the virus spreading, it might end up devastating small communities like this. So there are so many tensions and balances in destinations like this.

But if at all possible—and the Victorian government did do it during the last year, where they did open the regions and did open the border bubble so we could travel—I think our industry is certainly looking, whatever happens going forward if there is a lockdown, that the border bubble will exist so we can get some visitation. And I must say our local community not only raising funds for us to market but supporting our local industries has been just absolutely over and above and amazing. So it is those checks and balances, and I think it is really good planning, it is good decision-making and it is trying to keep small and regional communities safe, but at the same time making sure where we can we open them up, whether it is a border bubble or whether it is parts of regional Victoria, that we can actually get our visitors to come and enjoy this wonderful destination.

**Mrs McARTHUR:** Well, the government has had 15 months to get this right. You would think they would have got it right.

**The CHAIR:** Mrs McArthur, thank you for that. I just want to remind committee members: can we please limit preambles, because there are nine of us now online. We have a very short time space, and for the rest of the day I want us to stay on schedule. Our next witnesses are already here. If Dr Cumming and Mr Davis ask one short question, Dr Cumming can ask one now.

**Dr CUMMING:** Thank you. I was just going to say to Kathryn that Tim Quilty and Tania Maxwell—the minor parties in the upper house—actually brought to the Parliament’s attention virtually all of your concerns in border communities. I will just leave it as that, as a comment. But I agree with you 100 per cent: the government should look at the regions and the border communities very differently and actually have a bit of a reflection on what New South Wales is doing. We should have a national approach.

**The CHAIR:** Thank you, Dr Cumming, for that contribution. Mr Davis, one short question if you wish to do so. We cannot hear you, Mr Davis. We will take that on notice, Mr Davis. Kathryn, would it be okay if the committee was to ask you any further questions we may have and if we email you after this hearing?

**Ms MACKENZIE:** Yes, sure.

**The CHAIR:** Fantastic. On that note, our next witnesses are already ready, so the committee will take a very short break before getting our next witnesses. On behalf of the committee, I wish to thank you for your full and frank discussion with the committee and your presentation here today. Thank you.

**Ms MACKENZIE:** Thank you very much.

**Witness withdrew.**