



Enquiries:
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Mr Patrick O'Brien
Committee Manager
Legislative Council Economy and Infrastructure Committee
Parliament of Victoria,
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Dear Mr O'Brien,

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

Thank you for the opportunity to provide a submission to the *Inquiry into the impact of the COVID-19 pandemic on the tourism and events sectors*.

This submission is informed by Council's endorsed strategies, policies and plans which can be found at www.portphillip.vic.gov.au.

Please note that this matter has not been formally considered by Council, and thus, this submission is provided without prejudice of Council's formal views on this matter.

Impact COVID-19 on tourism and events industries in the City of Port Phillip

Tourism and events industries are key employers and major contributors to the State's economy. Since late 2019 these industries have faced unprecedented challenges, with bushfires and then the COVID-19 pandemic, claiming tens of thousands of jobs and wiping over \$23 billion from the sector across the State.

These industries in the City of Port Phillip, as Victoria's most densely populated municipality and a major tourism and events hub, has been disproportionately affected by the pandemic. Our municipality plays host to several of the State's major tourist attractions (such as South Melbourne Market, the St Kilda Festival, St. Kilda Beach, the Grand Prix, and Melbourne Food and Wine Festival) and some of Victoria's biggest hospitality venues which surround the areas of St. Kilda, Albert Park and South Melbourne,

Data from [.id Consulting](#) shows that in 2018-19 the total tourism and hospitality sales in City of Port Phillip was \$2.9B (approx. \$1.5B directly and \$1.4B indirectly). These industries also employed approximately 5,900 direct jobs and indirectly supported 2,500 jobs - approx. 8.7% of the City of Port Phillip total, which is significantly higher than the state average.

Since the start of the pandemic, businesses reliant on tourism and events have been decimated by reduced visitors and closures such as 112 days of lockdown at end of 2020. As a snapshot, City of Port Phillip Officers have identified, that:

- 2363 local visitor economy businesses have been impacted by the loss of tourists coming to the City of Port Phillip.

- Tourist numbers visiting St Kilda have dropped by 78% from 2019 to 2020, with NVS Data showing that 1.06 million visited in 2019, compared to 229,000 in 2020.
- 8,000 local jobs in the City of Port Phillip were lost in first three months of COVID (many of these being in the hospitality, tourism and event industries).
- South Melbourne Market visitor numbers more than halved during lockdowns. For example, the average visitor number for Sundays in March (pre first COVID lockdown) was 25-30,000 whilst in August (during second lockdown) it was 10-15,000.
- Many hotels in City of Port Phillip have been operating at 10-30 per cent occupancy for the past 12 months, with a significantly lower ADR than usual (we have three quarantine hotels that make this figure appear better than it is), and
- 57 per cent of business were still relying on the Federal program to support employment when it ended on 31 March, with significant job losses now expected in the City of Port Phillip.

The VTIC Visitor Economy Recovery Submission 2.0 found that many businesses across the State, including in the City of Port Phillip, continue to deal with significant challenges from COVID-19 such as lack certainty on future bookings, cashflow issues, customer cancellations, owner/staff mental health and wellbeing issues, adapting product/service offerings, shortage of staff, as well as paying rents, mortgages and insurances.

These businesses require ongoing support to reposition, reinvigorate, reskill, and (in some cases) redesign their business models to respond to a new operating environment.

What is the City of Port Phillip doing to help the recovery?

The City of Port Phillip is committed to working with key stakeholders, including the State Government and affected businesses, to support the recovery of tourism and event industries, by helping attract visitors back to our Municipality.

Many of our Councils' key priorities and actions for rebuilding these impacted industries are detailed in the City of Port Phillip's Council Plan 2017-2027, [Events Strategy \(2018-22\)](#), Activating Laneway Strategy (2021), and Placemaking Action Plan (2018-21).

Examples of recent actions undertaken by our Council includes:

- Working closely with tourism bodies such as Victoria Tourism Industry Council (VTIC), Accommodation Association and Visit Victoria to support strategies for recovery in City of Port Phillip.
- Delivering an initial COVID Recovery pack that includes:
 - \$166,000 towards reduced registration fees for food (and health) premises for 20/21.
 - Six-month waivers of footpath trading fees for hospitality businesses.
 - Rental waivers for Council tenants (for example Council supported stallholders at the South Melbourne Market financially through the pandemic and a total of \$2,329,684 in rent subsidies have been provided to South Melbourne Market Traders from April 2020 to March 2021.)
 - \$75,000 toward establishing a Renew Fitzroy Street program to address vacant shop fronts and attract people to the area.

- \$160,000 sourced under the Live Music Action Plan and Live N Local budget to develop a summer music program where local musicians will be given opportunities to perform at key venues and outdoor activation sites.
- \$100,000 towards Arts Rescue Grants to give local artists and creative organisations the capacity to propose creative projects for our community and attract tourists.
- \$86,000 towards a marketing campaign “[Live, Love, Local](#)”, including print, digital and outdoor platforms.
- Creating and delivering the “[Love My Place](#)” Grants Program, to provide support such a funding, marketing, and other measures to our community as an opportunity to trial new ideas through experiential activities. This grant program aims to reactivate public space through unique events and projects.
- Working with local hotels, attractions and restaurant businesses to create and deliver the “[Stay and Play Port Phillip](#)” promotion and generate much-needed revenue for local businesses.
- Developing long-term outdoor dining and parklet plans to support local hospitality businesses.

Recommendations/Requests of State Government:

The City of Port Phillip also recognises and has welcomed Victorian State Government investment in the tourism and events sector since the beginning of the pandemic, including schemes such as: the Hospitality Business Grant Program, Hospitality Support Program, Major Event Fund, Circuit Breaker Relief Package, Victorian Accommodation Support Program, Metro Melbourne Voucher Scheme and Outdoor Eating and Entertainment Grants.

Noting the above, there are still areas in desperate need of further strategic support, along with a growing Council concern that money earmarked for the sector is not yet flowing into the areas that it was designated.

Council Officers recommend that the Victorian Government can further support the recovery of affected industries through:

- Additional financial support for affected business now JobKeeper has ended as the tourism industry is one of the hardest hit industries from COVID-19;
- Increasing funding support for events in City of Port Phillip, e.g. sporting, cultural and live performance. For example, to preserve St Kilda as a tourist destination, financial support is required for events to be ‘acquired’ for St Kilda (as opposed to just having inbound enquiries and charging events to come) – this could include major State Government funded Festivals such as Comedy, Food & Wine etc.
- Assisting to fund the return of business events, which generate significant revenue for City of Port Phillip. For exempling, provision of grants for smaller-scale corporate events to occur in Melbourne in 2021-2022;
- Extension of Live Music funding in venues and potentially in parks, beach, pier and gardens – to ensure our Live Music Industry (a key tourism attraction) returns to full strength and flourishes;
- Improving workforce skills and planning. It is especially important to bring back international students as they provide a significant amount of labour for hospitality businesses in the City of Port Phillip;
- Releasing more Metro Melbourne Travel Vouchers, that are focused on City of Port Phillip;

- Creating a targeted tourism campaign/effort that focuses on St Kilda as the second most visited destination by tourists in central Melbourne (similar to what has occurred in CBD and regional areas);
- Stopping interstate border closures to restore interstate traveller confidence; and
- Collaborating with industry partners to drive bookings to Greater Melbourne hotels.

Council Officers also support the recommendations provided in the VTIC Visitor Economy Recovery Submission 2.0, many of which align with those identified by Council Officers, including,

- Investment of \$40 million per annum over four years in discretionary funding for Visit Victoria and \$17 million per annum over four years in Melbourne Convention Bureau for operational and bid funding, as well as refocussing its charter to allow for aggressive recruitment of national business events;
- Funding to help businesses in parts of the sector that are unlikely to fully recover, even in the mid-term, to reposition themselves to find new markets;
- A \$100 million Relief and Survival Package for the events sector and related supply chain along with longer term funding to support the re-attraction of events and festivals lost to other states and major international business events back to Melbourne;
- Creation of a Product Development and Innovation Fund (\$200 million per annum over four years) to support major attraction and infrastructure improvement across Victoria, including consideration of the role of regional airports in driving dispersal; and
- An aviation recovery strategy to attract direct airline services back to Melbourne and Avalon airports, including \$20 million per annum over four years to incentivise airline attraction.

Next Steps:

The City of Port Phillip appreciates the opportunity to work with State Government to help the recovery of the decimated tourism and events industries. We understand that a full recovery from COVID-19 will take some time. Ongoing State Government support will be essential to help build the resilience of these industries, and their ability to recover.

Best wishes for the work of the Committee and we look forward to the findings of the inquiry.

Should you have any queries about the matters raised in the submission please contact _____,
Head of Economic Growth and Activation, on _____.

Your sincerely,

PETER SMITH
Chief Executive Officer