

The Newcastle Response

Tourism Sector

City of Newcastle acknowledges that we operate on the grounds of the traditional country of the Awabakal and Worimi peoples. We recognise and respect their cultural heritage, beliefs and continuing relationship with the land and waters, and that they are the proud survivors of more than two hundred years of dispossession. Council commits to address disadvantages and attain justice for Aboriginal and Torres Strait Islander peoples of this community.



Newcastle is an emerging global city well positioned to respond to the local community and economic challenges of COVID-19. We are resilient and dynamic; we welcome the piloting of new programs and

approaches. Newcastle is also a gateway to both global and regional connections; we can play an important role in restarting and providing new job opportunities for the future.

Most importantly, the leaders of Greater Newcastle are a united voice providing collaborative governance for our city. In response to COVID-19, a City Taskforce made up of 17 key city leaders from across, manufacturing, small business, financial services, tourism, transport and

Jobs lost February – April = 25,000

Jobs created May = +1,000

Unemployment rate in May = 10%

Youth unemployment rate = 26.8%

*All data represents Newcastle/Lake Macquarie SA4. Sourced from ABS Labour Force Detailed Data, May 2020.

logistics, arts and culture, workers, education, business and community sectors have been charting a path for our community and economic recovery.

The City Taskforce will be sharing our local stories and experiences to equip you to make decisions on COVID-19 policy responses. Called 'The Newcastle Response', these memos will outline the local community and business impacts, the effectiveness of current government measures, details on how we are mobilising our own resources and identify opportunities to partner with State and Federal Government bodies to accelerate and increase impact.

Each issue of the 'The Newcastle Response' will include a focus topic. The second edition examines our Tourism Sector, and how they have been responding to the COVID-19 crisis.

Nuatali Nelmes
Lord Mayor of Newcastle
Chair of Newcastle Taskforce



Newcastle's Tourism Sector

Policy Ask:

The City Taskforce recognises the valuable contribution the tourism sector plays in creating vibrancy for our city and sustaining local jobs. We request the following of our Federal and State decision-makers:

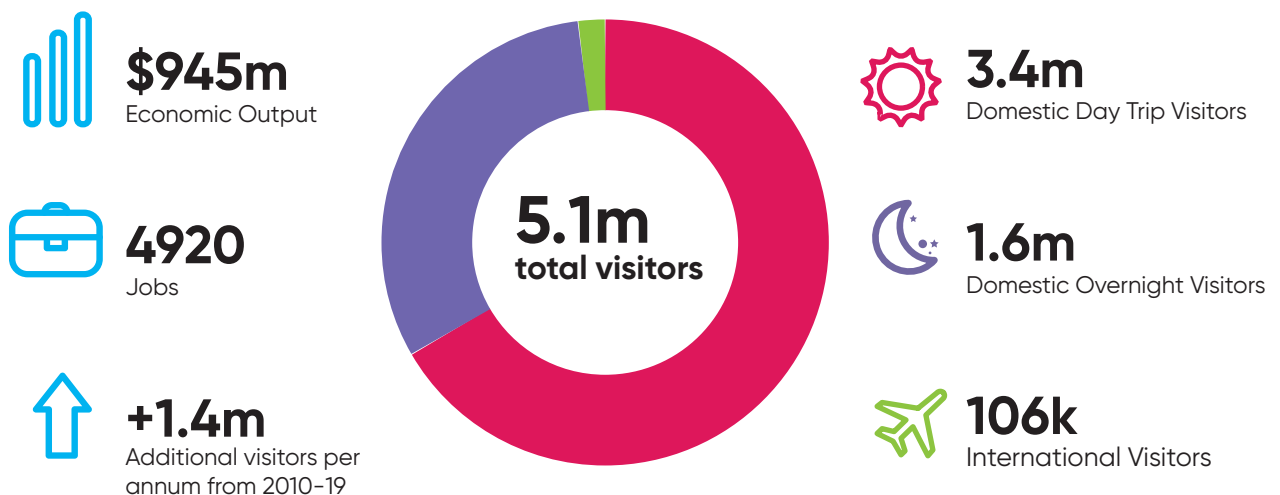
1. Consideration of the extension of JobKeeper or alternative targeted support for tourism businesses until the reopening of international borders.
2. Extension of the Retail and Other Commercial Leases (COVID-19) Regulation 2020 due to its importance for local tourism businesses
3. Encourages Destination NSW to support an interstate destination marketing campaign for Greater Newcastle, as submitted by Newcastle Airport and partners in June 2020.
4. Ask that Newcastle be listed independently to increase destination visibility on destination consumer websites. Newcastle is currently listed under 'North Coast' on Destination NSW www.visitnsw.com and meetinregionalsw.com.au.
5. Newcastle is seeking additional tourism product development training from Destination NSW. We ask that DNSW pilot new training through the NSW First Program in Newcastle in 2020/21.
6. Advocate for the reversal of the closure of Newcastle's Jetstar maintenance base, which will see 112 local jobs cut – including 40 apprentices, 40 tradespeople and 30 license aircraft engineers, from the Williamstown facility.

Local insights

Newcastle has a strong and diverse economy in which tourism plays an important role. In 2019, it was estimated that tourism contributed \$945 million to the local economy and sustained 4,950 or nearly 5% of total jobs. These jobs were distributed across 301 activities and attractions, 56 key events and 680 accommodation providers, and were heavily focused in the younger cohorts, who have been most severely impacted by COVID-19.

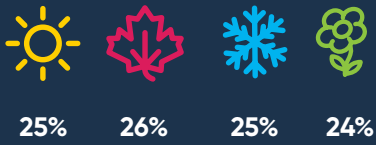
In 2019, Newcastle attracted an estimated 5.1 million visitors, comprised of 3.4 million domestic daytrip visitors (67%), 1.6 million domestic overnight visitors (31%), and 105,800 international visitors (2%). This represents significant growth on preceding years.

Visitor Economy Highlights 2019

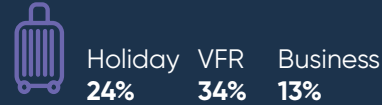


Domestic Daytrip Visitor Profile 2019

Seasonality



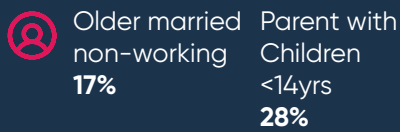
Purpose of Visit



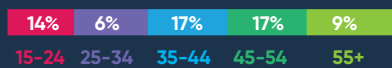
Place of Origin



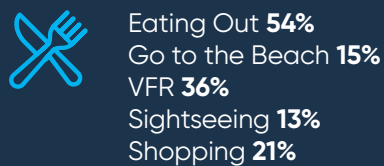
Lifecycle Group



Age Profile

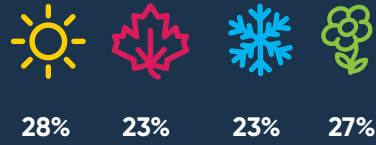


Activities



Domestic Overnight Visitor Profile 2019

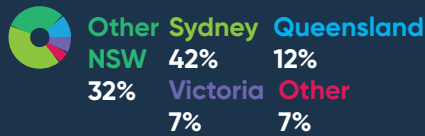
Seasonality



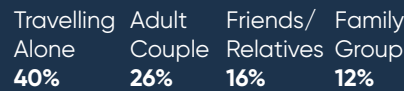
Purpose of Visit



Place of Origin



Travel Party



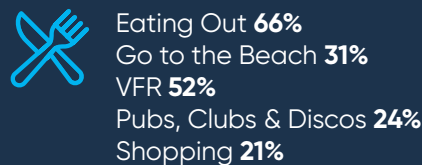
Age Profile



Top Accommodation Types



Activities



Transport Method

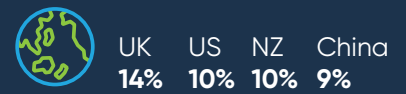


International Visitor Profile 2019

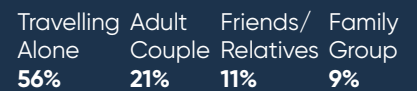
Purpose of Visit



Country of Origin



Travel Party



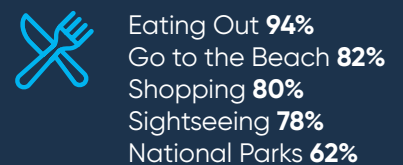
Age Profile



Top Accommodation Types

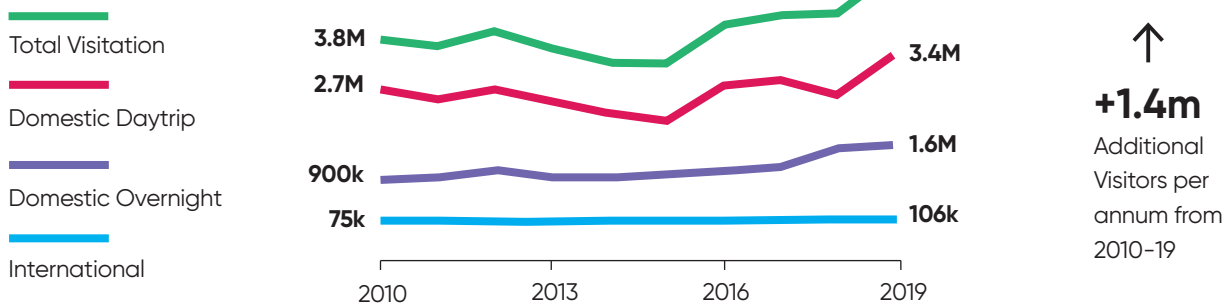


Activities



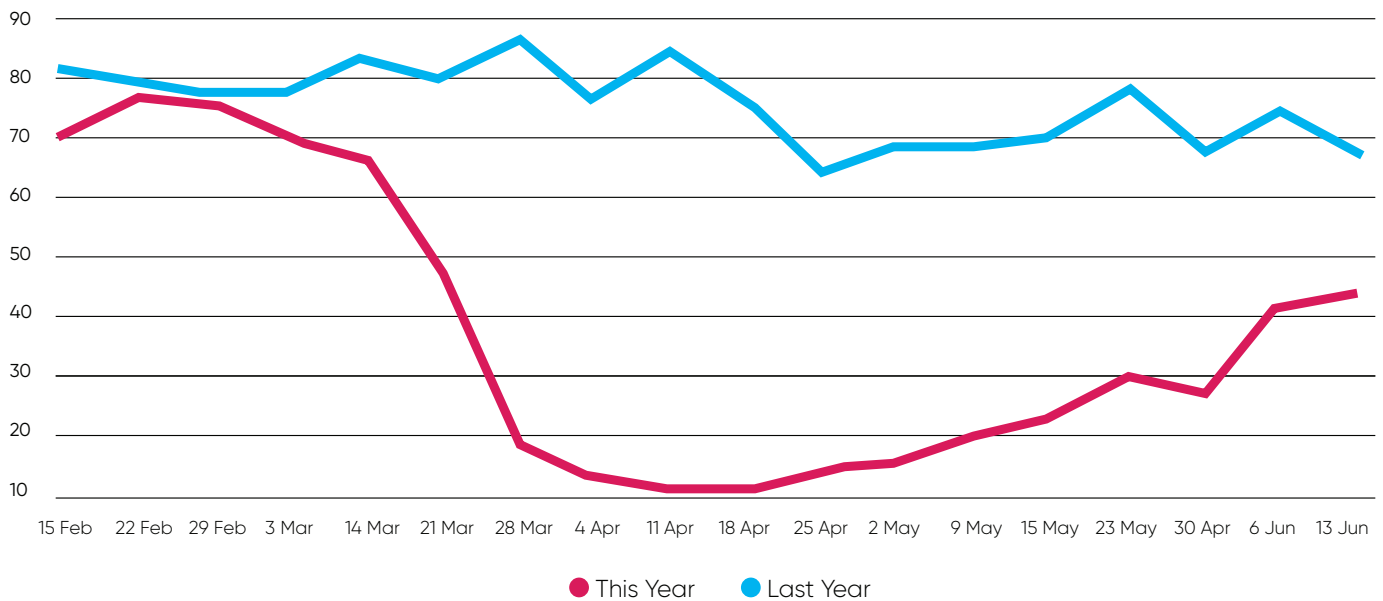
The Newcastle Response – Tourism Sector

Historical Visitation to the City of Newcastle



The tourism sector has been significantly impacted in Newcastle in 2020. Firstly, from the summer bushfires and the reduction they caused in domestic travel, and secondly from COVID-19 restrictions. The impact on weekly hotel occupancy in the table below is a proxy for the impact on the broader tourism sector.

Table 1: Weekly Hotel Occupancy during lockdown, Newcastle and surrounds, February to May 2020.



Source: STR data

The STR data reveals that the impact on Newcastle has been particularly acute with an average decline of 75% during April. This level of impact was higher than both Sydney and Outer & North Sydney regions. While the recovery has been strong in early June, local hotel operators continue to report weak forward bookings and remain concerned about the future if JobKeeper is removed. Beyond the accommodation sector, the impact has been most severely felt by local tourism operators. The following are local stories of two successful operators in Newcastle.



The Newcastle Afoot Story

Becky Kiil



Newcastle Afoot is a locally owned and operated tour company that was established in 2017. The business aims to introduce visitors and locals alike to the highlights of Newcastle's exciting culture and community. Newcastle Afoot has positioned itself as an agile tour company that can offer a range of experiences, including culture walks, pub tours, scavenger hunts, school excursions and other customised packages on request. Company owner and operator Becky Kiil has also been developing new products aimed at encouraging local engagement, including Gin Masterclass Tours and corporate group tours.

The COVID-19 pandemic has had a devastating impact on Newcastle Afoot's trade. Amidst the

collapse of immediate demand for tours and forward bookings, the business was forced to cease trading in March. A sudden demand for refunds put real pressures on cashflow. This downturn has been compounded by the rapid disappearance of cruise ship traffic in Newcastle: cruise ship visitors had previously emerged as a lucrative and secure market for Newcastle Afoot, however the prospects for cruise ship tourist volumes to the city are now likely to remain below 2019 levels for years to come. Newcastle Afoot also services the luxury rail journey company Journey Beyond, a business that is at risk of significant continuing impacts from COVID-19 social distancing restrictions. Another factor has been the slowdown or closure of many businesses in the Newcastle CBD. As owner Becky Kiil notes, "the lack of urban vibrancy makes it more difficult to offer a quality product. And for many struggling bars and cafes, the fleeting foot traffic of a walking tour group may be less attractive to host." Becky Kiil also has concerns about the viability of Newcastle Afoot tours as they adapt to lower guest numbers on their tours. "There are only so many two person tours you can run a week without dramatically adapting ticket prices".

Newcastle Afoot is also producing a new major street art festival in Newcastle and is dependent on sponsorship to fund direct production costs, the equivalent of 1.0 full-time equivalent. The business had a further hit in May 2020 when a major sponsorship offer was withdrawn, and the sponsoring organisation chose to divert funding to COVID-19 crisis support.

Newcastle Afoot only recently started receiving JobKeeper payments from the Australian Government, and this has been a lifeline for the fledgling company. However, the potential cancellation of this payment from September is an existential threat for Newcastle Afoot. For Becky, the impact is very clear; "if they withdraw JobKeeper payments from us, I'll be forced to find work in another industry."



The CoastXP story

Dominic May

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CoastXP is a local eco-tourism business established two years ago by ocean enthusiast Dominic May. Coastal sightseeing and whale watching tours are operated directly from Newcastle, along the Honeysuckle foreshore. CoastXP, as a responsible tour operator in Newcastle, indirectly supports a number of other businesses through its operations, having contracted other serviced based businesses to support its operation. Unlike other industries, the tourism industry has been particularly hard hit by COVID-19. Dominic's business was forced to cease operations for over three months, during this time, the businesses capital and operational costs did not cease.

The COVID-19 pandemic has severely disrupted CoastXP's business model, in particular, the collapse of international and interstate travellers. Dominic has rapidly adapted the company's operations to ensure guests' safety, including social distancing rules, restrictions on passenger numbers, and rules around hygiene. However, these measures represent a threat to the ongoing viability of CoastXP; "It's just not going to be sustainable for us over the long term if we keep ticket prices stable and can only carry 7 to 10 passengers at a time" Dominic explains.

Local Responses

We are part of the solution. A number of City Taskforce members have taken significant steps to support the local tourism sector including:

- The University of Newcastle is in the process of establishing a tourism / business management short course that would be available to local tourism operators. A similar model at the University of Tasmania has been extremely successful.
- A collaboration of local councils and businesses has developed a destination marketing campaign to target the Melbourne and Brisbane market. This campaign will be rolled out over the coming months
- The City Taskforce has developed an Industry Response Program worth \$500,000. Expressions of interest were sought from industry groups, businesses, community organisations and collaboratives for funding that will enable city-shaping outcomes that target the hardest hit industries (tourism sector was identified). These grants are currently being assessed, with funding to be committed later this month.

The opportunity to partner with us

The City Taskforce calls on all Federal and State decision-makers to ensure the financial sustainability of the tourism sector. In particular, we call on Destination NSW to support the Newcastle Airport submission for interstate tactical campaign funding, change the status of Newcastle on its consumer websites and pilot new product development programs in Newcastle.

Mr Will Creedon, CEO of Alloggio, is the tourism sector representative on our City Taskforce. Mr Creedon can provide more insights on the local impacts to the tourism sector and is available to further discuss policy solutions. Mr Creedon can be contacted on will@alloggio.com.au.

Further Updates

Since the last Newcastle Response, the University of Newcastle's Innovation Hub has commenced construction following approval via the State Government Fast Track Planning Process. This a great outcome and the City Taskforce welcomes the process implemented by the State Government.

The Port of Newcastle has also launched 'The Future Uncontained' campaign. The vision is to construct and operate a world-class, highly-automated container terminal that enables NSW businesses to be more globally competitive by providing more efficient access to international markets. It will have direct ship-to-rail capability, reducing freight time and costs and double-handling of cargo. It will have a throughput capacity of 2 million Twenty-Foot Equivalent Units (standard twenty foot containers or 'TEUs') per year, and ensure that Australia is prepared for the future of container shipping and the industry's transition to the much larger Ultra Large Container Vessels (ULCVs) now operating around the world. For more information visit www.thefutureuncontained.com.au.

City Taskforce Members



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City of Newcastle Newcastle Taskforce



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Justine Cogan
Co-Founder
Independent Creative Alliance



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Peter Cock
Chief Executive Officer
Newcastle Airport



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Bernadette Inglis
Chief Executive Officer
Newcastle Permanent Building Society



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NIB Health Funds



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Chief Executive Officer
Port of Newcastle



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Brad Webb
Chief Executive Officer
Samaritans Foundation



Signature

Alex Zelinsky
Vice-Chancellor
University of Newcastle



Signature

Philip Gardner
Chief Executive Officer
West's Group



1. Catalyst Areas for Greater Newcastle Projects, as identified in the Greater Newcastle Metropolitan Plan

2. Large-scale priority infrastructure projects:



Coastal Management Planning and Erosion Management, especially at Stockton Beach



Flood mitigation at Wallsend



Newcastle Airport Expansion



Port of Newcastle Diversification



Hunter Sports and Entertainment Precinct



Newcastle Light Rail Expansion



Lower Hunter Freight Corridor



Affordable housing initiatives



Metropolitan wide active transport (walking & cycling) improvements



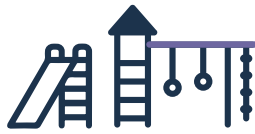
John Hunter Hospital campus upgrades



Newcastle Art Gallery Expansion



Local Sporting Amenity Upgrades



Local Playground upgrades, particularly for disability inclusion



Ferry Terminal at Wickham



Pensioner Rate Rebates



University of Newcastle STEM Regional Transformation Hub

3. Local priority infrastructure projects:



Summerhill Waste Management Centre – Organics Processing Facility



Richmond Vale Rail Trail



Newcastle Beach Community Facility (Stage 2, Newcastle Beach – Bathers Way)



Junction to Merewether Cycleway



Newcastle West Bi-directional Cycleway – West End Stage 2, Phase 1



Newcastle East End Streetscape Upgrades and Cycleway



Foreshore Park All Abilities Playground



Western Corridor Active Hub



Local Centres Program