



COUNCIL OF CAPITAL CITY LORD MAYORS

AUSTRALIA'S CAPITAL CITIES AND THE IMPACT OF COVID-19

National Cabinet Presentation | Friday 4 June 2021

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INTRODUCTION

- The Council of Capital City Lord Mayors (CCCLM) consists of the Lord Mayors of Adelaide, Brisbane, Darwin, Hobart, Melbourne, Perth and Sydney, and the Chief Minister of the Australian Capital Territory.
- The role of CCCLM Chair is based on a calendar-year roster.
- The CCCLM has a history of over 60 years, gathering quarterly to discuss the issues of capital cities.
- During 2020, Lord Mayors and city administration officers met weekly to support cities to navigate the impacts of COVID-19.



CAPITAL CITIES MATTER – PRE-PANDEMIC

- Strong city economies are crucial to a strong national economy. Our cities are where many of Australia’s future jobs are being created and investments are being made. Jobs in health, education, advanced manufacturing and professional service sectors are growing in our cities.
- During the last decade capital cities grew by 2.9 million people – representing 77% of Australia’s total population growth. This is expected to grow to 14 million people by 2066.
- Prior to the pandemic, capital cities accounted for:
 - 69% of Australian GDP, and
 - 69% of Australian businesses.
- 15% of Australian GDP is generated in our four biggest CBDs of Sydney, Melbourne, Brisbane and Perth – more than any single industry.

Sources: SGS Economics, *Australian Cities Accounts 2018-19, December 2019*; ABS, *Counts of Australian Businesses* (Cat. No. 8165.0), 2017; ABS, *Labour Force Australia, Detailed* (Cat. No. 6291.0.55.001), May 2018; ABS, *Population by Age and Sex, Regions of Australia, 2017* (Cat. No. 3235.0); ABS, *Regional Population Growth, Australia 2016-17* (Cat. No. 3218.0); ABS, *Population Projections, Australia 2012-2061* (Cat. No. 3222.0)



THE IMPORTANCE OF CBDs

“Australia’s cities are the backbone of our economy, with CBDs and inner city areas critically important to the nation’s prosperity”

Grattan Institute ‘Mapping Australia’s Economy – Cities as Engines of Prosperity’ Jul 2014

- Beyond their role as key concentrations of employment and economic activity, CBDs play critical roles in our tourism, education and entertainment sectors.
- The nation has invested significantly in its capital city CBDs – particularly during the last 30 years. This has included investment in roads, public transport, retail facilities, office space and experiential opportunities.
- This investment is now at risk. The greatest challenges currently faced by our CBDs are:
 - the cumulative impact of changes to work patterns (office/WFH redistribution),
 - a lack of international tourists and international students, and
 - uncertainty in domestic tourism due to lockdowns and potential border restrictions.
- We are being told by business owners that, whilst short in duration, confidence is worsening after each lockdown or border closure, with it taking longer for businesses to see a return to ‘normal’ in our CBDs

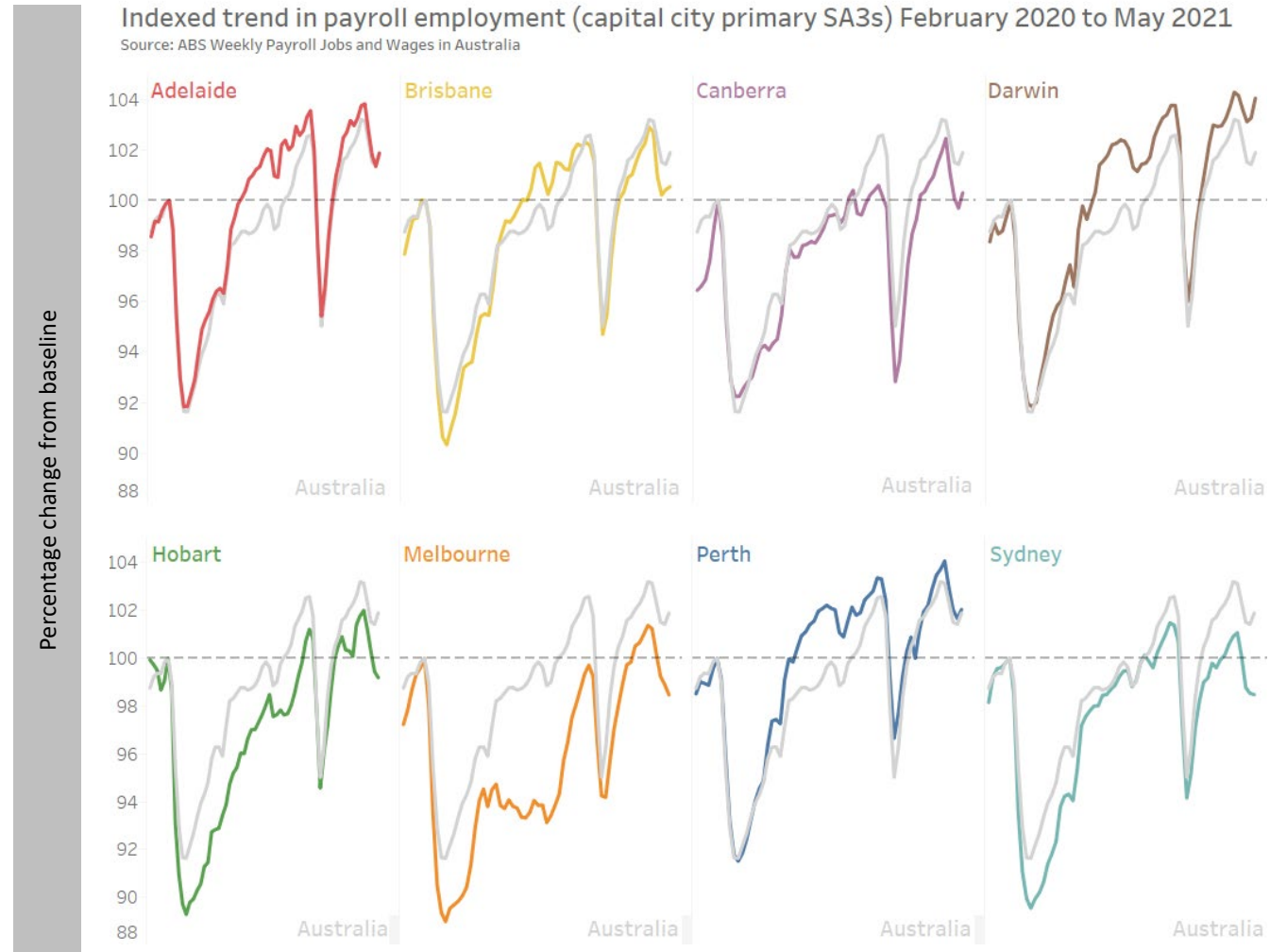
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COVID-19 IMPACT ON CAPITAL CITIES

IMPACT OF	EFFECT ON A CAPITAL CITY
International borders <ul style="list-style-type: none">• International visitors• Reductions in international skills migration• Reductions in international students	<ul style="list-style-type: none">• Multi national HR decisions (e.g. location of staff and working location policies)• Tourism and hospitality sectors• Reduced employment pool<ul style="list-style-type: none">• Generation of local jobs• Availability of casual staff• Ancillary activities (e.g. retail, arts and recreational services)
Domestic issues <ul style="list-style-type: none">• COVID-19 based restrictions (e.g. lockdowns, border closures, customer numbers, transport system capabilities)• Impacts to labour force, employment and underemployment levels• Reduction in use of public transport	<ul style="list-style-type: none">• Decline in CBD footfall and consequential spending in our CBDs• Tourism and hospitality sectors• Ancillary activities (e.g. retail, arts and recreational services)• Local jobs and hours worked• Increased congestion, changed parking and driving habits

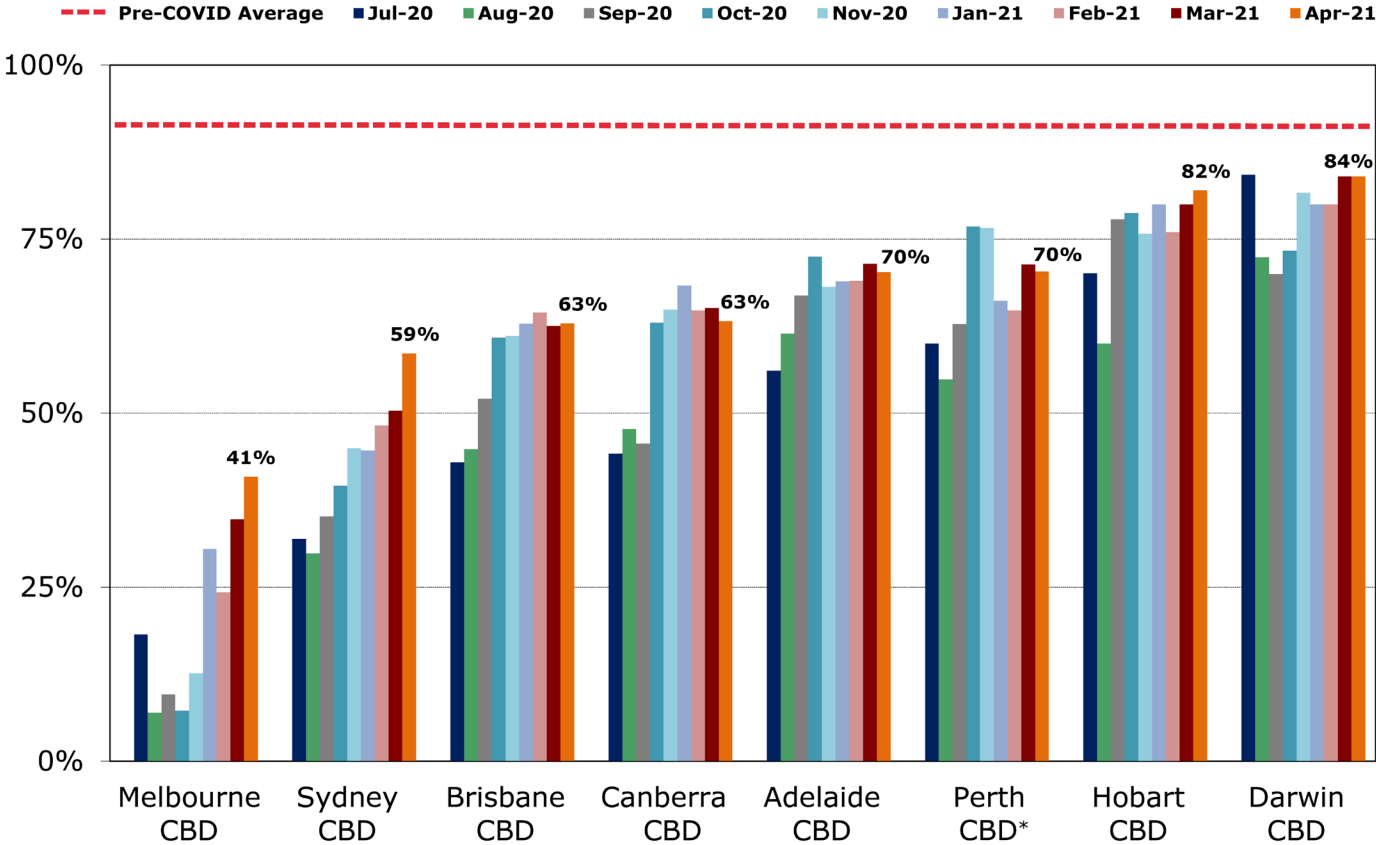
EMPLOYMENT IMPACT

- Australia and its capital cities experienced sharp declines in employment as a result of the pandemic.
- Whilst the statistics indicate a good return to employment, the figures do not tell the whole story:
 - Our businesses are telling us their challenge is now finding skilled people willing to perform certain roles, at pre-COVID pay rates, traditionally filled by our migrants, backpackers and students.
 - In particular, the recovery of our CBD-based tourism, hospitality and entertainment businesses are being impaired by their ability to access workers.
 - The positive statistics have not translated to workers returning to their CBD offices. This is impacting on public transport usage and reduced retail expenditure.



CBD OFFICE OCCUPANCY

- While office occupancy rates have increased from historic lows in mid 2020, they are still well down on pre-COVID levels.
- Worryingly, these figures appear to be plateauing.

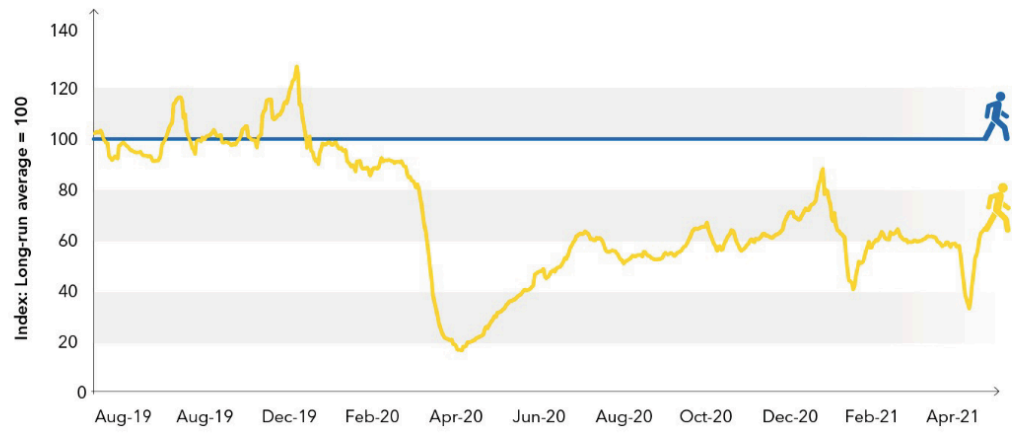


Capital City Office Occupancy Jul 20 – Apr 21

Source: Property Council of Australia - responses from members who own or manage CBD office buildings.
 *Results for Perth were recorded during the recent lockdown but reflect an overall assessment of occupancy for the month of April.

CBD IMPACT

Monitoring Brisbane – Pedestrian Index: Combined Queen Street Mall Sensors



Lowest point in (Easter 2020) was **17%** of pre-COVID levels.

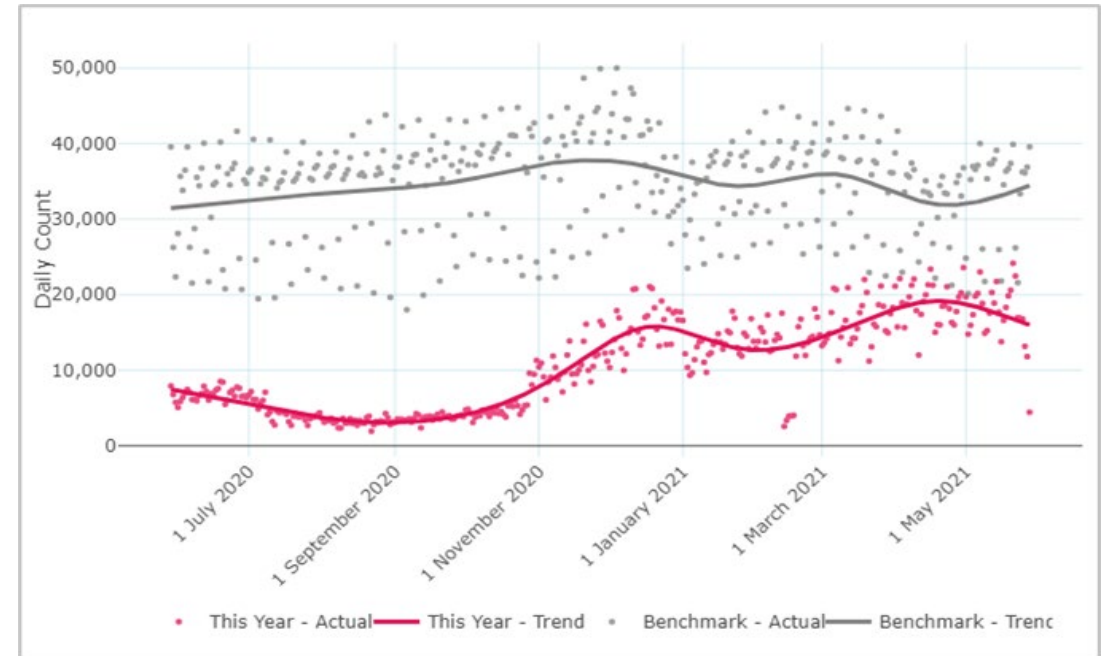
Pedestrian counts in Queen Street Mall currently sitting around **66%** of pre-COVID levels.

Source: i to i solutions, Brisbane City Council

Legend

- pre-COVID average count
- 7 day average count

Flinders Street Station Underpass: June 2019 – May 2021 comparison



TOURISM AND CBDs

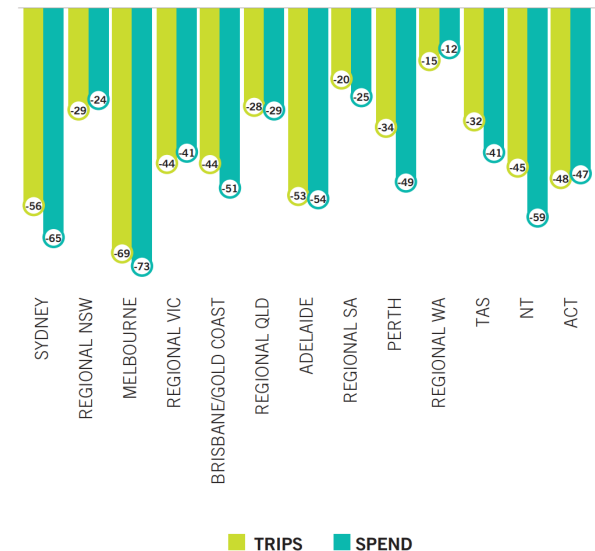
- In 2019, tourism in Australia accounted for 3.1% of the national GDP, contributing \$60.8 billion to the Australian economy. Of this, 26% came from international visitors to Australia while 74% came from domestic tourism.
- Beyond being destinations in their own rights, our CBDs are key gateways for travel to our regions and have higher concentrations of accommodation, entertainment and dining sectors.
- So, whilst we would like to see a return of international tourists as soon as safely possible, the reality for our tourism businesses is that we need to facilitate domestic tourism and ensure we provide an environment that they are willing and able to confidently travel

Table 1: Composition of Tourism Output and Employment
Selected industries, per cent, 2009/10

Industry	Share of tourism output ^(a)	Share of tourism employment
Accommodation	17	14
Air, water and other transport	15	7
Retail trade	13	19
Cafes, restaurants and takeaway food services	11	26
Education and training	8	7
Travel agency and tour operator services	5	6

(a) Measured by gross value added
Source: ABS

FIGURE 2: PERCENTAGE CHANGE IN OVERNIGHT TRIPS AND SPEND TO CAPITAL CITIES AND REGIONAL AREAS, YEAR ENDING DECEMBER 2020



Source: Tourism Research Australia, National Visitor Survey results December 2020

INTERNATIONAL STUDENTS

- In 2019, the Australian Bureau of Statistics estimated that the international education sector contributed \$40 billion to the Australian economy, with 57% or \$22.8 billion of this coming in the form of goods and services spent in the wider economy.
- Delays in the return of these students to our cities will continue to impact our CBDs in particular, due to their concentration of student accommodation, education providers and supporting retail businesses.

12.1 Arrivals - International Students(a), Australia

Student visa	Mar 2020	Mar 2021
Higher Educ.	48,930	110
Vocational Educ. & Training	5,840	20
Schools	820	0
Independent ELICOS(b)	2,390	0
Postgraduate Research	1,540	80
Students Other	830	10

(a) International student visa holders whether it be for a short-term (less than 1 year) or long-term (1 year or more) duration. This is not the same as when a traveller self reports 'education' as their main reason for journey.

(b) English Language Intensive Courses for Overseas Students.

CAPITAL CITY RECOVERY & CBD RE-ACTIVATION

CITY COUNCIL INITIATIVES	CBD RE-ACTIVATION INITIATIVES
<ul style="list-style-type: none">• Freezing rates and waiving lease payments on Council assets• Freezing or waiving fees and charges• Bringing forward maintenance programs including road resurfacing and footpath reconstruction• Investing in temporary and permanent city cycleways• Funding public art across LGAs	<ul style="list-style-type: none">• Providing vouchers to spend at restaurants, cafés, tours and attractions• Activation grants to enable small businesses to better utilise and enhance the outdoor areas adjacent to their business through medium-to-long-term street level improvements• Grant programs to activate main streets and key dining strips that include live music and DJs, performances and art in venues, bars and restaurants• Providing space to relax outdoors with temporary seating• Keeping cultural organisations open into the evenings• Promoting the city as a domestic tourism destination

PATHWAYS TO RECOVERY

- When developing COVID-19 recovery policies and initiatives, we ask that you don't forget the importance and vulnerabilities of our capital cities – particularly the CBDs.
- We ask that you consider and support:
 - Continued infrastructure delivery and capital expenditure programs in our cities, including dedicated funding for supporting the different roles of CBDs post-COVID.
 - The expansion of our travel bubbles and a return to international tourism at the earliest possible opportunity.
 - The delivery of initiatives and programs to facilitate domestic tourism to ensure our industry remains viable in the interim.
 - The early return of international students to our cities.
 - The reactivation of our CBDs with funding to deliver activations and initiatives to attract local and domestic tourists alike.
 - Ongoing initiatives and education programs to get people back on to public transport.
- Capital city councils stand ready to work with Federal and State and Territory Governments to enable faster economic recovery of cities.

An appendix of detailed examples of city impacts and their recovery efforts has been attached to our presentation to provide further information.

THANK YOU

Council of Capital City Lord Mayors

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