



Submission: COVID-19 Response Inquiry

FEBRUARY 23, 2024



Introduction

The Council of Capital City Lord Mayors (CCCLM) is comprised of the Lord Mayors of Adelaide, Brisbane, Darwin, Hobart, Melbourne, Perth, and Sydney, and the ACT Chief Minister. We are pleased to provide the following submission to the COVID-19 Inquiry.

The COVID-19 pandemic caused devastating social and economic impacts in Australia's cities, highlighting the vulnerabilities of our central business and entertainment districts. Cities were (and continue to be) disproportionately impacted by ongoing cessation of activity by the reduction of city workforces, and the gradual return of international and domestic tourism and international students.

Capital cities and the impact of COVID-19

Strong city economies are crucial to a strong national economy. Our cities are where many of Australia's future jobs are created, and investments are 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, Australia's capital cities¹ 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.

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.

Economic impact

As recently highlighted by the Property Council's *Capital City Office Occupancy*², recovery is showing positive signs. City businesses however are still being impacted by office workers not returning to the office.

Knowledge-workers adapted well to working from home during the pandemic, supported by new technologies. Many organisations have continued to support a hybrid working model and provide flexible working conditions for their staff. The benefits of hybrid working were articulated in the Productivity Commission's research paper *Working from Home*³. The paper also discusses the effect

¹ 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)

² <https://research.propertycouncil.com.au/blog/october-office-occupancy-results>

³ Productivity Commission: Working from Home research paper – September 2021

on city CBDs, suggesting that the movement of people away from the centre of cities may reduce the agglomeration benefits experienced by businesses in cities.

Whilst all levels of government implemented new schemes and support for businesses during the COVID-19 pandemic, it demonstrated a lasting need for flexibility in regulations to facilitate and support entrepreneurial behaviour of city business.

Employment

During the COVID-19 pandemic, the CCCLM commissioned reporting into the impacts of the pandemic on city economies, and to track recovery. The *City Pulse*⁴ tracked available data pre, during and post pandemic, measuring change to population, economy, labour force, mobility.

The Australian unemployment rate reached a peak of 7.4% July 2020, and steadily declined, in our last report (April 2023) the rate had declined to 3.9%. However, some cities are still reporting challenges in attracting and retaining skilled staff.

Tourism and International students

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 the remaining 74% was contributed by domestic tourists.

In September 2021, Australians took 1.1 billion overnight trips to capital cities, spending \$854 million – a massive 74% fall in overnight trips and 76% fall in spend from the pre-pandemic figures in September 2019⁵.

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. Our cities are not only business destinations, but also experience destinations. Of course, the reduction in travel and spend had direct negative consequences for city businesses and those employed in this sector.

Research⁶ commissioned by the CCCLM highlighted the challenges being disproportionately experienced by businesses in CBDs. The greatest challenges that were faced by our CBDs were (and still are):

- the cumulative impact of changes to work patterns and hybrid working; and
- employment – staff and skills shortages due to lack of international tourists and students.

As part of our research, city businesses shared their experiences of the challenge in 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 were impaired by their ability to access workers.

⁴ CCCLM *City Pulse Research – Council of Capital City Lord Mayors* (July 2022 – April 2023)

⁵ Tourism Research Australia – National Visitor Results September 2021

⁶ Ingenium Research – [The Australian Night Time Economy: Looking to the future](#)

As international and domestic borders started to open, and international students slowly returned to campus, staff shortages were alleviated. The CCCLM believes that it is timely to review the compounding impact of the casualisation of the workforce, wages and workforce training. The COVID-19 pandemic exposed vulnerabilities for businesses and employees engaged in CBD accommodation, entertainment and dining sector – these sectors are potentially still at risk due to the impacts of the economy, cost of living and inflation.

While capital cities welcome the arrivals of international students, there is concern regarding Australia's competitiveness in the ongoing attraction of international students, further impacting city accommodation and education providers and supporting retails businesses. Ongoing economic factors have an impact on international students and other non-visa holders that are unable to access government financial services.

Homelessness and housing

Prior to the COVID-19 pandemic, most people (63%) experiencing homelessness were in capital cities. There was also an increase in people sleeping rough in our cities, with nearly half (47%) of all people sleeping rough in Australia being in cities.

During the pandemic, an enormous effort to house city rough sleepers was implemented, however new forms of vulnerable community members emerged — including international students, non-residents and temporary visa holders that were not eligible for support via JobKeeper and JobSeeker arrangements. City councils continued their support for those housed in temporary accommodation (some with complex needs) and supported other community members via distribution of food and vouchers.

As cities cautiously returned to a new normal following the pandemic, Lord Mayors were concerned that greater numbers of people would experience homelessness in our cities, due to the conclusion of relief mechanisms (such as State rental moratoria and JobKeeper), compounded by JobSeeker levels returning to their usual levels (albeit with a small increase).

The attached article prepared by the CCCLM and its members for *Parity Magazine*⁷ documents the immediate response to the COVID-19 pandemic as well as ongoing measures being provided.

Conclusion

The 2021 CCCLM Chair, Lord Mayor of Brisbane, Adrian Schrinner, presented the COVID-19 pandemic's impacts on Australia's capital cities to National Cabinet on 4 June 2021. A copy of the presentation is attached⁸.

We commend the initiation of this inquiry into the COVID-19 pandemic, it is vital that the responses and impacts are recorded and experiences of those involved are well documented and builds our preparedness for future pandemics and other disasters.

The CCCLM would be pleased to provide further comment to the inquiry if required.

⁷ [Parity Magazine: In the heart of the City \(May 2021\)](#)

⁸ [Reactivating our CBDs – Council of Capital City Lord Mayors](#)

Kon Vatskalis
Lord Mayor of Darwin
CCCLM Chair 2024