

Attachment 3a

Regional NSW Cashflow Stimulus Programme

This attachment supports the
DSNSW Bushfire Support Advocacy paper.

Regional NSW Cashflow Stimulus Programme



Destination
Sydney Surrounds South



Urgent Action Needed

The timing of recent and on-going fire events in southern NSW has severely impacted trading conditions for small business in the short term and will have flow on effects in the medium term.

Findings from the Small Business Commission Bushfire Impacts on Your Small Business Survey as at 29 January;

10% that their business had been damaged by fire

67% indicated that they are in or service the tourism sector

96% employ less than 20 people

72% indicated a **SIGNIFICANT** impact on business; **19%** a **MODERATE** impact

Average of **LOST REVENUE** is reported as being **\$138,473** representing **31%** of annual revenue

17 businesses have been forced to close; **94** are unsure of their future; **7** have indicated they will re-locate

The Bushfire Impact on Small Business survey identifies that the top challenges faced by businesses either directly (10%) or in-directly impacted by fire (90%) are;

TOP 6 CHALLENGES	% RESPONDENTS
1. Attracting customers	70%
2. Cash flow maintenance	57%
3. Cancelled bookings or orders	53%
4. Paying suppliers	37%
5. Paying rent	33%
6. Paying staff	32%

Of the businesses who responded, the majority wanted **direct financial support** to **keep open, keep employees on** and **wanted government messaging to encourage tourists to return.**

Programme Objectives

In direct response to the needs of small businesses impacted by fire the objectives of this programme are;

- **Deliver a minimum of \$180mil in economic stimulus into local economies; an 8;1 return on investment**
- **Unlock consumer spend to multiply government investment**
- **Provide the NSW Government with an opportunity to showcase how it is listening to small business and investing state revenue in results orientated programmes**
- **Immediately drive visitation back to communities in NSW regional areas affected by fires**
- **Immediately deliver cash into the local supply chain and;**
- **Stimulate local economies to enable business to re-employ staff, stimulate circular economic activity and limit potential supply side loses (business closures)**

Strategy

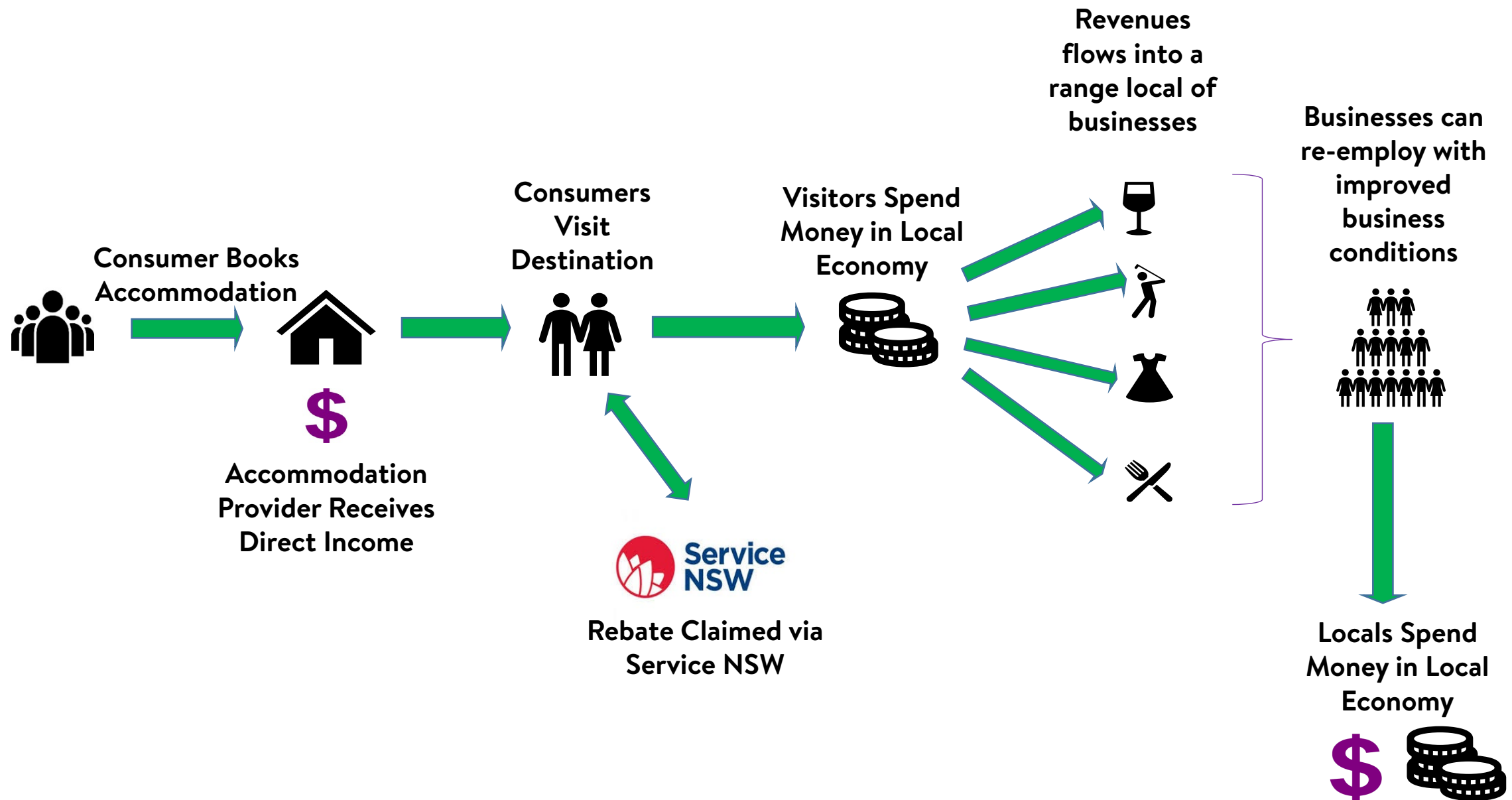
With accommodation central to visitation, this programme is designed to encourage and drive visitation via a financial reward for consumers visiting regional NSW now!

This is a promotional strategy widely used by the commercial world to stimulate consumer spend, move inventory and deliver bottom line outcomes.

Incentive Offer – What’s in it for the Consumer?

Consumers (visitors), on providing evidence they have spent money (\$100/night) on accommodation in regional areas identified as being bushfires affected, can claim a \$50/night rebate from the NSW Government via Service NSW.

Cash Injection into Local Economies



Campaign Mechanics – How it Works

A simple mechanic that places no burden on small business. The onus is on the consumer claiming their rebate via Service NSW.

To be eligible for the rebate consumers need to;

- **Be travelling for leisure, not business**
- **Visit a recognised fire affected local government area by the end of June 2020**
- **Spend a minimum of \$100/night on accommodation (this could be a pro-rata rebate e.g. spend \$60 get \$25)**
- **Receive a tax receipt from the accommodation supplier**

There should be no cap on maximum number of nights to encourage extended stays.

Both domestic and international visitors should be eligible to claim the rebate, however forecast international rebate redemption would be low.

Alternatively, a consumer could opt to send the rebate to the provider of the accommodation or a nominated charity supporting bush fire recovery efforts.

Economic Stimulus via Spend Multiplier

Domestic visitors to the NSW South Coast spend on average \$150*/person/day. This expenditure includes accommodation and other activities while in destination.

An investment by the state government in this programme across regional NSW could deliver significant income into local economies.

Example projected economic impact on the South Coast economy based on a \$50 rebate:

Room Nights Generated	Cost of rebate programme @\$50 per room if 100% of rebates claimed	Economic Impact: Assuming 2 people per room that spend on average \$150*/person/night on the South Coast.	Return on Investment
100,000	\$5mil	\$30mil	1:6
200,000	\$10mil	\$60mil	1:6
400,000	\$20mil	\$120mil	1:6
600,000	\$30mil	\$180mil	1:6

Economic Stimulus via Spend Multiplier

Based on retail redemption trends it is estimated that up to 25% of consumers would not redeem a rebate therefore reducing the government investment in the programme but still delivering the economic stimulus.

Example where only 75% of rebates are claimed.

Room Nights Generated	Cost of rebate programme @\$50 per room; 75% of rebates claimed	Economic Impact: Assuming 2 people per room that spend on average \$150*/person/night on the South Coast.	ROI
100,000	\$3.75mil	\$30mil	1:8
200,000	\$7.5mil	\$60mil	1:8
400,000	\$15mil	\$120mil	1:8
600,000	\$22.5mil	\$180mil – TARGET STIMULUS	1:8

Marketing and Promotion

To achieve the forecast economic stimulus the programme will require extensive promotion across whole-of-industry. This including:

- Govt Agencies
- Service NSW
- Destination NSW
- Local Tourism Organisations – LGAs/LTOs etc
- Industry Operators
- OTAs – AirBNB, Bookings.com, Stayz/Homeaway, etc
- Industry Associations

Book now, \$50
Accommodation
Rebate
Available

Supported by the



All accommodation providers would be supported and encouraged to promote that a stay at their premises qualifies for a rebate.

Industry would be encouraged to promote the government supported initiative administered by Service NSW, the NSW governments consumer facing agency.