

18 May 2009

Submissions  
2009 Victorian Bushfires Royal Commission  
GPO Box 4358  
MELBOURNE VIC 3001

Dear Commissioners

**Re: Submission to the 2009 Victorian Bushfires Royal Commission**

**Victorian Employers'  
Chamber of Commerce  
and Industry**  
ABN 37 650 959 904  
486 Albert Street  
East Melbourne  
Victoria 3002 Australia  
GPO Box 4352 Melbourne  
Victoria 3001 Australia  
Telephone: 03 8662 5333  
Facsimile: 03 8662 5462  
vecci@vecci.org.au  
www.vecci.org.au

The Victorian Employers' Chamber of Commerce and Industry (VECCI), together with the Victoria Tourism Industry Council (VTIC) and Tourism Alliance Victoria (TAV), welcomes the opportunity to respond to the 2009 Victorian Bushfires Royal Commission.

The issues surrounding the devastating bushfires that occurred in February 2009 are both complex and wide ranging. While we fully recognise the significant loss experienced by households and other members of the community, our submission focuses on the impact to the business community.

Firstly, we would like to acknowledge the many individuals and businesses that have played a vital role in the emergency response and recovery effort. Individuals and businesses alike have been extremely generous with their time, money and resources. Their contributions will undoubtedly assist in the recovery and rebuilding process.

The Black Saturday bushfires have impacted Victorians right across the State. We have many members, customers and clients who have been directly and indirectly impacted by the bushfires, and have had contact with many individuals in the wider business community in regard to responding cooperatively to this event.

VECCI has been involved in providing direct assistance through member and staff donations, the provision of business advisors, and the establishment of the **VECCI Business Relief Fund**, designed to provide targeted assistance to businesses indirectly impacted by the bushfires who have not been able to access other funds.

### **The Importance and Contribution of the Business Community**

Businesses are a vital part of any community, providing employment and a wide range of products and services to locals and visitors, in addition to their broader customer base.

Tourism and tourism-related businesses, in particular, make a significant contribution to many of the regions affected by the bushfires, providing a range of products and services including; accommodation, tours, events, recreational activities, cafes, restaurants, and attractions. These towns and regional centres rely on a steady stream of visitors to prosper.

**Ballarat**  
305A Dana Street  
Ballarat Victoria 3350  
Telephone: 03 5327 7190  
Facsimile: 03 5333 3074  
ballarat@vecci.org.au

**Bendigo**  
21 Short Street  
Bendigo Victoria 3550  
Telephone: 03 5434 1102  
Facsimile: 03 5441 4865  
bendigo@vecci.org.au

**Geelong**  
20 Little Ryrie Street  
Geelong Victoria 3220  
Telephone: 03 5227 7990  
Facsimile: 03 5223 3958  
geelong@vecci.org.au

**Traralgon**  
Unit 2 11 Kay Street  
Traralgon Victoria 3844  
Telephone: 03 5173 9200  
Facsimile: 03 5174 7100  
traralgon@vecci.org.au

**Wodonga**  
95 Hume Street  
Wodonga Victoria 3690  
Telephone: 02 6056 9198  
Facsimile: 02 6056 0190  
wodonga@vecci.org.au

## **Indirect Impact of the Bushfires on Business**

There have been significant direct and indirect impacts resulting from the February 2009 bushfires. In addition to households and individuals, the business community has been significantly impacted by the bushfires through loss or damage to buildings, equipment, machinery, tools, and stock; and through the loss or injury of employees, and in some cases, business owners.

While the direct impacts are well recognised, the indirect effects have not been as well recognised. In particular, many businesses have been seriously impacted by the loss of customers.

Many businesses in the affected areas are SMEs, including many self-employed and family businesses, which are seriously impacted by fluctuations in cashflow and do not have the financial reserves to cope with unexpected shocks. Many in this situation do not have other forms of income. This impacts the business owner's direct income, as well as their ability to pay employee entitlements.

In addition to businesses located in and around the affected areas, some businesses located outside the area have also been affected - including those offering tours or activities in the vicinity.

VECCI is aware of many businesses that were indirectly impacted, but are not eligible for any form of relief. As a result of identifying this very real and significant need, we established the VECCI Bushfire Relief Fund (VBRF), to assist businesses experiencing economic hardship.

## **Communication and Information Provision**

The accurate provision and dissemination of information is vital throughout the summer months, during periods of high fire danger, during any emergency phase, and in the days and weeks following a serious fire.

In the first instance, information must be provided in an accurate and timely manner that ensures the safety of residents and visitors, particularly during periods of high fire risk.

In addition to locals, consideration must be given to tourists, tour parties, tour businesses, independent travellers, and foreign speaking visitors, all of which have specific public messaging requirements. A clear and consistent message should be delivered through multiple channels. Consideration should be given to those people, including tourists, who will not have access to mobile phones, radios, television, internet, and those who do not speak English.

While safety must always come first, a balanced approach is needed. The information must present an accurate assessment of danger and the locations to which the danger relates. During the summer months it is quite normal for Victoria to experience bushfires. Bushfires are often localised and many areas remain safe and appropriate to visit. A blanket approach discouraging travel in general has many potential negative implications, including a detrimental impact on businesses operating in the area.

## **Business Insurance Claims and the Victorian Bushfires**

It is fortunate that many bushfire affected business have been insured for business interruption.

The insurance industry's response to the bushfires has been encouraging. We understand insurance assessors have now completed assessments for in excess of 98 percent of all damaged commercial properties and made approximately \$392 million in emergency payments and cash settlements to affected policyholders.

Despite these achievements, we have received some complaints from our members that business interruption insurance claims are not being processed in a timely fashion.

Such delays, when combined with the impact of the global economic crisis and the loss of significant passing trade, means recovery has been slow and painful for many bushfire affected businesses.

We therefore urge the insurance industry to continue to demonstrate compassion and flexibility in such tragic circumstances, ensuring promptness of payment where possible.

## The Recovery and Rebuilding Period

As mentioned, tourism and tourism-related businesses make an important contribution to the local economy in many fire affected towns and centres. Many visitors are attracted by the 'look and feel' of the surrounds and the character of the buildings. In the rebuilding phases, appropriate consideration should be given to the restoration of these features, while balancing such reconstruction with important practical and safety considerations.

## Recommendations

- When coordinating relief, consideration and assistance should also be given to those businesses that have been indirectly impacted by bushfires or other natural disaster, including the loss of customers and associated revenue streams - particularly where no alternative income source is available.

To date there are no forms of financial assistance for indirectly affected businesses other than that which VECCI is providing through the VBRF<sup>1</sup>. The failure of public policy (and related support programs) in acknowledging and addressing this dimension of bushfire and natural disaster affected businesses must be addressed as a priority.

- A balance needs to be struck between providing bushfire relief support and the need to ensure, where possible, a timely and sustainable resumption in "Business as Usual" trading conditions. We make this point fully recognising the need, value and benefit of bushfire relief for many directly and indirectly affected parties. However, there can be unintended consequences for some, particularly local traders, if significant and enduring relief and related support continues, notably in instances where these businesses would normally provide such products and services. In such circumstances, local traders can be denied their normal income. The provision of free or heavily discounted products and services can, in effect, create an artificial market that substitutes for the normal income generated by employers.
- In the rebuilding process, there must be a balance between the need to establish 'safe' structures and the importance of re-establishing the original and/or natural attractions of the affected area.
- Information regarding bushfire danger must be provided in a timely, accurate and specific manner in order to ensure safety while not causing unnecessarily disruption to travel and normal business operations in otherwise safe regions.

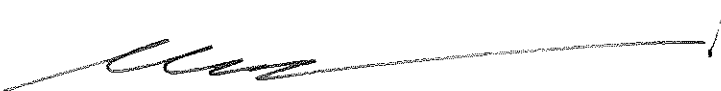
## Concluding Comments

VECCI, VTIC and TAV jointly acknowledge the loss faced by many following the devastating bushfires in February 2009. We also acknowledge the many positive and generous contributions made by individuals, organisations and relief agencies following these events.

VECCI, VTIC and TAV will continue to work actively with key stakeholders in the public and private sectors to ensure recovery is both swift and sustainable.

Should you have any queries in relation to our submission, please do not hesitate to contact VECCI's Executive Manager, Policy, Steven Wojtkiw, on telephone (03) 8662 5453 or email [swojtkiw@vecci.org.au](mailto:swojtkiw@vecci.org.au)

Yours sincerely



Wayne Kayler-Thomson  
Chief Executive Officer

<sup>1</sup> Our difficulties in establishing this fund were compounded by our ineligibility for Deductible Gift Recipient (DGR) status. The purpose of our fund was not seen to be charitable nor "beneficial to the community" per existing ATO definitional guidelines.