

12th June 2020

Tony Ferrall
Secretary
Department of Treasury and Finance
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Premier's Economic and Social Recovery Advisory Council (PESRAC)

Dear Mr Ferrall,

Thank you for the opportunity to provide input into the Premier's Economic and Social Recovery Advisory Council.

Regional Development Australia (RDA) is an Australian Government initiative established to encourage partnership between all levels of government to enhance the growth and development of Australia's regional communities.

RDA Tasmania operates under a national RDA Charter and reports to the Australian Government on key outcomes. There is a national network of 52 RDA committees and RDA Tasmania represents the entire state of Tasmania.

RDA Tasmania is fully funded by the Australian Government but is an independent not-for-profit entity tasked with working on what is important for our region – Tasmania. RDA Tasmania is co-located in State Growth offices and works closely with local councils and regional council bodies.

The RDA Tasmania committee supports the development of Tasmanian businesses through engagement with key regional stakeholders. Through liaison with industry, business and community sectors, RDA Tasmania engages with a broad range of perspectives without the burden of pushing any particular agenda.

The RDA Tasmania Regional Plan states the following priorities for Tasmania.

1. Expand and grow economic activity in Tasmania
2. Increase collaboration and efficiencies between federal, state and local government; and between government and the private sector
3. Improve educational attainment and employability skills
4. Address the needs of Tasmania's changing demographic profile

Additionally, RDA Tasmania have developed a *COVID-19 Principles for Economic Recovery* paper which provide some direction around the key principles that we consider important to support economic recovery, and how regions should approach the design of 'economic recovery projects'. The principles relate to the following consideration:



- Place based approach
- Wrap around support
- Regional coordination
- Scale and scope
- Projects of priority
- Gap bridging projects
- Productive capacity
- Local decision making
- Timing and flexibility

The principles can be found here: <https://www.rdatasmania.org.au/coronavirus-recovery/>

We look forward to ongoing engage with the Council.

Yours Faithfully

Craig Perkins

Craig Perkins
Chief Executive Officer &
Director of Regional Development



The following advice is a result of our ongoing engagement with key stakeholders and the input from our Committee members who have outreach across Tasmania in various industry and community sectors.

What impacts are currently being seen by your sector or members (including clients/households/individuals as relevant in your context) and what impacts are anticipated in the coming weeks and months?

Impacts on Jobs have been well documented and data is available to demonstrate the sectors and locations where impact has been the greatest.

We make the following key observations:

- We are aware that banks are bracing for a higher level of defaults when the 6 month deferral period is over.
- Tasmania data from *id profile* shows higher job losses and falls in gross regional product than in the rural councils, which is the reverse of previous external shocks such as the GFC.
- Organisations not eligible for JobKeeper support, including local councils and the university, have reported significant challenges and current or projected job losses.
- Anecdotally, the agriculture and some construction industries are going well, with some experiencing a significant increase in demand.
- Government agencies working in labour and skills state that the surge in the JobSeeker caseload will put downward pressure on the long-term unemployed and young people because of the increase in experienced and skilled workers in the labour pool. This sets back investment into long-term unemployed and means young people 'fail to launch' as they start their careers in a recession.
- Aviation was one of the first industries hit by the coronavirus and will be one of the last to properly emerge from restrictions. Launceston Airport is the gateway to Northern Tasmania and is crucial for the recovery of tourism, trade, and business travel. The return of visitors to be tourists, workers and students seems so fundamental to economic recovery that Northern Tasmania will struggle until flights return.
- Stakeholders in Northern Tasmania's food system (i.e. producers, food service, food retail) say the longer the food service part of the system is under-capacity that there will be a downward spiral bringing in suppliers and growers.
- Post COVID June - September– industry sector recovery will likely to be incremental until December 2020 with some job offerings likely as business activities increase. The types of jobs will be crucial with a return to casual employment still possible as an interim as businesses plot a course to long term recovery.



What factors are likely to shape the medium and longer-term impacts for your sector/members?

Returning to a normal business environment will be dependent on a number of key factors including:

- Access to markets for Tasmanian businesses– domestically and internationally
- Travel restrictions and cost of travel to interstate locations
- Recruitment of key staff for Tasmanian business including FTE or casual
- Adoption of COVID safety workplace practices in all industry sectors including costs and reduction in efficiencies
- Post COVID reduction in Job Keeper and Job Seeker programs and likely impact on the economy thereafter
- Access to seasonal workers

Tasmania has a higher proportion of the population receiving welfare benefits than many other jurisdictions. In December 2019, there were 728,405 and 134,456 people on Youth Allowance (student and apprentice) – DSS March 2020. Maintaining the higher payment in NewStart or other payments will have a positive impact on the income and capacity of lower income earners and job seekers.

What data or information can currently be provided to the Council on the nature and magnitude of impacts for your sector/members?

- The following link provides access to COVID data Tasmania impacts <https://economy.id.com.au/tasmania/covid19>. It includes:
 - Modelling shows that predominantly service-industry communities have higher job losses and reduced industry output.
 - The place-based nature of impacts has meant that predominantly primary-industry communities were softened from impacts as they had more essential workers in industries still generating revenue.
 - Trade statistics show that some sections of the primary industries and manufacturing persisted through coronavirus restrictions.

What mitigation measures are currently in place that aim to address these impacts?

- Currently government programs including Job Keeper and Job Seeker along with small business support are providing temporarily relief until Post COVID recovery starts.
- RDA Tasmania is providing weekly updates to Australian Government on Tasmanian regions and how assistance can be provided ongoing.



- RDA Tasmania is hosting a weekly Intelligence Sharing briefing across local and state government agencies involved in regional development.
- All support packages from all levels of government play their part to mitigate the impacts.

What impacts are not being mitigated or for which there is no plan in place to mitigate?

- Long term economic recovery will be dependent in some sectors on Tasmanian borders reopening and resumption of visitation to the state. This is most important for the following industry sectors:
 - Tourism, Hospitality and Accommodation
 - University sector
 - Seasonal workers for horticulture and other agriculture
- Long term structural and regulatory changes to support working from home such as IR and insurance
- Opportunities going forward such as maintaining the buy local emphasis and support of circular economy principles for business branding and efficiency.
- The young Tasmanians who 'fail to launch' because they are starting their careers in a recession are at risk at going from short-term unemployed to long-term.

What responses, both within the sector and more broadly, are front-of-mind and over what timeframes - what should be stopped, what should continue and what should be started?

- What should be stopped
 - Incrementally, easing of business support packages as trading conditions continue to improve being mindful of possible economic aftershocks (12 months).
- What should continue
 - Emphasis on review and reshaping of workforce with improved skill development to suit new economy post COVID.
 - Childcare support for that can assist strong workforce participation and structured early learning.
 - Higher welfare payments, particularly for active job seekers.
 - Increased government resources into liaising with local businesses, providing business assistance and referrals, and supporting local workforce development.
- What should be started
 - Development of long term job outcomes based on the needs of established and emerging industry sectors with a move away from casualization to FTE



- Projects that support Tasmania's natural advantage in renewable energy.

What would help create or build business/consumer/community confidence?

- Ongoing review of red tape reduction and compliance for businesses ongoing
- Increased government resources into liaising with local businesses, providing business assistance and referrals, and supporting local workforce development such as the Enterprise Centre program, support for local chamber of commerce (or equivalent) and the of local workforce development offices similar to the SERDA model.
- The return of visitors to be tourists, workers and students seems so fundamental to economic recovery that a guarantee is needed that flights will return when border restrictions allow it.
- Community support for social participation is now very important. Local sporting clubs, arts and community events will become more important than ever. These clubs must also remain financially viable.

What would help your sector/members re-employ where there have been reductions in jobs, or grow employment levels?

- For those sections of the economy that have persisted through restrictions, a government grant program like 2017's Regional Jobs and Investment Package from the Australian Government or Manufacturing Modernisation Fund that co-funds business expansion would be useful. Finding a way leverage private sector growth, support start-up and giving green shoots in the economy a leg up would be welcome.
- Ensuring training providers (TasTafe/UTas RTO's etc) are train and support use transferable skills to transition from one sector to another. For example, people with customer service skills and hospitality could move into sectors that will continue to have skills shortages, such as disability and aged care

