



COVID-19 RESPONSE

PREMIER'S ECONOMIC & SOCIAL
RECOVERY ADVISORY COUNCIL

Workshop 4

Retail, SMEs & Professional Services



Introduction

We are living in uncertain times.

Looking ahead and planning for our future is more difficult than ever before.

Understanding the complex health, economic and social challenges Tasmania might face over the next five years requires new approaches and bold thinking. Faced with circumstances few of us imagined possible, we need to think differently and plan for multiple possibilities.

PESRAC has undertaken broad consultation, drawing on the knowledge and ideas of experts, business people, community leaders and everyday Tasmanians in planning for our future.

PESRAC has developed two potential future scenarios to get Tasmanians thinking. The scenarios are stories of how COVID-19 might play out over the next three years for use as a tool for creative thinking. They are not predictions, or expected outcomes. (Attachment 3 - the scenarios used in the workshops)

The scenarios were used as part of a process to gather ideas from Tasmanians about potential economic and social recovery strategies in the context of a very uncertain future.

This process involved nine workshops across the State to facilitate creative thinking around potential:

- consequences and constraints of COVID 19 over the next 3 years; and
- recovery opportunities that could be implemented and delivered within the next 5 years.

Workshop Participation

Peak bodies and networks were approached and asked to suggest people to participate in the workshop. They were asked to nominate people that have relevant expertise and knowledge, are creative thinkers, and do not normally have the ear of government.

The participants who attended this workshop are detailed in Attachment 4.

Key Purpose of Workshops

The participants were informed that the key purpose of the workshop was to identify potential recovery opportunities that could be implemented and delivered within the next 5 years by governments, businesses and the community - noting that recovery is a community responsibility not just a responsibility of governments.

Workshop Methodology

The workshops were held over a three hour period, and were based on a 'creative thinking' methodology developed by the University of Tasmania, referred to as "Stretch Thinking".

The methodology has been applied for considering COVID recovery in Western Australia and nationally, and in a range of disaster recovery and resilience applications by the public and private sectors. More information on the process is available on the PESRAC website.

Participants were provided with briefing information prior to the workshops to enable the workshops to quickly move into the "Stretch Thinking" process. A key foundational piece was the two scenarios (these are detailed in Attachment 3).

A facilitator guided groups of participants through the 'Stretch Thinking' process that involved identifying potential consequences, constraints, and opportunities associated with the two scenarios. Attachment 2 captures this discussion by participants during the workshop.

Having identified a range of potential opportunities under two scenarios, the groups of participants were asked to identify the 'best' or 'key' opportunities their workgroups identified, and these were presented to the whole workshop.

The last task was for all participants to individually identify which of the entire set of opportunities identified within the workshop were the 'best' opportunities (they were entitled to vote for as many opportunities as they liked).

Attachment 1 provides a summary of the key potential opportunities identified in the workshop. Those opportunities do not reflect the views of PESRAC or the Secretariat, rather, they give a 'sense of the room' from participants as to what opportunities are considered of a higher priority from all of those identified in the workshop.

Attachment 1: Summary of Key Recovery Opportunities

Education, Training, Skills and Workforce Development

- Enhanced training and education that is job specific will be necessary to support business and economic growth. Job design should also be a strong focus and there is opportunity for the development of new job types in Tasmania, adopting technologies that enable working from home and remote access.
- Education needs to move towards a model that is industry led, especially for vocational skills and trades, with the primary focus to build Tasmania's workforce capability for the future and to support people to establish career pathways. Content must be relevant to developing the skills required for actual jobs, which requires strong partnerships between training organisations, industry and employers.
- Tasmania should focus on developing its intellectual capital to support local industry with the availability of local skills and expertise to reduce our reliance on importing knowledge from elsewhere. Regional projects should be leveraged to develop a local skill base to support local employment instead of importing skilled workers, wherever possible. Local talent needs to be retained in Tasmania, which will require diversity in career opportunities across all sectors in Tasmania's economy instead of focussing all of our attention to a small number of key industries.
- Education providers could develop courses to teach business skills to international students, to support them to commercialise their professional skills and start businesses during study and after graduation. Tasmania should explore ways to bring new international students into the State safely (mitigating COVID-19 risks), without imposed inhibitive costs individuals and provide support for skills and employment during study. Direct flights with New Zealand and COVID-safe counties in the Asia-Pacific should be considered.

Local Government, Regulation, Planning and Community

- The role of local government needs to be redesigned, to improve administrative and operational efficiency, financial sustainability and to ensure local services are maintained. Planning, administration and asset management could be separated from community development and representation, so that common functions are centralised and more efficient. Community development, representation and governance activities could be delivered differently.
- Any unnecessary administration and procedures for finance approvals and development approvals need to be removed and a common sense approach to development should be the standard. Projects need to be implemented as a high priority rather than being subject to ongoing and drawn out public debate. Land use and planning regulation should be reviewed to ensure the flexible use of built assets and to make it easier to repurpose residential/commercial assets where an

economic and social benefit is clearly achievable (this should also include CBD and publicly held assets). Red tape reform should include legislation to allow digital access to public records, to ensure planning processes and government business communications are streamlined, more accessible, efficient and timely. The roles for the executive arm of government, the business sector, local government and communities, and elected representatives in the recovery process should be clearly set out.

- Tasmania will have an opportunity to can take advantage of its geographic characteristics to develop world leading capabilities for dealing with disease outbreaks, emergencies and economic shocks. Tasmania can develop rapid adaptability so that regions can be self-sufficient when necessary, with satellite economies that support themselves when required but also form part of a stronger Tasmania overall. Pivoting to online business activities will be integral to these opportunities.
- Tasmania will have a significant opportunity to attract net inward interstate migration by developing its reputation as a safe place, capable of quickly responding to and containing COVID-19 outbreaks. This, with Tasmania's other advantages including its clean environment and natural assets, premium class brand and image internationally, and our very strong sense of community, will make Tasmania an attractive destination for people seeking a safer and more balanced lifestyle than the large mainland cities. Recent shifts towards remote working and online business models will allow people to choose where they live based on lifestyle preferences rather than being tied to business locations.

Technology and New Industries

- Tasmania has an opportunity to become a hub for technology start-ups, which could be supported by establishing a Chief Entrepreneur Office to progress innovative and dynamic initiatives, as has been done in other jurisdictions. To maximise the opportunities from technology, access across the State should be ensured by addressing issues such as infrastructure, bandwidth capacity and peak performance, equality of access and demographic constraints.
- New industries and innovation can be driven through digital transformation, investment in relevant infrastructure and by attracting intellectual talent to the state and market Tasmania to the rest of the world as a place that is innovative and dynamic. For example, investment in virtual infrastructure to create "smart cities" or a "smart state", which combines public services and integrates them through a virtual infrastructure network, would improve the timeliness of gathering information and allow information sharing to occur.
- All Tasmanians can contribute to building and strengthening the Tasmanian brand and image, by recognising and being proud of what we do well and promoting our products and lifestyle. We should set aside old mindsets of Tasmania being disadvantaged by distance and a lack of opportunity or capability. If we are willing to engage with risk as a State, as communities and as individuals, take some

chances, start businesses, learn new skills and embrace our creativity, an aspirational Tasmania can become a highly desirable destination to live, work and visit.

Attachment 2: Outcomes from the Workshop

Scenario A

Workshop discussion about 'consequences' of scenario A

- With the economy returned to some semblance of pre-COVID normality, there will be renewed business confidence. Businesses will be looking for growth opportunities and strategies, will be more resilient from surviving the pandemic and those businesses which have survived the pandemic will have done so through enhanced business learning and adaptation, and will be more resilient in the future. Many businesses will have increased their online presence and trading activity.
- In 2023, there will be higher proportions of the workforce working from home, either permanently or under more flexible working arrangements, compared to 2019.
- With the economic recovery and renewed growth, there will be increasing demand for finance/lending in 2023, especially for business.
- The closure of businesses in the retail, tourism and hospitality sector and higher unemployment will present challenges for international students who require casual and part-time work for income while they study in Tasmania.
- Some businesses will not have survived the winding back of government support.
- Inward migration to Tasmania will increase, due to the perception of Tasmania being a safer place than the larger high density mainland cities.
- In relation to community connection, Tasmania is unique - the tightness of the community and fewer degrees of separation. This provides a platform for Tasmania to regain its place as a destination for people to come to - to visit and to live. COVID has reminded Tasmanians of the benefit of connection locally (to neighbours, family and the community). Regional communities have had to bind together, and this will have a positive and lasting legacy (sustained over time). Tasmania is seen as a destination to live and work - people want to become part of a community and embrace the localised 'village feel' (i.e. Glenorchy Vision - self-sufficient communities).
- Mobile technology has been key in getting through COVID - increasing use of mobile technology will bring structural changes in the way in which people interact, and the pace of change will increase, and revolution will continue. Our interaction with technology, and with each other, will be different because it will evolve (not necessarily better or worse, but different). Digital literacy will have increased across the State, particularly amongst the older generations.
- Housing price pressure may arise from an acceleration of gentrifying suburbs, impacting housing affordability on lower socio-economic areas.

- Rental affordability may be negatively impacted due to a number of factors, including increased local demand, decreased supply as some properties move back towards the short-stay accommodation market and increasing rental prices.
- Increases in government revenues from the improving economy (i.e. stamp duty) would allow more money to be directed towards the infrastructure required to meet the uptick in economic activity.
- Potential acceleration of digital capability, allowing business models to pivot towards more online capability.
- Severe skill shortages as a result closed international borders and lower migration, with all states and territories competing for limited pool of skilled labour.
- COVID 19 has necessitated significant changes to the way 'traditional' business models operate. The benefits of these will be carried forward as optimised business models. There may be some reversal but a return to the pre-COVID norm is unlikely.
- Demand may continue to fluctuate as Tasmania moves into full recovery with businesses needing to transition out of COVID 19 into increased economic activity.
- There may be potential problems with supply chains and logistics as a surge in demand for consumables and discretionary items occurs.

Workshop discussion about 'constraints' of scenario A

- The loss of jobs in certain sectors during the pandemic will have influenced people to find work in alternative industries, change vocations, leave Tasmania or take up study or training. This could lead to a lack of available skills in the workforce required to support businesses, which were substantially impacted by the pandemic, as they seek to reopen, rebuild and grow. The ability to get people job ready will be a constraint, particularly in regional Tasmania where training service providers may not be readily available.
- Lower educational standards resulting from COVID-19 disruption to schooling may have led to structural deficits in skills and attainment. Some training offerings which became popular during the pandemic, such as micro credentials, have delivered marginal training results.
- International students will be looking for pathways to employment, such as volunteering, which may or may not be constrained by demand and the availability of opportunities.
- Access to capital is constrained by lending institutions treating Tasmania as part of the Victorian region, with credit/lending policies more relevant to Victorian conditions and circumstances than Tasmanian. Supply of credit in Tasmania is too reliant on Victoria, despite Tasmania potentially having a stronger economy and business outlook. We need Tasmanian-specific risk rules and financial institution credit policies to ensure the availability of credit is appropriate for our circumstances.

- Regulatory structures in the finance industry may constrain access to capital for Tasmanian businesses. Having a single financial regulator will be an important structural change for the finance sector - there will now be very clear rules that the financial sector needs to follow, relative to the settings with two regulators previously.
- Risk aversion from the COVID period could leave a negative legacy across the economy and constrain growth. Older generations in particular may be unwilling to engage with risk for business growth and investment opportunities as they prioritise retirement savings. With the majority of wealth concentrated to the older cohort in Tasmania, this could constrain the ability to find money for investment in technological advancement and innovation. Uncertainty over future government incentives and support (such as the First Home Owners Grant), would also lower Tasmanians' willingness to take on debt.
- Student visa and permanent residence rules are becoming stricter, which will constrain the international student education sector. Access to permanent residency for overseas students may be more limited, with more strict requirements. This will create a reduction in international education opportunities for Tasmania.
- It is anticipated that businesses will still be required to maintain COVID-safe rules in 2023, which may be good for some industries but business models that rely on large gatherings may struggle if crowd density restrictions remain.
- Notwithstanding the availability of a vaccine, there may potentially be different attitudinal legacies arising from the COVID period, affecting people's willingness to travel and willingness to be in large gatherings. These reluctances may be more likely with the older population, who see ongoing major health risks from the virus.
- Access to digital technology will continue on its revolutionary path, and the community will need to adapt. Where there are network and infrastructure gaps, the constraints that individuals face may become deeper - universal access becomes even more important. Growing digitisation, automation and the use of Artificial Intelligence may lead to potential job losses as business models adapt and evolve.
- Social skills may have diminished due to a reliance on virtual/digital platforms for communication during the pandemic.
- Supply chain and logistics costs may be a constraint for Tasmania competing with mainland and international businesses.
- There will be uncertainty affecting employment, fewer fulltime positions and a more casualised workforce as employers seek to limited risk/exposure.
- Ongoing constraints within the land-use and planning frameworks could inhibit any new vision for investment/development (e.g. Restrictions on repurposing land for commercial/residential properties). Planning authority bottlenecks would also be a constraint to economic growth as development applications increase.

- Tasmania's ability to develop start-up ecosystems, especially in technology, would be constrained by inadequate technology infrastructure.
- If Tasmania retains its 'traditional mindset' as a state, this may hinder how we pivot towards being more agile and adaptable.

Workshop discussion about 'opportunities' of scenario A

- People will be attracted to relocate to Tasmania from larger mainland cities, with the offer of a better lifestyle in Tasmania, with lower risk of exposure to threats such as COVID-19. With the online switch that happened during COVID we can now work from anywhere and Tasmania needs to capitalise on this.
- Tasmania has an opportunity to attract migration from larger cities, stimulating economic growth and increased availability of capital (for example, a family selling their high value home in Sydney and moving to buy a cheaper home, freeing up capital for additional investment).
- Advertising skilled job opportunities available in Tasmania on the mainland could create the path to attract a population shift.
- With ongoing structural housing price differentials between large mainland centres and Tasmania, the opportunity will remain for people to realise residual equity in their mainland properties. This 'excess cash' will provide opportunities for professional service firms, as well as economic stimulus as those wealth effects are realised in Tasmania.
- An increased focus on health and wellbeing could be the driver for higher levels of activity in the health and fitness sector.
- Wider adoption of technology should become standard for business growth, as technology will enable Tasmania to attract more people with broader skills, improve business communication and promote further innovation.
- Tasmania needs to take the opportunity now to cut red tape for business, to get ahead of the bubble in activity that will be coming under this scenario. Get the reforms in place before the wave of activity hits.
- More effort needs to be given to provide late-years students a better understanding of what 'jobs' are like - educating students ahead of work, to understand what work is and what occupations really look like. Pathway planning is key, and missing.
- Enhanced training and education that is job-specific will be necessary to support business and economic growth. Job design should also be a strong focus and there is opportunity for the development of new job types in Tasmania, adopting technologies that enable working from home and remote access. There should also be a focus on retaining local talent in Tasmania.
- Opportunities for 'different types' of jobs in Tasmania from on-shoring corporate activities. Bringing corporate roles into Tasmania will enable Tasmanians to stay in

Tasmania, rather than move to the big cities to obtain the same opportunities. Technology infrastructure is key to enabling this opportunity.

- Tasmania should focus on developing intellectual capital to support local industry with the availability of local skills and expertise to reduce our reliance on importing knowledge from elsewhere. Regional projects should be leveraged to develop a local skill base to support local employment instead of importing skilled workers, wherever possible.
- Opportunities to take on more graduates in professional services could be more widely pursued. Incentivise businesses to take on graduates, to keep skills and knowledge in Tasmania.
- Tasmania will remain and export-based state, the focus needs to remain on this.
- There are growth sectors, such as health, aged care and child care, which create employment opportunities for Tasmanians and international students. The State Government should encourage students to study for social services and care sector professions to support our future needs in those areas, rather than focus too narrowly on STEM.
- Regional Tasmania economic outcomes - regional development projects provides the underpinning of regional economies.
- Projects need to implemented as a high priority rather than being subject to ongoing and drawn out debate. As a State, we need to take the opportunity to stop talking about doing things, and rather, we should simply get things done. Take the bigger opportunities that are there, because the funding is now available - the financial sector is awash with cash, so stop debating and getting on with it.
- Reduce council numbers, and streamline approvals processes - too many steps, too many approving authorities. Loud minority stop things from happening, need to get on with it.
- Any unnecessary administration and procedures for finance and development approvals need to be removed and a common-sense approach to development should be the standard.
- Digitalisation of public records to ensure rapid provision of data and information could facilitate more efficient processes across both the private and public sectors.
- Increasing the flexibility and accessibility of education and training through online delivery would improve educational outcomes to make online learning more attractive as a learning option.
- Better collaboration between private sector players could create a new innovation 'ecosystem' to encourage the development of new industries. This could realise significant economic benefits and develop and retain intellectual capital in Tasmania.

- Establishing an Office of the Chief Entrepreneur in Tasmania would help to change Tasmania's 'traditional' mindset to one that is dynamic and innovative, creating a hub start-ups and new industries to develop.
- Highlighting career pathways at the school level would ensure we make Tasmanian children understand that there are careers in Tasmania (i.e. stem the outflow of young Tasmanians to the mainland, seeking 'better' opportunities).
- Experience from the pandemic provide an opportunity for Tasmania to diversify its industrial base, promote and support multiple sectors rather than relying too heavily on a small number of key industries for economic growth, such as tourism and hospitality.
- The education sector and industry can improve collaboration to develop and deliver more targeted and relevant training outcomes for industry and jobs (with industry to fund it).
- Build the State's human capital and lift overall education and skill levels by focusing on increasing the talent pool of Tasmania (essential to 'shift' the bar).
- Commercial and residential planning and development codes should be optimised for economic and social benefits.

Scenario B

Workshop discussion about 'consequences' of scenario B

- Small businesses, especially in tourism and hospitality, will be unable to survive a stop-start economy if further periods of social restrictions or lockdowns are required to manage COVID-19 outbreaks.
- Population decline from outward migration for economic reasons will exacerbate issues around the ageing population, higher unemployment and decreased trade and consumer spending in Tasmania.
- Structural changes in the economy are likely to occur, with substantially reduced tourism, fewer events, restaurants, hotels and sporting events.
- There may be some fragmentation of the Tasmanian community if outbreaks require the quarantining of regions. Regions of Tasmania may become more insular if there develops a culture of protectionism to "keep the virus out".
- Financial risks for tourism businesses will be high if outbreaks and hot-spots nationally cause further border closures.
- Significant high-profile events may be unable to continue, such as:
 - the Sydney to Hobart Yacht Race;
 - the Taste of Tasmania and Festivale; and
 - MONA FOMA and Dark MOFO.
- Mental health issues will be of significant concern, especially amongst International students who are without employment or government support. Across the economy, financial stress, unemployment, restrictions on social and recreational activities, housing stress, homelessness and a sense of helplessness will be widespread, leading to further social and economic pressures.
- Increased unemployment leading to further economic and social decline (i.e. increased household stress, mental health problems, substance abuse and crime).
- Decreased consumer spending (top 10 per cent doing well while the majority struggle).
- Risk that traditional businesses, who would otherwise cease trading, will be propped up temporarily by government funding programs at the expense of other businesses which could have expanded and provided more employment opportunities if provided access to government support.
- Risk of returning to Tasmania in the 80's - economic malaise and its brand diminished - seen as the poor cousin to the mainland.
- Scarce Government funding could lead to cuts to social services, leading to increases in vulnerable Tasmanians not getting access to essential services (i.e.

mental health issues going untreated and access to the basics becoming harder, such as food and shelter).

- Rationalisation of sectors - thinning of the herd - some businesses will survive as competitors filter out.
- There will be a greater focus on local support networks.
- Potential for diminished freight capability, in and out of the state, resulting in increased freight costs and timeliness issues. Due to diminished import and freight capacities, Tasmanian businesses will need to explore 'plugging holes' in our supply chains using local produce and manufacturing.
- Increased pressure on the education system and its ability to transition further in its delivery of online learning platforms (i.e. need to be effective, timely, catered for purpose, etc.).
- Challenges for a number of population cohorts - young people, children, elderly and lower socio-economic cohorts - adapting with online technologies and ensuring that those cohorts (who were already vulnerable or digitally challenged), had the required assistance available to adapt (i.e. for children and young people, this could lead to developmental issues).
- Online learning will need to cater to those 'trades' that require a face-to-face or hands on experience to ensure skills are available when COVID 19 does eventually pass or an effective vaccine is found.
- Poor educational outcomes/standards as a result of the shift to online learning and reduced face-to-face teaching at schools - not everyone is able to effectively switch to this model and thrive (particularly lower socio-economic groups).
- Workforce participation changes will occur (i.e. parents will need to reassess their careers in order to look after and assist in the education of their children during periods of mandatory working and schooling from home). This may disproportionately impact female participation.
- Uncertain employment conditions will place additional pressure on businesses.
- There will be a deepening social/class divide - the disadvantaged will be particularly impacted under this scenario.
- There will be a shift in commercial business models (i.e. primary producers may not have access to required labour).
- Property returns in both the commercial and residential sectors will diminish - people will feel like their 'wealth' has decreased and this will flow on to consumer spending habits and a decrease in investment activity as a whole.
- Discretionary spending very limited, which will have widespread economic impacts. Although the top income earners will still have plenty, they may take a much more conservative approach to outlays.

- Business collapses will be more prevalent, with the consequent social impacts.
- With weaker revenues and increasing demand for services, the Government's ability to support struggling business will be limited.
- Under this scenario, Tasmania could return to the 'backwater' of Australia because of a weak economy and struggling Government.
- Some of the anchor events that 'showcase' Tasmania will discontinue. To the extent that these had been driving investment and inward migration to Tasmania, people will become relatively less aware of Tasmania and the migration flow may reverse.
- Given the size of the government sector in the State's overall economy, financial pressures within Government will deliver large consequences for business, further compounding already difficult conditions for business.
- Mental health problems and suicide are likely to increase with sustained high unemployment. Social fabric will start to fray with an increase in crime and anti-social activity.
- There may be a further acceleration of new businesses and new opportunities, with a continued shift to online business models as a means of accessing new markets.
- Tasmanian industry will be more reliant on local demand because of weak international conditions (e.g. Agriculture).
- Increased understanding of the need for all Tasmanians to support Tasmanian business to boost economic activity within the State. There may be an increase in pride and sense of stronger community in Tasmania as we stick together and help each other out.
- Supply chains will continue to be disrupted, and this will create new opportunities for on-shore supply.
- Because international freight services rely on international passenger flights, ongoing disruption will be problematic for international freight.
- Managing employment becomes very difficult when the availability of staff is unpredictable - the slightest sniffle and people are required to remain at home, and not all occupations can work from home (e.g. trades).
- There will be an increasing divide between those that require 'hands-on learning' and professionals that can obtain training online.
- If there has been a decline in the number of trade apprenticeships able to be offered by businesses since the pandemic, there may consequently be a shortage of teachers available to meet demand for training new apprentices when businesses start employing again in 2023 and beyond.

- The divide between 'the haves' and 'have nots' will grow across many factors - be it access to online functionality, those with money to spend and those that do not, those with jobs and without jobs. This is not good for our social fabric.
- Cultural mindsets will present a barrier to Tasmanians accepting a 'new world' under scenario B (relative to our recent past). Many Tasmanians have become accustomed to economic prosperity, and enduring 'tough times' will present many challenges (including but not limited to mental health issues).
- The seasonal work model in agriculture may have to change to attract local people (e.g. better working conditions or pay) if low-cost international labour is not available. This may impact on the viability of agricultural enterprises.
- It may become easier for small operators to 'simply shut down' as the number of constraints and difficulties increase. Where Tasmania has recently seen 'side hustles' develop into commercial opportunities, tough times will see those opportunities dry up.

Workshop discussion about 'constraints' of scenario B

- Traditional employment and skills/training/education pathways will be significantly impacted or disrupted.
- The capacity for governments to provide ongoing financial support and economic stimulus will be limited as public debt rises from previous support measures, public health costs continue to increase as a consequence of continued spread of COVID 19 in the community and revenues decline due to higher unemployment and lower economic activity.
- High risk aversion by businesses and individuals will lead to lower business investment and consumer spending. This will also lead to lower declines in asset values.
- People will hold off transactions (e.g. sale of property), and the liquidity of markets will dry-up. Markets will become thinner and confidence in bringing activity to market will fall.
- Demand for 'discretionary' items (e.g. regular servicing of vehicles) will dry up, creating pressure on business and employment.
- Risks to the availability of visas for international students would be a constraint to the education sector.
- The benefits to international students studying in Tasmania include developing English language skills, social and cultural intelligence and the opportunity to work in and contribute to the Tasmanian economy after graduation, which would be lost if they cannot be located here. Online course offerings by Tasmanian educational institutions would therefore not be an adequate substitute.

- Protracted closure of Australia's border to international arrivals would have a substantial impact on international student enrolments at educational institutions. Some institutions would become unviable.
- Declining asset values due to high unemployment, underemployment, low participation and economic decline would constrain financing and investment, increase credit risk and ultimately have a negative effect on economic growth.
- Community and sporting club activities would be limited due to ongoing physical distancing requirements and social restrictions.
- Decreased demand across the economy as a whole - this will lead to a significant decrease in government revenues.
- For the real estate sector, physical distancing constraints will create uncertainty and inability for vendors to effectively market properties.
- An increase in commercial vacancies as a result of working from home will affect business and commercial tenancies in and around the CBD.
- A reduction in government funding and grants will lead to poorer educational outcomes and this will impact our future ability to provide a skilled labour force when positions are once again required.
- With tighter finances, governments will have a discretionary view on supporting innovation investment, which, paradoxically, is key for building the economy.
- Where there is sustained working from home, there will be CBD impacts. How will CBDs respond to these structural changes?
- Funding for innovation in agriculture and other sectors will become more constrained, as government's focus on the 'here and now' and 'traditional' stimulus measures (e.g. road building). With increased revenue pressures, stimulus spending will have to come at the opportunity cost of other outlays that are (politically judged) as being more discretionary in nature, or more aligned to delivering long term, rather than short-term outcomes.
- State Governments need to accelerate the learnings from COVID-19 to adapt service delivery for lower costs.
- Community fatigue - there will be responses from people that are not 'rationale' because of ongoing pressures from the virus. This could create material community disruption.

Workshop discussion about 'opportunities' of scenario B

- There could be an opportunity for regions or communities who successfully manage outbreaks and contact tracing to have a competitive advantage, with fewer social restrictions and less constraints on businesses. Tasmania could achieve this as a state and if considered to be a safe location for tourism and doing business, would be an attractive destination for visitors and migration.

- Businesses who develop adaptive business models and revenue streams could become stronger, more resilient and improve their competitive advantage. For membership based businesses, for example, more flexibility in membership subscriptions would remove some of the disincentive for consumers to take up memberships if they can more easily exit if their circumstances change.
- Online and app-based booking systems for restaurants, bars and other hospitality venues where density restrictions apply can prevent disappointment for customers and support businesses to operate as efficiently, providing certainty to both. This presents an opportunity for lasting cultural change in the hospitality sector which can address one of the greatest daily risks for these businesses well into the future.
- Structural changes in the economy and disrupted careers can create opportunities for career change for individuals who may not have chosen that path otherwise. This could stimulate broader skills and experiences across sectors, which may have positive effects for innovation and entrepreneurship.
- Disrupted supply chains and concerns about manufacturing and food security could encourage Tasmanians to source products from local producers and suppliers, and to prioritise local industries ahead of imports.
- Tasmanians will reinvigorate and strengthen their support of local businesses and communities.
- Potential upside for business will be greater access to labour and a potential for lower wages (added opportunity to up skill or cross skills workers).
- Tasmania can take advantage of its geographic characteristics to develop world leading capabilities for dealing with disease outbreaks, emergencies and economic shocks. Tasmania can develop rapid adaptability so that regions can be self-sufficient when necessary, with satellite economies that support themselves when required but also form part of a stronger Tasmania overall. Pivoting to online business activities will be integral to these opportunities.
- Education providers can develop courses to teach business skills to students, to support them to commercialise their professional skills and start businesses during study and after graduation.
- Tasmania's social and economic recovery should be community-led, based on local characteristics, circumstances and strengths.
- Events can be developed with social distancing features and adapted business models, to allow these important activities to restart, be adaptable to changing public health conditions and be sustainable in the long term.
- Given the reality of limited public financial resources in 2023, governments should adopt a greater role in facilitating community and business led recovery through improved coordination of government and community services and resources.

- The role of local government needs to be redesigned, to improve administrative and operational efficiency, financial sustainability and to ensure local services are maintained. Planning, administration and asset management could be separated from community development and representation, so that common functions are centralised and more efficient. Community facilitation and representation activities can be separated from these functions and delivered differently.
- Government grants should be optimised to be more focussed on outcomes and returns to the community, taking into account limited financial resources.
- Government safety-nets need to be more targeted. For example, business support should be extended where the business has a healthy and sustainable long-term business model, rather than propping up businesses that would have been unviable or marginal without COVID-19.
- Plan for future consequences of impacted superannuation and retirement savings.
- Create a centralised 'smart city' platform to integrate public sector capabilities to improve efficiency (i.e. a central data hub for all agencies to use) - this would include infrastructure, people and funding.
- Use technology more to streamline processes and to facilitate increased investment.
- Invest in more 'virtual' infrastructure to cope with the demand of COVID-19 distancing requirements.
- Provide government support for businesses wanting to transition or pivot their business models online and to create a 'distribution co-op' where businesses/networks come together to improve their supply chain capabilities.
- Enable the better use of real estate by easing the regulatory burden that currently exists when rezoning and repurposing properties for economic and social benefit.
- Encourage capital investment towards innovative initiatives, rather than 'traditional' investments that are currently offering very low returns (e.g. bank deposits). Also encourage wealthy investors to look locally for investment opportunities, which would have flow-on effects for local employment, etc.
- Rethink the delivery of health services in Tasmania through rationalisation of the existing way and force innovative change as a result of COVID 19.
- Redirect RTO funding into commercial enterprises which will deliver tangible benefits for employers and employees.
- Less government intervention - encourage a 'brave' focus and shift from an 'election cycle' mentality to a more strategic and smart decision making focus.
- Opportunity to force dynamic change into traditional business models through online and digital means (this could lower the barriers of entry for new start-ups).

- Resource sharing for governments and for business. Closer cooperation between small businesses is a way of driving scale and lowering costs. Small business has the opportunity to come together to drive different approaches to some activities, such as distribution. Resource sharing between smaller businesses and cooperative approaches (between like or non-like businesses) could achieve economies of scale. Business itself can drive this - there is not necessarily a need to have the Government involved.
- For government (e.g. local government) common infrastructure platforms provide scale (rather than each doing their own thing relatively badly, a joint approach could lead to the best minds coming together to produce a common outcome). Increased centralisation to drive efficiencies.
- Integration across councils - accelerate public records to facilitate activity and transactions. Investments in systems and online resources to make it easier for businesses to conduct business.
- New enabling IT infrastructure (virtual infrastructure) needs to be seen by governments as just as important to stimulate recovery as 'traditional infrastructure' (e.g. roads, bridges and railways).
- Remove binding restrictions in planning schemes, and create more flexible use options in planning - land use planning rules need to respond to the need for more flexibility. This will open-up financing opportunities.
- Decision makers need to make decisions that they have been holding back on.
- Seize the opportunity presented by the crisis under scenario B to drive (already needed) rationalisation in service delivery in Government to something more efficient (hospital services), especially where the private sector can step-in to fill the gap. Business often has to be stripped back to be rebuilt, maybe this needs to happen for Government. Be brave in funding decisions - direct funding to competitive advantage and future-based, don't be too grounded in sustaining 'the old', rather look to the new.
- Need to allow unrecoverable businesses to fail, to focus support where it will deliver sustainable outcomes - money will be tight, and it needs to be applied appropriately.
- Government needs some 'risk capital' (be it \$ or political capital) - recognise that not every bet will be a winner, recognise some opportunities may not deliver the intended outcomes, and that's OK.
- There may be opportunities to get access to more low-skill labour that can, in time, become skilled labour. Will reduce pressure on wages, and make businesses more sustainable.
- National and international interest rates mean that returns from 'traditional' methods (e.g. deposits) are negligible. This may create better opportunities for

investors to invest in start-ups, providing capital opportunities for newly emerging businesses.

- May need to change overseas investment rules to provide the source of capital if it is constrained in Australia.
- Recognise that regulation increases with wealth and prosperity, and where these are in reverse, so needs to go the regulatory burden - lighten the burden of regulation on businesses - focus on what is genuinely needed, not the 'gold standard' of regulation.
- Force youth to stay in education longer (recognising the education deficit, make year 12 mandatory) and take the opportunity teach the 'new thinking skills' required for the new world. This recognises that the curriculum is already overly tight, so extend it over a longer period.
- Build in a 6 month work experience model to give youth a 'taste' of work in an occupation as part of the standard education offering. This could also provide a boost to business and provide valuable learning opportunities for students. This could be like having internship as a structural part of the education system (not just a 1 week work experience assignment, rather a structured medium-term placement).
- RTO reform - direct funding to commercial operators rather than RTOs - make it industry led, so that the investment goes into where demand is, not to where RTOs can make the best returns.
- Industry trainers - barriers in red-tape to be qualified for training, these need to be removed (training and teaching certification).

Attachment 3: Scenarios Used in the Workshop for 'Creative Thinking'

Scenario A (2020 to 2023)

A long lasting and effective vaccine has been developed, and broad distribution across the globe is varied. Large numbers of developed countries have access to the vaccine, and the uptake of vaccinations is particularly good in those countries that established manufacturing contracts early on. By contrast, some countries that were not able to get at the head of the que have had less success in rolling the vaccine out to their populations. Uptake has been widespread in Australia and other developed countries. By early 2022 a significant proportion of the Australian population was immunised and community transmission has largely been suppressed. Methods for treating COVID-19 have also improved, resulting in decreasing mortality and hospitalisation rates, and new fast, affordable, accurate and painless saliva tests that provide immediate results are widely available. Over the past few years many Australians chose to test regularly which improved the speed and effectiveness of tracing.

Small, localised, virus outbreaks continued to occur nationally during 2021 but were suppressed quickly with small-scale localised restrictions, without broad-scale lockdowns (as seen in Melbourne in September 2020). Physical distancing requirements are no longer required. State and Territory borders opened in early 2021 and Australia's international borders opened around mid-2021. During 2021 to 2023 intermittent international travel restrictions applied to some countries and travellers that were considered to be high risk, however, these restrictions have now almost all been removed.

The global, national and Tasmanian economies have recovered after bottoming out in 2020-21. Tasmania is one of the best performing states, with people in the post-COVID-19 world demanding the safe and clean produce and a tourism experience that Tasmania has to offer. However the 2020-21 crisis resulted in structural changes in the economy and many businesses closed, particularly in sectors most impacted by COVID-19 suppression measures in 2020. Tasmania's population is now growing again after a short period of decline through 2020-22. National and international passenger and freight services have returned to pre-COVID-19 levels. After a short period of reduced demand and supply disruptions, international demand Tasmanian products and services exports slowly increased to record high levels in 2023.

The Tasmanian community has recovered well from the pandemic. Community support for the COVID-19 response led to increased social connectedness, while advances in the use of technology, such as telehealth, have made services more accessible to some isolated cohorts. While the community has a high sense of hope for a Tasmania with plenty of opportunities, and the level of anxiety and fear associated with COVID-19 has largely disappeared, the pandemic has highlighted the struggles of people living with disadvantage, and particularly the long term unemployed.

As the economy recovered Governments have incrementally removed most of the COVID-19 support measures to businesses and households, but retained JobSeeker payments at a higher rate, recognising that the pre-COVID levels were unsustainable.

Scenario B (2020 to 2023)

After several false starts, a vaccine has been developed and was recently made available to Australians. However uptake has not been high due to ongoing social commentary around its overall effectiveness and whether it will provide long lasting immunity. Treatment methods have improved, but not to a point where they have reduced the desire for an effective vaccine. Testing technologies and tracing efforts have incrementally improved, and random testing is being conducted across the State on a large scale and regular basis. However, community commitment for suppression measures has reduced.

Globally countries continue to experience frequent outbreaks. Some countries have chosen to adopt a herd immunity management approach and have avoided a 'stop-start' economic recovery, other countries continue to struggle with the management of relatively high daily cases –nevertheless there is a general global sense of 'light at the end of the pandemic health crisis tunnel'. Without widespread uptake of an effective vaccine in Australia, the risks associated with international travel still exist and our international borders are effectively closed, other than to a small number of countries who's COVID-management approach (strong suppression) is similar to Australia's, with the first travel bubble opening to New Zealand in 2021. Governments around Australia continue to face difficult decisions around balancing public health and economic policies.

All State borders opened for a period of time in 2021, allowing some freedom of movement for domestic travel. However frequent and large outbreaks across the nation soon after, led to various States (including Tasmania) re-imposing tighter border controls. In 2023, travel restrictions continue to limit travel to hotspot regions and borders are closed to those without exemptions for several months. Physical distancing and restrictions around very large gatherings are still in place.

Economic conditions worldwide have not returned to pre-COVID levels. The global and Australian economies have entered into a prolonged period of 'drift' with a significant reduction in economic activity from pre-COVID levels characterised by no growth and sustained high unemployment. Tasmania's economic conditions are trending below the already weak national conditions -with an unemployment rate of around 12 per cent (more than double the pre COVID level) and youth and regional unemployment hit particularly hard. Industry sectors (such as Tourism) that are particularly affected by travel restrictions continue to struggle more than other sectors. Tasmanians are leaving the State in search for job opportunities, and the State's population has declined. National and international passenger and freight services have slightly improved but remain substantially below pre-COVID-19 levels. Freight costs are very high and capacity is unreliable. Many countries have

protectionist policies in place and international markets are difficult to access for many Tasmanian goods and services.

The economic crisis has resulted in decreases in Government revenue, and grants from the Australian Government have reduced for Tasmania. Governments feel under pressure to tighten and target expenditure (reduce some 'non-essential' services), and there is a growing acceptance that some support measures are creating distortions in the labour market. JobKeeper and JobSeeker supplements (and other support to businesses and supply chains), have either been revised, reduced and/or retargeted, and these reforms commenced with significant change occurring in 2021-22.

The inability for many Tasmanians to find sufficient work is leading to an increase in household stress and financial hardship, and more Tasmanians feeling isolated and disconnected (particularly young, old and disadvantaged Tasmanians). The Tasmanian community is very much feeling the social impacts of ongoing outbreaks of the virus and the ongoing impact of suppression measures in Tasmania. Students of all ages have also been impacted by frequent disruptions to their learning institutions, and the aged care sector in particular has faced ongoing unique challenges with the management of its work force and vulnerable clientele. Ongoing frustration and uncertainty has led to non-compliance with lockdown and social distancing requirements, and combined with the economic situation, is leading to increasing protests and unrest, a greater sense of fear and anxiety, and a loss of hope for a better future.

Attachment 4: Workshop Participants

Participant	Organisation
Robert Elliott	Kalder Group
Mark Cooper	Cooper Automotive
Fiona Turner	Start-up Tasmania
Russell Yaxley	Downton Property
John Mcgregor	4one4 Property
Tania Hudson	FINSIA - ANZ Private Banking/Advice
Guy Franklin	All Aerobics
Danny Mccarthy	WLF
Elaine Yu	Clinton Institute
Greg Bowers	SERDA Business Advisor