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PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON FRIDAY 18 SEPTEMBER 2020.

INQUIRY INTO THE TASMANIAN GOVERNMENT'S RESPONSE TO COVID-19

CHAIR - Thank you, Luke, for joining us. To have you in this form is not what we wanted but it what we have to accept in the circumstances and we understand why. First of all, Luke, please take the statutory declaration.

Mr LUKE MARTIN, CHIEF EXECUTIVE OFFICER, TOURISM INDUSTRY COUNCIL TASMANIA WAS CALLED VIA WEBEX, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - You have given evidence to these committees a number of times, you know how they operate and I think you know all of our members. We have Nic Street, Josh Willie, David O'Byrne, myself, Ruth Forrest and John Tucker. At the end of our room we have Nat, our secretary, our acting assistant secretary, Robyn, and Deb from Hansard at the back.

This is a public meeting. It is being broadcast and recorded. It will be transcribed by Hansard in due course. You are aware of the position in regard to parliamentary privilege applying. Once we leave this position then maybe it does not apply so you need to be careful. You understand the processes very well so I do not think I need to go through that anymore.

Luke, the committee wants to hear from you regarding the position of the Tourism Industry Council as to how COVID-19 is affecting you, and how you are moving forward. I think you have seen our terms of reference. First of all, Luke, there is an opportunity to make a statement to the committee to outline a number of issues. That is the best way. Then we will go on to some questions, probably while you are talking to us as well, but at the end of the process. I can open it up to you, Luke, at this stage.

Mr MARTIN - Thanks everyone and thanks for time. I appreciate the process you are going through and when we do get the chance we always like to contribute on behalf of the industry.

In terms of an opening statement, it is important to note it is on the record, I see this committee as representative of the Tasmanian community on behalf of the industry as much as I can and have the capacity to put on the record first, our appreciation of the effort of Tasmanians to support the industry, particularly since intrastate travel restrictions were lifted in June. We have heard the anecdotes and we are starting to see some data about how much Tasmanians have embraced Make Yourself at Home and have got out and supported businesses, particularly in regional parts of the state.

It has been moving to see the way Tasmanian businesses have seen a genuine outpouring of support from the community. Again, it is not universal and it is not enough to sustain an industry that worth about \$3.5 billion of economic activity to the state for long, but the effort of Tasmanians in getting out and supporting their regions and also businesses that have done what they can to support operators and employees.

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A couple of examples: the University of Tasmania's amazing initiative for our workforce around, effectively, scholarships for graduate certificates. It has been quite extraordinary. I think it is the biggest intake for Tasmanians into training that has ever been done in our industry. The university essentially stepped up when we needed them. The Tasmanian media outlets that have been falling over themselves to promote intrastate local tourism products; councils that have been doing what they can within their resources to defer rates and payments; and all the GBEs and Government. The chance to put that firmly on the record of how much the industry appreciates this.

Second, looking at the terms of reference, it is easy to be critical of government and we are very good at it. I am often very good at it. Given the circumstances, particularly the public service and at a political level, the ministers that we deal with, the rapidness of the response that has been in place to support businesses and operators since March has been at a level I never witnessed before, and I have been around this for a couple of decades now. When you look at the roll-out of programs and I can refer to two initiatives specifically, the voucher system, within three weeks a concept, an idea, a need, saw \$7.5 million of vouchers actually in people's pockets, eventually. You do not see that sort of responsiveness from government normally.

The second example I would give would be the stepping in where the federal government very badly let us down, which was the failure to provide support for our foreign workforce. One of the worst things we have seen play out over the last six months was the failure of the federal government to extend JobKeeper or any assistance to our foreign workforce across the country. Frankly, in Tasmania, that meant we had foreign workers stranded in regional parts of the state with no income and no support. We all drew the same conclusion that if it was one of our family members, our breadwinner or our child was in an island destination on the other side of the planet -

(audio problems)

CHAIR - Thanks very much, Luke.

Mr MARTIN - Just to wrap that up, the state Government has been incredibly responsive in its delivery and the pace in which things have happened, and, again I make the point it has been incredibly appreciated by the industry. It has removed so much stress and uncertainty during the period around the capacity to access a port where it has been most needed. I also make the point it was a bit of a learning from this crisis. I ask the question: why did it take a crisis for government to be as responsive and quick in its turnaround on things? I guess it is perhaps one of the learnings we can take out of this as a state and as an economy.

The third point I make is the industry is taking its position really seriously about the uncertainty and anxiety around borders. Clearly, there is a debate and an anxiety that we will probably unpack in the next few minutes about what that means and what represents. We know and understand there is an anxiety around borders and it is disappointing that has been put around a notion that tourism is going to be a risk or is going to bring risk to it back to the state. We have a responsibility as Tasmanians and as an industry that is ingrained within our regional communities and ultimately, tourism operators are members of this community. We all share that responsibility to make sure, as intrastate visitation resumes, we do it responsibly and in a way that manages and minimises the risks of the ongoing uncertainty about living with this disease. I wanted to put that point clearly.

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There is some almost anecdotal commentary that tourism just cares about business or money. It is clearly not the case and it is not the way we approach life as an industry. Frankly, we know we have a responsibility in the next six to 12 months to start rebuilding the economic contribution we have. When we do that, we have to do it responsibly and sensibly and recognise there are proponents very anxious about visitations to the state.

Mr O'BYRNE - Thanks, Luke, and thanks for your time and on behalf of all Tasmanians, we acknowledge your industry has suffered significantly because of the restrictions. The industry's response on the whole, in terms of understanding and responding, has been inspirational. Your industry is a big part of our community and when you guys are hurting, we all hurt.

You mentioned the borders. We received some evidence from Don Challen, the Chair of the Premier's Social and Economic Recovery Council. He talked about the issues around borders and he talked about the issue of the health advice, but also the Government articulating a plan of a way forward. There has been an announcement around dates, but he was calling for more of an articulated plan so people can understand. Have you any views on that position from Don Challen?

Mr MARTIN - Certainly, we agree. It is hard to be critical of something we are living on a day-to-day basis. The border question since day one has been this evolving process we are going through about what is safe travel into the state, when is it appropriate, and how is it going to be done?

We are not alone in dealing with this. Every state is going through variations of this debate. The first point we would make is, consistently, since day one as an industry locally and nationally, we would want to see an understood, nationally led and planned-out structure for the reintroduction of non-essential travel into the state with the lifting of restrictions. The question is whether we have that yet. I think there was inherent uncertainty created by the Premier trying to provide certainty. I will say he tried to provide certainty by pushing out a date, 1 December. He explained that very well to us and it is hard to disagree. There are too many anecdotes for businesses that were refunding. People had booked and were having to find money they didn't have to pay out refunds because of this rolling date and the message around certainty. He has given us certainty, and it is obviously a long way off.

The problem is, I do not think the confidence is there. It is not just a Tasmanian conversation. It is a national conversation about, what does that look like on 1 December? We have heard messages about some states going earlier - even Tasmania potentially going earlier - but the uncertainty now created around that 1 December date and then what the plan looks like is the number one issue we have to deal with as an industry.

To put it into context, I think you all understand that summer - whatever summer is - is going to be incredibly important to us because next year's winter is going to be challenging. Whilst we have the stimulus flowing, we have the intrastate market this year, we are clearly going to need some sense of summer that is more than Tasmanians market, because we know, looking six to 12 months down the track, winter is going to be tough. The whole period around December, January and February and what that looks like - when we have certainty for people to book, where they can book from, what markets are going to be open, and what does the travel situation look like, what are the quarantine arrangements if you have any risks, what do you have to go through at the airports? The whole planning process around what to do if, god

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forbid, somebody does carry it in? What are the tracing and tracking arrangements for the businesses and the operators involved? We must have that plan clearly understood by Tasmanians, and clearly by the industry, within the next four to eight weeks before that time frame blows out.

The reality is that there is also a degree of uncertainty about whether that 1 December is going to be achieved - and that is unfortunately the dilemma that has been created by these moving dates that we have across the country.

Mr O'BYRNE - The date is what the date is, but ultimately the plan will be articulated and understood regardless of the date, because there will be a date at some stage where there will be changes. In the absence of a plan, what kind of pressure is that putting on your members in terms of making key decisions? Obviously, a number of your members are holding on by way of JobKeeper, but in the absence of a plan, what does that mean for your members?

Mr MARTIN - We're hitting a couple of significant cliff falls, one being the reduction on 1 September. JobKeeper, universally, was a saving grace for the entire visitor economy across Australia, including Tasmania. What a lot of businesses and our larger employers did was take JobKeeper at the start of March or April, whenever it came in, expecting that at the end of September there might be some normality around business activity. So they have deferred making decisions about their employment structure. With the reduction in JobKeeper next week, or in two weeks or whatever it is, I am expecting a lot of businesses will start making decisions around their likely employment structure for summer. This uncertainty around what sort of market we are going to have is a driving influence.

The other factor is the banks calling in their mortgages. That is the great unknown at the moment. When are they going to do that, and how severe will it be? What are the implications for business operators who are living off reduced JobKeeper, who usually make most of their money over the summer months, and have had suspended mortgage repayments for the last six months that are eventually, at some point, going to be called in?

Ms FORREST - Getting around different parts of the state as I have, being a good Tasmanian, most places I have gone to have reported much better than average winter figures as a result of Tasmanians staying at home. This is pre-voucher, so I imagine that will also help.

I accept your comments about next winter, but do you think that would have eased the pressure for a lot of businesses in terms of the banks potentially foreclosing on them?

Mr MARTIN - I think that is a general comment. We need to be really careful about saying that the whole industry is doing well.

Ms FORREST - I didn't say that. I said generally.

Mr MARTIN - I will just put it in context. I have had the conversations. I will use your electorate of Stanley, Ms Forrest. If you line up 10 accommodation operators in Stanley, you will get two or three saying they have had their best winter ever. You will get two or three that say they have not had a booking in six months, and a couple in the middle.

The reality is the Tasmanian market has responded to a number of factors. There is a bit of a 'bucket list' approach, and certain businesses and certain offerings are coming out really

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well. Some products, like your suburban motels, there is not quite enough to get them busy. Some have been dependent upon particular market segments that are off the table, for example, the tour bus operators and the Asian international market.

My first comment would be that yes, some operators and some destinations have had a fantastic winter, and are continuing to - and as I say, Tasmanians are doing what they need to do, which is to get out and support it where they can. But there is a large chunk of the industry that is either not operating at all and not in any position to have any kind of Tasmanian intrastate market, or are not getting any type of demand at the scale they need. They are already treading water, slipping further under.

The risk is when those thresholds start hitting - the March JobKeeper cut being one, and then the banks.

Yes, across the entire sector is a complete diversity of views and experiences, but we know that the sheer disruption into the market means there is a bunch of relatively large businesses and individual operators who do not have a product or an offering that -

Ms FORREST - Do you have a breakdown of the sectors where the real challenges are?

Mr MARTIN - Anecdotally, we will have another sentiment survey from industry in September, which will tell the story very well, but we know from previous work that any businesses geared around tour and travel - so bus operators, the bespoke small-scale little tour businesses which we know were renown in Tasmania - Tasmanians don't generally partake in getting someone else to drive them around the state, so that is a market that has disappeared.

The medium to large accommodation businesses, by and large, are not getting the scale they would normally achieve. The bespoke accommodation, tour and attraction operators, those that do specialist-type product tours - high-end tours generally, usually geared for the international market - and the tragedy you see when you drive out to the airports and see the paddocks of rental cars. We forget with rental cars that most of them are franchises owned by Tasmanians - and by and large six months of zero business.

Mr DEAN - When is that report likely to be released?

Mr MARTIN - We are doing quarterly sentiment surveys. Tourism Tasmania did one in July, and we will next do one end of September, early October, so in about three weeks. That will also start to see the true story of what the impact of the vouchers has been. We will split that out by sector. We will release that and make that available to all and sundry. I predict we will find that 20 per cent to 25 per cent of the industry is way up on last year, probably 50 per cent way down and some treading water in the middle.

There is that common factor, 65 per cent to 70 per cent of the industry that are on JobKeeper, and clearly the implications are the banks.

Mr O'BYRNE - A question on the issue around the plan. Business certainty is important. You mention there is a crunch point coming up where, perversely, you have some vouchers that may get some of your businesses below the 30 per cent drop-off threshold because of that stimulus, that little hump of activity. In the absence of a plan about not just the borders but what we will do in the event the borders are open, how big of an issue is that lack of uncertainty

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around a plan, so that at least people can make some decisions about what they do? How much of an impact is it having?

Mr MARTIN - One of the extraordinary things we have achieved as an industry is to launch the T21 plan. A lot of the work had been done prior to COVID, and one of the most impressive things I feel I have been a part of over the last six months was the ability of the Government and industry to come together and literally come up with the road map to get back to where we want to get to as quickly and as strongly as possible.

That was launched in August. What we have applied there is a clear understanding to industry that we are not going to sugar-coat what the likely scenario will be, in the six to 12 months especially. It is going to be challenging.

To put it in context, we are predicting that even if borders do open to some interstate markets, January and February, where most businesses make their money for the year, and especially in regional parts of the state, is likely to be the equivalent for a normal August, the worst month of the year.

That is the scale of the challenge around what summer will be, irrespective of borders, and that's with the assumption that borders will be lifted.

What we know, that is the starting point to start building back up, and every implication and every modelling that we have done and every understanding we have about the Australian market and how it views Tasmania, is that if we are smart around stimulating visitation through things like Bass Strait equalisation schemes and getting our events back, and if we are clever with our marketing, and if the international borders continue to stay closed, there is every reason to expect that 2020-21 will pick up dramatically. Then next summer, 2021-22, will be back to some sense of a normality in the new world.

It is the next six to 12 months that is the challenge. That has been well understood, well put out to industry and stakeholders. The issue around how we can keep sugar-hitting or stimulating the intrastate market, the markets that do open over summer, and obviously getting things back like our events and our business events in early 2021 will be so critical to those businesses hanging on until we expect Tasmania might shine. That is what will happen when Australians start to feel comfortable enough to start domestic travel again.

As I say, to put that into perspective, the best-case scenario this January would be like a normal August and August is normally the month people around the state go, 'it's dead', and that is the reality for modelling that has been done.

Mr O'BYRNE - That is pretty sobering stuff, Luke. I want to clarify my question. If businesses are now potentially losing JobKeeper - because that's going to be pared back now - and they're not clear about what an opening looks like in terms of costs on their business, what restrictions that may or may not be in place, if they are not clear about that, is it likely that many businesses will just now cut their losses?

Mr MARTIN - I think what we will see is some businesses that will not come back from where they are right now. So I think there is a contingent of operators who are either lifestyle businesses or in that single operator tour-type market who will find it very tough to come back quickly, if they ever do at all. I put that in context: I think there are already businesses that are

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going through that. I think the loss of JobKeeper will be another factor for people who would exit the industry, put their businesses in complete hibernation, or find another income source and, as I say, put it into hibernation and maybe come back later.

What I am worried about are businesses that have significant debts and large mortgages and, obviously, it is the banks can't (indistinct) and JobKeeper reduces, then we are looking at least at another six to nine months of a very compromised visitor market.

I am deeply concerned about what things might look like come April/May next year.

Mr O'BYRNE - Do you need JobKeeper to continue? What is your position on JobKeeper?

Mr MARTIN - I am director of the Australian Tourism Industry Council (ATIC), which is the national body. The view that we have is that there will absolutely need to be some ongoing support for the tourism industry nationally, post March. From the perspective of Tasmania, we're looking at a summer. Other parts of the country are going to have a wet season this summer, and then they go into next year so they are already looking at another six to 12 months of pretty bleak forecasts.

If JobKeeper doesn't extend, there will need to be some other form of industry support to the tourism visitor economy sector around the country, Tasmania included. Whether that is a form of ongoing business support; whether that is an incentive for people to travel, suggestions around things like tax deductible holidays have been flagged, or tax credits or vouchers at a national level. There will clearly need to be some ongoing assistance to the industry post March, if it is JobKeeper or if it's in another form.

Ms FORREST - This follows on from that, Luke. You talked about some of the measures the federal government could be engaged in. Tourism is an Australia-wide issue for the country. Aside from the vouchers that the state Government has put into place, have you had feedback from stakeholders or from within your own organisations of other measures that may be helpful to pick up some of those industry sectors that are struggling more than others?

Mr MARTIN - Yes.

Ms FORREST - What would they be?

Mr MARTIN - I guess to go back to the point and I might have gotten a bit lost, one of the things I have been most impressed about from the state Government, and I know this has been led from the Premier down - but particularly also by the public service - has been the responsiveness to anecdotes and examples. Obviously, the first round was the business support grants which were literally lifesavers, I suspect, for a number of business operators because there was that gap whilst JobKeeper took time to jump in; this was the \$15 000 grants. Along the journey, we have seen a specific response to the foreign workers issue, now the intrastate market. That approach has been important and I think it will continue.

The small tour operators, the rental car companies and the tour bus operators, and the types of products that Tasmanians are inevitably not going to support at the level that perhaps accommodation businesses might get, those solutions are going to need continue to be applied.

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We have some creative ideas being put on about what you could do for example, the hire car company when we can. We will struggle to get Tasmanians to use hire cars. However, when interstate borders do open and people are coming down on fly-drive holidays, hopefully from domestic markets, can we do something then around vouchers, incentive support for hire car companies? Tour bus operators and people who operate in our national parks largely are completely dependent on interstate and international visitation. Suspension of their licences to operate with no financial (indistinct) incurred, just simply strategies like that that keep the business outgoings to a minimum and give them a bit of breathing space to bounce back. Hopefully, that will reduce that dropout that I was referring to if the market does not recover as strongly as we like.

Ms FORREST - I accept your point about the Government listening to all sorts of ideas and being open to all, which has been a positive thing. One thing that I am hearing - with some level of reliability - is that the sale of caravans and motorhomes and things like that have gone through the roof. You can't get one for love nor money at moment as people see it as a safer way of travelling. If we see a lot of Tasmanians or even mainlanders choose to do that, do you think it is going to create an ongoing challenge to some of the operators who would normally rely on people flying in and staying?

Mr MARTIN - What we can assume is that there is going to be a dramatic - I think we have used the term, drive holidays are back in vogue. We haven't been talking a lot about drive holidays over the last few years. They are the bread and butter of regional tourism in Tasmania, the people who come down in their caravan or their family station wagon, or the retirees who come over for two weeks, whether they catch the *Spirit* over or they fly in and hire the car and do the two weeks. The assumption is that is going to be a significant market for us in Australian tourism over the next couple of years. Tasmania is well placed to benefit from that.

The *Spirits* are going to be incredibly important to our recovery. We have already flagged, for example, the Bass Strait equalisation scheme. This could lower the cost of bringing your vehicle or your campervan over on the *Spirit* so that we can compete with other parts of the country that are going to be more accessible for people in Melbourne and Sydney who don't want to travel by plane.

It is an opportunity. We have a lot of challenges in the caravan/campervan market because everyone knows the product, free camping, and some of our regions are not as well equipped as other to benefit, but clearly for the next two to three years that that is going to be a pretty significant market. It also reaffirms just how critically important the *Spirits* are going to be over the next 12 months.

We have one airline that is coming out of receivership. We have another airline, a national carrier, that is basically saying they will be in receivership if they don't get (indistinct) February basically. The airline market is going to be incredibly and utterly vulnerable and uncertain. In the meantime, we have these two magnificent ships that we know can do double crossings, and are going to be well-equipped for people who don't want to travel by plane. I think the *Spirits* are going to be our lifeboats.

Mr TUCKER - Luke, what you are saying, what is going on here at the moment, reminds me a lot about the drought issue within farming. I know within the farming community we are managing drought. There is a lot of belt and brace actions that have been developed over time to protect themselves from this. The question I am going to ask you, with your survey that you

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are putting out, are you asking people what we can do to help to get through, because Government's facilitate things, communities drive things, that is where I am coming from with that. In your survey have you asked question like that in the hope to get answers?

Mr MARTIN - Some context on the survey: Tourism Industry Council Tasmania does one twice a year. We have done it for years. March, which asks operators to look back on the summer and look ahead to the winter; and then another one in spring, October, which looks forward and back. Conducive to that, the Government as part of writing T21 Tourism Visitor Strategy, we did one about two months ago which got about 500 respondents. We typically ask the question about what more can we give. That is where the practical ideas come through.

Parks operators who just wanted some breathing space for their licences, insurance costs are a big one, so that is the primary source across the industry where we are getting practical examples. As I say and I genuinely mean it, the Government in my experience has been incredibly responsive at picking up those ideas and coming up with practical solutions. The vouchers were a major driver out of it, the current \$5000 grants were a major factor. Another grants program which has not had much attention but is a big one but when we do go into the market again, nationally, we need to make sure Tassie has a presence.

The first thing that businesses generally pull back on is marketing. What we know we needed to do was to provide some support for businesses that would normally market in their national travel publications, the Flight Centre visitor guides, the publications people pick if they are deciding to go on holiday. A small but effective program has been some incentives to get businesses to access some funds to be able to get back into the market.

One of the positive things to have come out of this crisis has been listening to the industry - Government being highly responsive - and we have a pretty effective communication mechanism between operators on the ground and the decision-makers up high.

Mr WILLIE - Luke, I suggest that the plan is urgent given JobKeeper is about to change. I am interested in what Government is telling you about that plan, because presumably in consultation with public health they could look at the thresholds to lift travel. They could look at the safeguards that would be in place with the border and temperature checks or whatever else. They could be outlining expectations on business in that environment so you could be prepared. That would give your industry some predictability and also some clarity in making decisions now. How urgent is that plan and what is Government telling you about that plan and when they will start to clarify those things?

Mr MARTIN - I agree absolutely. It not only our industry. I keep going back to the point that we understand there is high level of anxiety. I grit my teeth and want to cry every time I hear people on ABC radio ringing up worried about this 1 December deadline as if we are going to bring the disease over on the first day. That is not the way we want tourism to be perceived, and it is obviously not the role we see for tourism in this community. We need to deal with the anxieties or the apprehensions of Tasmanians.

The concerns of people in the aged care sector and their families and clearly for the operators, the key issue is confidence that we can, at some point, reintroduce visitation sensibly and appropriately and plan around that. It does need to happen. There has been a shift of thinking, clearly, and conversation the last couple of weeks that I have been part of within Government that is genuine about answering those questions you outlined, temperature checks

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at the borders, what is the process if there is an incident and someone does what I do and says yes, asks you one of the questions and are they allowed to get on plane, or do they have to sit off to the side and get a test, or what is the process?

One of the issues I am mindful of is a lot of the operators around the state who were told to get COVID-19 plans through four months ago and then business as usual pretty much since. As we all know everyone has managed to get out. We have not had the restrictions imposed or the message about being COVID-19 safe. We need to also get our businesses back up, refreshed and understanding about what they need to do to manage risks when business activity starts.

If we go by the 1 December deadline, the Premier or around the start of November he wants to give everyone that confidence around the December deadline. We have a window of four to six weeks to really start prioritising that, and my hope would be that the public health officials are turning their attention to this. As I say, clear anxiety is a major factor for Tasmanians and for our industry. It is not only anxiety; it is almost a matter of survival for us about that deadline.

Mr WILLIE - That four to eight weeks assessment that you are making, that's your assessment. What is the Government telling you? What are they going to do to start communicating these things, and provide a bit more predictability and certainty for all Tasmanians around what is going to happen?

Mr MARTIN - Certainly, the message has been pretty clear to us. Since the 1 December deadline was announced, attention has turned to that. I know it will be a part of some conversations within government, so it is getting traction.

I think the key thing I want to see is Public Health officials put some science behind what it is they consider safe travel. What are the circumstances, the parameters or structures they want to have in place on the ground and at our borders when interstate activity does start? Also, how are they tracking, measuring and responding to the anxiety in the community about visitation? I am not sure we have quite seen that publicly, and I am not convinced - I'm not certain about how much of that work has been done internally yet.

Mr WILLIE - The risk that this work is delayed. It doesn't add any confidence to the Tasmanian community as we get close to the 1 December date, and then it gets delayed again; that is the situation we are in.

Mr MARTIN - That is certainly our deepest concern at the moment.

Again, we have confidence in our Premier that he is trying to do the right thing by all of us. It's confidence - the ability to feel confident to be able to make the decision to do it. It's a huge responsibility he is carrying, not just for our industry, as our minister, but also to the state around managing risk. The industry is really keen and wants to participate in that conversation about how we do manage risks. How do we ensure the risk is managed to a minimum, to be the safest destination on the planet to visit? Because that is what we should expect.

Tasmanians have done an amazing job to keep things safe. We have this geographical advantage to be able to do this, but we need have those conversations now and we need the Public Health officials to be leading it. I observe, the same as you guys, I am sitting back

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waiting, and I am concerned about the sentiment, the anecdotes, and the commentary coming from the community about their anxieties around 1 December.

Mr O'BYRNE - Luke, you talked about the importance of the TT-Line and the *Spirits*, and calling them the lifeboats. I think when the two new vessels were purchased, it revolutionised tourism in Tasmania and the Tasmanian economy, not just for your industry but also for time-sensitive freight. You were expecting an uplift of 40 per cent capacity near the end of next year and early 2022 with the vessel replacement strategy that the TT-Line had implemented. That has now been put off, potentially, to 2028. That must create a level of uncertainty for your industry.

Could you talk through what the industry feels about that decision and what you are calling for in terms of the certainty?

Mr MARTIN - We do take the *Spirits* for granted. They are an extraordinarily important part of our infrastructure and they have been amazing, not just for our sector - it is their role in freight. From a tourism perspective, we know they bring about 12 per cent of visitation to the state, which isn't huge, pre-COVID-19. It isn't a huge number, but that is 20 per cent of visitor spending. By and large, they stay longer, spend more, and disperse further into regional Tasmania, the west coast, the far south. In every which way, the *Spirits* are our most important visitor infrastructure.

We are excited about the prospect of new ships; the challenge around the *Spirits* is well known, around the capacity restraints over summer. The caravanning market has obviously been discussed. Also, the reality of what we know is that every time there has been an injection of capacity into the Tasmanian visitor economy - the introduction of the original *Spirit*, the introduction of low-cost airline carriers; the reintroduction, for example, of new direct airline services to new markets - we see an uptake in investment; we see an uptake in visitation and visitor activity.

Clearly, the new generation *Spirits*, and the 40 per cent capacity and what that offers around forward planning for investment around our recovery, it is obviously not the solution for next year or the year after. But sooner rather than later, we want to see those *Spirits* in place. We want to see that those original business case arguments about why the *Spirits* need to happen sooner than 2028. I don't believe COVID-19 has dramatically shifted that. Their freight issues are still the same. They still have the demand on freight. As I have discussed and made the point, it is a critical opportunity to stimulate visitation in the next 12 to 18 months. I am certain and confident the business plan will show that the *Spirits* are needed earlier than 2028; it is about how to achieve them.

In terms of the Premier's decision to look at Tasmanian investment opportunities, who could argue against that? As a shareholder he has the right to do that, and \$1800 million as he made the point, signing off on an investment - and if there is the opportunity to do it in Tasmania, in Australia, it is right to do that. Who can argue against it?

From our perspective, the key points we keep reaffirming is that while everyone would love to see some stimulus created by the creation of those ships, ultimately they are about the next 30 years of agriculture and tourism jobs. That is where the long-term and sustainable investment will happen, and the jobs these ships are always about.

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The building of the ships - yes, it would be fantastic if it could happen in Australia, and ideally some part of it in Tasmania, but really the ships are ultimately about the future of the state economy over the next 30 years, not the stimulus of the creation of them.

The second thing is clearly TT-Line has done a mountain of work over six years to progress those business plans - the concepts, the research. They know their business better than anyone in the state or in the country. I see no reason, from our perspective as an industry, and no-one has given any evidence or any arguments to show why the work done previously is still not valid.

The challenge for us to bring it all to a head. We want to see those ships happen as soon as possible. We certainly do not want to see them happen in 2028. We want to see them happen sooner than that. If they can be created in Australia or Tasmania, that is fantastic if it is economically sustainable, but our biggest concern around timing is that there would be any departure away from a model or a business plan that has been developed over many years, millions of dollars, and was endorsed by their board, endorsed by their management and endorsed by the state Government twice, so I don't know what has changed around that. That is the long answer to your question.

Mr O'BYRNE - I suppose that does move to the point to be strategic. It is clear that without certainty in the replacement, it is investment lost because, as you said, people will be making decisions based on the capacity that flows through to a whole range of your members - so that investment is lost.

You talk about the decision. The Government has established a committee. There is no person on that committee with boatbuilding experience. There is no person on that committee with time-sensitive freight experience. The only person on that committee with tourism experience arguably is the TT-Line, in Bernard Dwyer. The rest are dominated by federal and state Treasury people. What kind of message does that send to your industry?

Mr MARTIN - That is a loaded question, David. We have, as an industry, supreme confidence in TT-Line and Bernard Dwyer, and their management and their board, because of their record. Everyone said the demise of TT-Line would happen with low-cost airlines. There was genuine commentary about five to 10 years ago that TT-Line's business model would be reduced because people would increasingly fly to Tasmania, not by sea. But what they did was the opposite. They have grown their market share. They run an outstanding business. It is easy to knock the ships. Tasmanians are great at it, but on any measure they have been outstanding performers. The company has developed a business plan to effectively create new-generation ships on spec, on purpose, for Tasmania for the next 30 years, largely funded off the bottom-line balance sheet of the company, so they deserve the right to be able to have confidence in them and in the business plan they will be presenting to that committee.

I would be curious to know if there are the skills around the committee to pick sufficient holes or change the direction of the work that has been done by TT-Line.

Let the process run its course. I am sure there will be all sorts of agitating, exploring and lobbying, as we have seen about different big shipbuilders who want to build the things. I make the point that I hope the decision is not necessarily made on where they are built, but is about the best interests of the service, the company and the industries that rely on them for the next 30 years.

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Mr O'BYRNE - Just one more question on that. The presence of the two ships back in the early 2000s actually created some competition with the visitor market. You had a number of low-cost airlines, and the airlines started to become more competitive. Arguably, I think you said the figure was 12 per cent in terms of visitors. That is going to increase, given the problems a number of airlines will be having, so it will be even more a significant part of your market in terms of visitations.

Mr MARTIN - Yes - and to make the point, we control them, we own them and we have the ability to stimulate them. They are effectively subsidised with the equalisation scheme that is in place. They are an amazing, wonderful asset that we are going to need in the next 12 to 18 months because of what we know about the market and where it is shifting, the uncertainty in the aviation markets, and obviously the fact that they are there and they can be used and we can do things. We know that work stimulates visitation - for example, the shoulder seasons with low-cost carriage.

By no means am I suggesting that airlines are not going to be incredibly important. I do not want that perception to be made - but again, we are going to have to be smart about how we work with the airlines and support them to get them back at the levels we want.

Clearly, the *Spirits* in the next 12 to 18 months are critically important. History shows that the *Spirits* are a fundamental driver of regional tourism to the state. The new ships will provide an incredible opportunity to really take that to a new level over the next 10 to 20 years, which means there is more investment in places like Stanley and Strahan, and the far north and the far north-east.

We know that people who have come on the *Spirits* are far more likely to visit those areas, and far more likely to spend money, and industry is far more likely to invest if it has confidence that those numbers are going to come.

Mr O'BYRNE - Will you be making a submission to the task force?

Mr MARTIN - I don't know if we have the opportunity to, but we certainly would if we get the opportunity to.

Mr O'BYRNE - The sentiments you just articulated about the importance to tourism and time-sensitive freight, have you raised that with government?

Mr MARTIN - I don't think there are any secrets about our sentiment around the *Spirits*. We respect the decision the Government is going through. We know [inaudible] about the business plan that the Government endorsed twice. They went to market to build the things first; it fell through. We know that, and I have not heard any arguments about why the business plan model they are proposing for the new ships isn't still valid.

I understand there is a process to determine whether they can procure the ships within the Australian context and, again, I understand why they are doing that. The key issues we will be measuring them on will be the timing, and obviously we will be very surprised and concerned if the end of the process - given the process you have outlined and who is making these decisions - saw any movement away from the model endorsed already by - and well accepted and understood by - TT-Line, industry and government.

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CHAIR - One quick question on the *Spirits*. I want to make sure I get this right. You floated at one stage that perhaps the *Spirits* should consider free travel. Did that get anywhere, or are you going to take that any further? What is the position there?

Mr MARTIN - The *Spirits* are heavily supported by the Bass Strait Passenger Vehicle Equalisation Scheme, brought in by John Howard in 1996. Effectively it underpins the viability of the *Spirits*, like the freight equalisation scheme does. In practical terms, it is about \$180 each time you take your car over - so it is based on the vehicle, not on the passenger. The Australian Government justifies it on the basis it is equivalent of what they would spend on Highway 1 anywhere around the country.

Over time, the equalisation scheme lost its relative value, so that you and I and all of us and our visitors pay a gap as part our passage on the *Spirits*, and it is around \$180 to take your car. Again, that was not originally intended. It was allowed to happen over 20 years. Originally, you didn't pay anything; you didn't pay any gap. Now you pay \$180. One of the most immediate solutions we have felt - given the context we have discussed around how important and what an opportunity the *Spirits* are - is that bringing that equalisation scheme back up to its full value, increase it by \$180 essentially, would mean TT-Line can effectively go to market and say, 'Drive your car to Tasmania for free.'

What people pay up top - whether they want to stay in a seat or a cabin, or do a daytime or night-time sailing - is their business, but your vehicle component of your travel or your passage would be free.

Everyone is universally supportive of that as an idea, and think it is practical and sensible and obviously the economic return would be significant. The state Government, I think, endorsed and proposed it as part of its support for the federal government. I think the Opposition has been behind it all the way. We are strongly enthused about it. TT-Line supports it. We are going to need to apply these solutions when the Victorian situation is under control and when TT-Line is able to restore its passenger services. I have not heard anyone come up with a better idea than saying they can go to the market in Victoria and New South Wales and tell them that you can bring your car to Tasmania for free. This makes us competitive with other Australian domestic destinations, so they will be appealing to that driving market. That is certainly alive with us and we are going to continue to push for it. It is a challenging time to start advocating or continuing to advocate for this when the Victorian is under control, and I go back to the point about the anxieties in the community about us agitating for visitation to some of these markets.

CHAIR - Luke, are you able to continue on for a few minutes if you do not mind? We have some other questions.

Mr STREET - Do you have a rough dollar figure on what it would cost to reduce that gap you are talking about to effectively raise the rebate?

Mr MARTIN - Well, it is \$180. The original proposal we put forward to government, admittedly this was back in March, was for about 10 000 people or do it over three months. It is a short-term stimulus. You do the maths. It is about a \$20 million imitative. Again, the value of the scheme at the moment, the total equalisation scheme is around \$38 million to 40 million last time I looked. It is a significant federal government contribution, but it is based on the principle that they spend billions of dollars on Highway 1 around the rest of the country.

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How far do you stretch it? Is it a short-term stimulus, potentially for three months, you get the free travel. Is it something you continue indefinitely? Again, it is not a huge amount of money when we know that, say, you increase it by \$180, the average visitor spend by someone who comes to Tasmania on the *Spirit of Tasmania* is about \$2500. I am sure the economists can crunch that and work out it is a pretty good return on investment.

Mr STREET - To be clear, the gap has occurred from not indexing the rebate from when it was introduced?

Mr MARTIN - It was not indexed until 2008. It was brought in in 1996 and it was a pure subsidy equalisation scheme, it was not subsidised and created this gap so, since 2008 it has been indexed.

Ms FORREST - I want to take you back to some of your comments regarding the borders. I guess it is fear in the community of reopening and having COVID-19 come back in with visitors to this state. What is your role as TCIT in assisting businesses to be COVID-19-safe? How do you see the Government's role? Does there need to be more investment in that to make sure businesses are ready? You hear stories about people being concerned now that with the borders effectively closed some businesses are not doing so well.

Mr MARTIN - The original approach we all took was essentially to defer to the advice that came through. Again, the Government was proactive about making the COVID-19 standards and safe plans accessible. We as an industry, and I am sure I speak for other industry bodies - THA and RTA - for our role to facilitate, not to play a direct role in coaching operators through. That being said, there have been a couple of local solutions. I notice you have Chris Griffin on your program today. They have an approach in the north of the state around helping businesses come up to the level so, there has been a bit of a direct response.

I also have a program through our national body, which is COVID-19 [inaudible]. This is industry-led about procedures and practices for businesses to apply the Government's advice, the workplace standard's advice, into their business procedures. There was a rush of energy leading up to the lifting of local restrictions of businesses heavily engaged in that process, going through the process and making sure universally the industry responded positively.

Clearly, there is the need to restart and put some energy into that. What does it look like? It is messaging - a communications approach - that must see leaders of the industry and the bodies and the Government set about making sure businesses revisit or reset around what they need to do. If there are additional procedures brought in by Public Health or the Government, we need to make operators up to speed on that. Obviously, we know some business do need that support, direct handholding support, so what is the model best to do that? It has been on a bit of ad hoc basis in different parts of the state until now and there will be some examples where we need to step it up.

Again, if we are planning on a time frame, these are the sorts of things we probably should be dealing with right now, if not a month ago, given these issues are the reasons why we haven't got our borders open.

If you tell the industry that these are the conditions for reopening, I am pretty certain that industry will respond heavily and positively, so we just need to get back into that head space.

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Ms FORREST - One of the things that is really important in this whole aspect is cleaners. We often underestimate the importance of cleaners, and cleaners trained appropriately in COVID-19 safe cleaning, if you like. Do you think there needs to be a greater investment in that area? It is particularly in accommodation facilities and other public places like restaurants et cetera where people are actually touching many more surfaces than they might in some other places.

Mr MARTIN - By and large I think the industry came up with some practical responses. Some of the larger hotel chains, the ones that are a part of a national network, a franchise or a national group, had some pretty robust cleaning procedures and practices brought down to the local level. I know that the Tasmanian Hotels Association - THA - and some of the bigger hotel operators locally also did some pretty practical training solutions that were brought in based on the Public Health advice.

I have always been a little concerned about the owner-operators, the smaller businesses, the bed and breakfast operators, who obviously aren't professional cleaners. They are lifestyle accommodation businesses, frankly, and they do it off the side. To go to your point, I think a lot of our larger professional industry are probably at the level they need to be and will continue to because they know how important and critical this around risk management.

The more we can do for our little, smaller operators, I don't think you can ever do enough. I guess that is probably the best way to answer that: more training; reinvigorate the messaging around the need for this to be taken seriously; procedures and access to online training programs. Whatever we can do so the small bed and breakfast operators in regional Tasmania get refreshed and have the confidence to know what is required of them legally through workplace standards but also practically. They need to know they are doing the right thing and have the procedures in place, and the knowledge, in their own operations.

Ms FORREST - I was thinking, Luke, maybe there needs to be a bit of a campaign to have a minimalist approach to accommodation. Some of the high-end staff will have 65 pillows and cushions on a bed, almost 65, but they have an extraordinary number of pillows. I think most people take them off the bed before they get in. Even though that looks nice and looks attractive and adds colour to the room, maybe a campaign around that.

Mr MARTIN - I am sure everyone has stayed in a hotel, the removal of the minibars, which has all been a part of that, picking them up and putting them back.

I think most of the larger operators, part of those chain networks or the larger hotels, because it is about risk management and them applying what is workplace standards, the law. Again, the smaller guys, I think we can always do more.

Mr O'BYRNE - I am not sure of the hotels you are staying at, Ruth, but I am lucky to get four pillows.

Ms FORREST - I see the pictures in magazines, David.

Mr O'BYRNE - Well done, you are obviously stimulating the Tassie economy.

Mr MARTIN - Up at Stanley -

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Ms FORREST - Go to Stanley; they have some nice ones in Stanley.

Mr O'BYRNE - Back to JobKeeper, Luke. We know that 63 000 Tasmanians are currently receiving JobKeeper and a big proportion of those would be working in your industry. A hard finish, a finish that is allocated, what has been articulated now, if that is not changed, if there's not another package, what is the impact on employment in the hospitality industry in Tasmania and the tourism industry?

Mr MARTIN - Dramatic. We know from the most recent survey we did, again we will test this question in a couple of weeks, 'Are you still on JobKeeper? Are your staff still on JobKeeper?', so we will have more up to date data on that in a few weeks, and we will then do it again in summer before the March deadline. We will have a very up-to-date numbering on this. But we know 70 per cent of our respondents to that July survey showed they had staff on JobKeeper. It is an alarming prospect. What worries me is not so much the next few weeks or 1 December - it is what March, April, May next year looks like.

Again, we can only do what we can control - which is to responsibly and sensibly reopen our borders to allow the interstate markets to start recovering, do what we can to stimulate that market as sensibly and as safely as we can, do what we can to support these businesses over the line, and hopefully continue to see a proactive response from state and federal governments, and things like banks.

Then, I am hopeful, I am ambitious and bullish that come the end of next year, if a new norm happens, and we continue to have international borders, we could come out of it really well. It is just: what is the state of affairs until it happens? That should be our driving concern at the moment.

Mr O'BYRNE - Leading into COVID-19, there was a lot of discussion about the labour market within your industry, and trying to build the skill level and lift the visitor experience. If there is not an extension of JobKeeper or extra support, how far does this set you back in terms of your skill base, with people potentially leaving the industry?

Mr MARTIN - One of the things I am a bit miffed about is the suggestion from some sectors that suddenly there is all this rush of tourism and hospitality professionals that need to get picked up by other industries. We still have a skills crisis right now, with the inability for foreign workers to come into the state. I think we have all been to regional parts of Tasmania where there is a significant international workforce, because of the skills gap locally. It does my head in that I go to Cradle Mountain, and I know it is in a region with some of the highest unemployment rates in the country, and there is so much reliance on international workers, when there are Tasmanian kids down the road.

We have an inherent skills challenge right now that will continue to play out while the foreign borders are closed. Then, longer term, we still need to keep that momentum going, on the basis that in reality it is likely to be young people in the industry who do leave it.

The skills issue, the workforce issue - again, short term is a problem. This summer is a problem. How we are dealing with things like that is we are going to launch a web-based solution where the job opportunities in tourism and hospitality almost work like a job-match program. You are going to laugh when I use this, but there is no other better use of the word, it is [inaudible]. A Launceston-based company has developed the solution, so all the skills are

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there. People log in with their profile and then find all the tourism and hospitality jobs. There will have to be some movement in the market, because for a lot of the people losing their jobs in the metropolitan areas of Hobart, and hotels, the job opportunities this summer and the next six months might be in regional parts of the state where the foreign workforce isn't there.

Job matching, providing the pathway from the opportunities to workforce, is going to be critical. Then into next year, again, the risk is we will have to rebuild that workforce if we lose large numbers - particularly young professionals - from industry. We are going to have to respond to that proactively.

Mr O'BYRNE - I think we have seen across a number of industries, but particularly in your industry, the economic security question, and that people in more permanent employment are faring slightly better than those in highly casualised industries. You have a high percentage of casualised workers in your industry, so what implications does that have for you and how you respond?

Mr MARTIN - We have seen across-the-board reductions in hours, so our casual workforce is increasing. That is the reality as well. We have spent the last 15 years growing the scale of the visitor economy to a point where we could reduce that casualisation factor, particularly in hospitality and in regional parts of the state, where it was always a problem.

Unfortunately, this is going to put us straight back on the other threshold with people who are going to potentially lose their full-time permanent positions and be re-employed as casuals.

Again, that workforce structure adjustment is going to have to be managed carefully. We know there is this huge body, particularly in the cities, of younger, professional tourism and hospitality operators employed through JobKeeper on reduced hours or days, and probably incredibly uncertain about their immediate short to medium-term future.

There are things we can do to try to keep them in the industry and keep them engaged. I referred to the University of Tasmania graduate certificate. We know literally hundreds of them are doing that course as we speak. It was a fantastic response from the university to keep them engaged in the industry and doing something constructive, but we are going to have fire up this visitor economy as quickly and strongly as we can to get them re-employed, because otherwise it is going to be harder and harder to get that long-term recovery back.

CHAIR - Thanks, Luke, for answering our questions and thank you for staying on for a little longer. It was pretty rough at the beginning, but it has worked out well.

Luke, is there anything you wanted to leave us with quickly, that we haven't covered?

Mr MARTIN - No, thanks for the time. Thanks for letting me get a lot off my chest.

CHAIR - Thanks. We will get an interim report out before the end of the year, to bring a lot of matters out openly that have come forward to us. Thank you very much, Luke.

THE WITNESS WITHDREW.

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Mr MICHAEL BAILEY, CEO TASMANIAN CHAMBER OF COMMERCE AND INDUSTRY WAS CALLED VIA WEBEX, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - This is a public hearing, it is being recorded, it is online and it will be eventually transcribed.

You have given evidence many times to these committees, Michael, so other than saying that parliamentary privilege applies - and you aware of that - to your hearing here with us today. Once you leave this position it may not apply and you need to be aware of that. That is all I need to say. You have had a look at our terms of reference and you would understand them very well. It is fairly wide when you look at the recovery side of it and incidental matters thereto.

We do not have any written submission from you but I will give you an opportunity to make a statement to us covering the areas of importance that you believe we should be hearing about and then we will go into some questions. You might get interrupted on the way through as a member might want to pick up on a point. I will leave it to you, Michael, at this stage.

Mr BAILEY - Thank you so much for the opportunity to present as well. I am here in Launceston in my spare bedroom so excuse the background, which is probably quite bizarre to look at.

Mr O'Byrne - It looks like you are in a chalet in the Swiss Alps.

Mr BAILEY - It is a bit like that, isn't it? This is actually a good way to present because, certainly, across COVID-19 this was the way that businesses pivoted. The working from home approach was something that not just business but Government did particularly quickly. Reading through the terms of reference, I thought I might refer to each of the four points one by one, although to be fair, point number two probably doesn't have much relevance for the business community.

First, the timeliness and the advocacy of Government response, to me that was an incredibly impressive process. From the very start of the COVID-19 crisis, the engagement of government at all levels, particularly at state and federal government level, was unique. Across those first few weeks, I think I was laughing with my Chair that we had gone 18 days straight talking to either a federal or state minister at least once a day. Why that was so important was that it was clear that government was very keen to ensure that they were taking into account the thoughts of business.

We had engaged quickly at the TTCI with our regional chambers around the state through our Tasmanian Chamber Alliance, which includes all chambers across Tasmania. We were meeting again virtually at least weekly with that group and we were able to feed information direct through to the decision-makers, based on what that group was saying as well as what we were hearing too.

From our organisation, we pivoted quickly also to move a lot of my staff who would do things, for example, like events and training -which was clearly not going to be our focus across the first few months of the pandemic - into a hot line, which took calls from any Tasmanian business free of charge. The calls we were getting in were also captured so we could pass that

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information through as a dataset to both state and federal governments to help them to make the decisions they were making.

I have to say the response of both state and federal governments was extraordinarily quick. They were able to move to address issues, for example, when the first idea of JobKeeper was pushed through to government and then brought back to, especially the Australian Chamber movement, I was able to point out that our Burnie Chamber of Commerce and Industry had found sole traders were not picked up in that first package. The minister I was talking to, Michaelia Cash, was able to quickly have it rectified. We received quick movement at the very highest levels of the ministers and government that were wanting to listen and effect change as quickly as they could.

To be fair, our bureaucracy in Tasmania was spectacularly good. They were moving very fast to address the policies were coming in, and they were coming in so quickly that at times it was difficult for the officers to catch up. That is not a negative towards the officers. It was just they were moving so fast to be able to operationalise their policies coming out.

At the time, we were all sitting waiting for the Premier's announcement each morning to see what the new day was going to bring us. They were all moving really quickly to operationalise what was happening.

Having said that, the engagement from the Premier through to all of the other ministers within the business community was absolutely profound. We felt we certainly had a heads-up on what might be going to happen, not always, but mostly, and we were then able to prepare ourselves for what was a pretty amazing time with things changing so quickly. It was also evident, right across government, that they understood what the decisions meant as far as an impact on businesses, on communities and on local people, so that was really quite pleasing.

As I said, I could not fault the response of the public service, who were spectacular; they really were. It is easier for business groups to throw rocks at public servants, but I tell you what, they were remarkably good with the entrepreneurial approach to what was happening. Their clear worry about the impact on Tasmanian businesses and individuals was absolutely profound, it really was. There were times too when things fell through the gaps. For example, we were very vocal about the federal government missing migrant workers, which was something we will all look back on as being absolutely disappointing. We missed a whole group of our workers in our country who have helped our economy across previous decades and they were given no support at all. For a state government to come out and lead the nation with support for those workers was really pleasing but, again, from a federal perspective I am not sure that is really a unique gamut of this inquiry. The federal government left a huge proportion of our working community out to dry with that decision not to look after them. We argued that very strongly with the federal government and we got no help at all.

I will not talk about number two as I am not sure my thoughts around the health response would be that useful, other than to say, along with the rest of the community, I take my hat off to the people working in that sector. For example, I know people who are working on COVID-19 wards in Launceston. I know the hours they put in and the hard yards they did. But, in line with that, I also know the work that workers in their areas like retail did across that time - through great courage at a time - when it really was not known how quickly this disease was travelling, how much danger people were in, then for those workers to go to work to keep

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food, going into people's homes to keep our economy ticking over, was spectacular and we should be so proud of those workers.

I was also very proud of the way Tasmanian businesses very quickly put in a whole range of efforts to address the transmission of COVID-19 before the work had been done by WorkCover, which, again was very pleasing the way they put together the workplace plans for COVID-19 was very useful. Even before that, the way the businesses pivoted to protect their workers was really pleasing.

Moving onto item (3) and certainly the recovery is going to be often more difficult than the closure. It feels it is easier to close things than to work how to reopen them in a way to keep the community comfortable and people healthy, which is our focus.

I revert to the PESRAC report which is a good interim report. It gives us a framework to move forward. As an association, we are certainly preparing a scorecard on that report so we can see how each one of the items is playing out. We will be working with other associations around the state to put texture into that.

What I would say is that the first part of the PESRAC report, the building confidence part, to me the underlying theme in that is the open and honesty about decision-making and I am not certain that we have necessarily seen that. We would still like to know publicly the rationale behind why we have internal restrictions in place at the same time the borders are closed, for example. I suspect there are very good reasons for that but I think it is only fair the community is made aware of that as well. I would like this committee to take that on board as a thought from the business community.

Business is very happy to do what it needs to do. 'Happy' probably is not the right word because many businesses have been severely impacted by this but we understand that keeping people healthy is the most important thing. They need to know the truth and they need to know the rationale behind decisions. There could be more work done in that communication around why things are happening and what Government is looking for. As an example, for borders to reopen in a bubble fashion, what is it that the Government is looking for to allow that to happen? What is the Government looking for to allow internal restrictions to be released? What would need to happen in Australia for that occur? I truly do believe that business is wise enough to take those things on board and once we understand things I suspect it would take a lot of concern out of it, the longer these things are held on for.

That is going to become more problematic, as we all know. Tasmania is going to head into a summer that will be like a normal winter for tourism and hospitality businesses. We will then hit winter again, so people's livelihoods are hanging on these decisions. The rationale behind it, I think, is important.

The final one, talking about other matters, and I have moved into it a little bit, I believe that we are going to need to work hard to get investment across the line. Any investment we have in this state that is coming from something other than government is going to be absolutely critical. Talking to some experts in the field, they are suggesting that the federal government's deficit might be over a trillion by the time we finish with all the government bonds and bits and pieces that have been put into the market. So again, any money that is coming in from investors, we will need to work really hard to make sure we can keep.

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We being a little more flexible in local government, with approving - or at least an entrepreneurial approach to help developers through the process of approval. We know that we are starting to lose workers out of the construction sector who are going to the mainland. So we know we need to work quickly in area. I was disappointed to see that although we had record numbers of promises with infrastructure from the federal and state governments, we saw in the last data pack that it is in fact 8 per cent below the actual money out of the door. We need to get some of those promises in a delivery phase so we will be making sure that both state and federal governments know that is a priority.

The reason why that is so important is not only to keep those workers in the state but to keep the money flowing through our local economies, to keep people moving. We all know the stories of how local businesses are hanging on pretty well. Local Tasmanians are doing a great job supporting local but again it takes that money through the backbone of the economy to keep the money flowing through the community.

The final thing I am going say which I think is a priority - this is probably more federal than state - but I do believe there is a situation where we should be as a nation looking at when a state emergency is called, there should be industrial relations provisions brought in across the course of the state of emergency. It is particularly important for the way we address Centrelink payments and the way, in my belief, that is there are critical areas of industry across the state of emergency, the income test should be waived. For example, if someone who is receiving Centrelink works in fruit picking in Tasmania, that income from fruit picking should not be included in the income test.

That could be used in other states of emergency too, for example, in bushfires it might in helping communities rebuild; in floods it might be helping to clean out stores that have been flooded. In a state of emergency, we should be able to have modifications certainly to that so a state could declare which industries are critical and those industries would be free from the income test in relation to Centrelink payments. I hate to gloss over what has been the most unusual and unexpected six months in my working life, and for all of my members a critical time, but I do believe Tasmanian business has once again shown how resilient it is. It has shown how it can pivot. It has also shown how everyone understood that keeping people healthy and safe was the most important thing. But now, the reopening is going to be in some ways more challenging than the shut. We need to do it in a way that keeps people comfortable. Certainly my 85-year-old mother would probably prefer the borders in Tasmania to be shut forever. We need to work out a way we can systematically open to the rest of the nation in a way that keeps people comfortable, but then gives hope to our tourism/accommodation businesses going forward.

I think that is probably the end of my presentation.

CHAIR - Thank you, Michael. From your membership base, are you aware of the number of businesses in Tasmania at this present time that have closed, and will not likely reopen in this state?

Mr BAILEY - I couldn't give you a number. Our membership has actually increased across the COVID-19 pandemic, which is something we didn't expect. We also put in a provision expecting that our membership budget would be at a vastly lower number. We put in provisions to support businesses that were finding hardship, so they wouldn't have to pay

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membership across this time. We haven't needed to do that. Only a handful of members have taken that on.

Talking to my regional chambers, though, they are seeing impacts in some of their business areas - particularly regional areas, regional tourism events, tour guides, those sorts of areas. I am sorry I cannot give you a definite number around that.

CHAIR - Would they be available, Michael?

Mr BAILEY - We could certainly track them down. I haven't seen numbers like that, but I would be surprised if they wouldn't be available.

CHAIR - If you have, you might be able to bring them to the committee, if you don't mind.

Mr BAILEY - I will see what I can find for you.

Ms FORREST - Michael, do you have an updated list of your membership numbers? You said it has increased significantly during this period. Can you tell from what, to what?

Mr BAILEY - Yes, it has. Our membership has increased by about 10 per cent across the state; chamber memberships are holding up strongly too. We are probably all worried about what is going to happen in March next year. We feel like we are heading towards a bit of a wall, with JobKeeper backing off as well.

Surprisingly, membership has significantly increased, and that is right across the board. Most of the large businesses are probably members already, to be fair - but small to mediums have increased, which is something we didn't expect.

Ms FORREST - What have they particularly come to you for? They have generally become members for a purpose. Do you understand why they have come? What you are providing for them that is not provided elsewhere, perhaps?

Mr BAILEY - We do. The calls to our hotline, where businesses were calling free of charge to get support, has led into other things that they now see as being important, particularly training. Our training business has increased across this time. It appears that businesses have taken the opportunity to grow capacity in their workforce, which is very pleasing.

Our industrial relations business is tracking better than we expected it to be, but it is not industrial relations that is driving this - it seems to be more a training focus. Perhaps also business is seeing the benefit of being part of a collective, almost - that connection with other members, too.

I should have explained, too, that we pivoted very quickly within our business to offer online: within a week our training business changed from being a face-to-face delivery to an online delivery. In that, we also tried to do as many things as we could to support businesses to connect with other businesses - like video conferences and anything we could think of to connect. We were really worried about mental health, so we were trying to work out ways we could connect businesses together, and that was really successful - but more importantly, it did show that that was really needed.

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Again, harping back on March deadline next year, with JobKeeper coming off, that mental health issue is going to be pretty prevalent, I think.

Ms FORREST - With the small business grants, what involvement did you have in supporting businesses to access them, and what feedback were you were receiving around that?

Mr BAILEY - In a few ways. The chamber movement in general provided advice to government on how they might look - certainly not numbers, but firstly, they were really needed, and secondly, how they could help businesses through this time.

You might remember, the first round came out; it was announced before JobKeeper and JobSeeker had been announced. We were really worried about how many businesses we would lose. We had not thought the federal government would come in with something that was so strong. We then had our hotline briefed very heavily on the requirements around it, how people would apply for it and also helping people to know where to find the documentation, how to put it together, et cetera. We see ourselves as being a key part of the first and ongoing announcements to and helping businesses through.

Again, it is fair to say our hotline had numbers of calls about it and is not unexpected. It is a hotline and people are calling us when they have legitimate concerns. We would always like more money going out, we always like people to be receiving that sort of funding, but it was a very quick response that certainly, really did help businesses at a critical time. I would not like to be seen to be negative about it because it really did service a very important purpose at the time.

Ms FORREST - I do not think there is any doubt about that, Michael, but we also heard there were many businesses that missed out. It appeared to them they could look two doors down the street and businesses got it and they are had not. There appeared to be no consistency or other decision making. What have you heard around that?

Mr BAILEY - We certainly had businesses calling and saying the same. They could not understand why they missed out when their competitor down the road had been successful, or in their mind, why they had missed out and their situation seemed to be a lot worse than someone down the road.

It did appear if you were a business that had a really good accountant you might get your paperwork in more quickly and it might look more professional than someone who is really just trying to keep up. That might be an unfair comment, but they were certainly comments put to us at the time. I think that is a fair assessment.

As I said, it was a not a limitless amount of money and at the time there were very vocal concerns about that. We heard that pretty strongly through our regional chamber, especially the north-west chambers who were getting quite a few concerns from their members who were again saying the same thing, 'Why did I miss out when someone else got it? Why did I get \$5000 when someone got \$15 0000?' They are very difficult questions to answer and we could not answer.

Ms FORREST - Michael, if there was another outbreak, how would you design a similar sort of scheme to support businesses that may be basically just hanging on at the moment and

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another hit would put them into insolvency? How should it be designed to be as equitable as it can be and as much as it needs to be?

Mr BAILEY - I think the same with JobKeeper and I would be looking a lot more closely at percentages for loss of turnover. JobKeeper is a very blunt tool and many had businesses that lost 29 per cent of their turnover did not get a skerrick and someone with 30 per cent gets full payment. I would have a much greater view looking at the percentages of decline and if you have lost 5 per cent you get 5 per cent funding. If you have lost 100 per cent you get 100 per cent funding. It is a really blunt tool and there are businesses that have been caught out. I was speaking to one chain operator who has a competitor with a single chain. The other chain shut down the Burnie operation, so their revenue decreased automatically by the 30 per cent and this other business kept their entire state open and could not get their revenue number which was bizarre. So, this operation gets nothing and his competitor gets everything because they shut down their offices. It does not make any sense.

Ms FORREST - That is more JobKeeper, what about the small business grants though? If you could tell me how you would design a small business grant support in the event of another outbreak?

Mr BAILEY - The new design was better, smaller amounts to larger amounts to businesses is a better model. I would also be looking at areas of real need so, you could use now some data we have from what happened across the first lock down, because some of the businesses actually did better than we thought they were going to do, where others really suffered. We could really get a feel for which industry sector to target rather than others. Again, I would use the data we have from the first six months of this pandemic. As horrible as the whole thing has been, we have learned a lot and one is not all businesses are going to crumple in a big heap, some have done better. What we need to do is to understand that and then start to really focus on those industries that are going to need it, but also the understanding there are going to be businesses that will fall through the cracks. We have had some that didn't get anything who are really under pressure and we were able to escalate those to government. They were brilliant. They looked at each one on a case-by-case basis to try to help. We need to learn from the hard data from the first outbreak.

Ms FORREST - Whose job is it to assess that data so that we are ready and understand where the need is? Whose job is it?

Mr BAILEY - I would be giving it to Richard Eccleston. I would be funding the university to do a review into the hard data. I would make it all available to them. An independent organisation like that would a good start. I am not saying the Government couldn't do it. They could do a good job but that unit is set up beautifully to look at this sort of information and provide some good advice.

Mr WILLIE - If I could go to the plan to reopen borders, Michael, how important is it that the Government and Public Health start articulating that plan in terms of the thresholds, the safeguards, the people movement, the expectations on business? Could you talk about that for a bit?

Mr BAILEY - It is critical for a whole range of reasons. First, I think there is political risk if we don't start doing that because there comes a time when we need to open. Like I said, my mum is a great example of someone who would like the borders shut forever but we know

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that for business to have success ongoing and for us to have an economy ongoing, we need to be opening up to the mainland.

We also know at this point in time we have opportunity. We know that in the global financial crisis Tasmania did well out of mainland tourism. We know that Australians spend more money travelling overseas than we get as a nation from inbound tourism to Australia, so there is this bulk of money waiting for us in mainland for us to access.

With all these things in play, my tourism members are sitting back. They are saying, 'you have this gold mine waiting for us. Why can't we let people in?' That is where the honesty in decision-making is so important. We are not stupid. We need to know the truth. The first part of PESRAC is all about that, the honesty in decision-making. I believe the Government needs to be a lot clearer in what they are looking for. How will it look when we start to reopen? Why isn't it something to be worried about? How quickly can we pivot and change if we need to if something goes wrong?

What we saw happen on the north-west coast was horrible but it was managed well. For the workers on the north-west coast and for the community to cope so well with such a unique situation with the outbreak there, we have shown we can manage it as a state too. I think it is critical. The opening in some ways is going to be the most challenging because there are going to be real pressures from parts of the community that we wouldn't have seen in the shutdown.

In business, we took the position first of making sure that we gave our members all the information we could. Again, we had the hotline, we had our website, all the things we could think of. I was doing a weekly video update with what has happened this week in COVID, everything we could think of to give information out. The key line we were running across the whole thing was, 'health is the most important. This is going to hurt but health is most important'. Health is still most important, don't get me wrong, but what is the plan to manage what seems to be a health situation that is now under control? We have seen what has happened in Victoria. We need to be careful about that still, but what is the plan out?

Mr WILLIE - What you are saying is that if Government doesn't start talking about these things now, they might not bring people with them and they might not get the confidence of Tasmanians to go down that path?

Mr BAILEY - That is a fair call. Again, 1 December is fast approaching. I read today we are only 99 days away from Christmas, which is terrifying.

Mr WILLIE - The Premier has just announced end of October, potentially, in his press conference, like a travel bubble in safe states.

Mr BAILEY - That is good to know. I think it is wise. We have seen a travel bubble with South Australia. It seems like it is a pretty safe thing. I believe that will give the community at large time to get used to us being reopened, bit by bit, again. Keeping the community in mind, we need to make sure that we don't get COVID fatigue. We need to make sure that businesses are still adhering to COVID-19 regulations and are doing all those things so that we can manage it if this disease pops up again somewhere.

Mr WILLIE - There is not enough information available at the moment?

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Mr BAILEY - In my opinion we need to be a lot more up-front about what we are looking for as in, is it the whole of Australia being free of COVID before we reopen? What are the milestones we are looking for?

It was unfortunate the commentary talking about the two in 10 million chance of COVID-19 coming in was unfortunate. That muddied the water again, so getting that clarity is really important to firstly settle that, and to explain what it is that we are looking at.

Mr O'BYRNE - I have a few questions about JobKeeper, but just a quick follow-up from Ruth's questions on small business grants. We received some submissions to this committee on the allocation of - not the first round, which was the \$2500 round - but the small business grants of up to \$15 000. As a local member, I know that some people contacted the department and were told that it will be assessed on criteria, and everyone will get assessed equally, and a decision will be made, therefore, make sure you do the right thing, get advice from your accountant and put it in before the end of the closing period. They did that, and subsequently found out that essentially money had already been put out the door - \$15 000 grants had already been delivered to a range of businesses, and the initial allocation was fully expended.

Those kinds of stories were not uncommon in that grant round. Does that reflect some of the feedback you had from your members - and does that reflect some of the concerns you had with that program?

Mr BAILEY - We certainly had that sort of feedback from members, too, right around the state. I thought at the time, and probably still do, that it was an example of a policy moving faster than the officers could cope, perhaps. Again, it is not ideal - \$15 000 is a significant amount of money for any business, particularly a small business that is doing it tough. To find that your competitor has got it, and you haven't, is pretty hard.

The model for the next rounds was I think smarter, with an assessment that had a closing date that was held to. It was a better model. I think that was learned across the course of this process. We definitely got that feedback, there is no doubt about that. It was very difficult for some businesses to understand.

Mr O'BYRNE - We are doing some further investigations, so we might have you back on that.

Mr BAILEY - I am happy to provide some texture, too.

Mr O'BYRNE - My question goes to JobKeeper. At this point in time, with the borders being closed to 1 December, how important is JobKeeper to the Tasmanian economy? We know that 63 000 Tasmanians are receiving it. We heard earlier today that 70 per cent of Luke Martin's members are receiving it. How important is that payment to the Tasmanian economy?

Mr BAILEY - It is absolutely critical, there is no doubt about it. JobKeeper and JobSeeker have both been critical. We have been a very strong voice across this time, arguing that it must be extended. I believe it needs to be extended to next summer for Tasmania, I really do - particularly in tourism and hospitality. As I said earlier, we are going to hit a summer that will be like another winter, and then we are going to hit winter again. For these businesses to get through, it is going to take JobKeeper to keep them afloat. It has been critical.

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Some businesses have actually done very well. Some have. We have probably all spoken to them, and they have said they have JobKeeper as well, and the market has been going well.

One thing I should say is that Tasmanians have done a great job in supporting local. That has been a wonderful thing out of this - the way the Tasmanians have rallied to support local businesses is remarkable. It is critical. We need to keep it for longer. We need to have it - at least in tourism, hospitality events, local tour operators - until at least next summer, because it doesn't matter if the borders open on 1 December, it is still going to take time to get supply back to Tasmania with our tourism and flights into the state.

It is going to take time to rebuild, and I fear that without it until next summer, we are going to see a raft of tourism operators fall.

Mr O'BYRNE - There have been a couple of moments where we have been concerned about how the money is rolled out, but everyone broadly agrees that there has been a significant level of support, both state and federal, to businesses to get to this point.

But now the tap starts to slowly turn off. JobKeeper is one issue, but the broad costs of doing business are still significant. The banks are now able to start to move back in. You have a number of pressure points coming, what recommendations have you provided to Government trying to take the ease off that and the cost of doing business in Tasmania?

Mr BAILEY - You are right, we have a range of pressure points including landlords with deferral of rent which leaves this wall coming towards you again. We have argued for things like payroll tax to be looked at. This hits the bigger businesses in Tasmania, not the smaller ones. We conducted research across our membership and the reason for that is about 75 per cent of our businesses that pay payroll tax would employ people if payroll tax held across this time, so we argued while the borders were shut, waive payroll tax.

Energy was a key thing and we always hear from our businesses this is a major concern. The energy providers have been terrific. Aurora, for example, provided, a whole range of supports outside what the Government was offering, but again, ongoing those sorts of concerns are going to be significant for our members. Other than that, anything that state and federal can offer.

I am sorry I should have mentioned local government. They have done the best they can do in what is a pretty difficult situation. Hats off to Katrina at the Local Government Association too, who worked so hard to try to provide that local support. Launceston particularly was terrific, also Dorset Council should be proud of what they did, and great work was done at West Tamar. To answer your question in a long-winded way, any input into business is going to be of real concern for those businesses that are on the margins through no fault of their own. These businesses were doing really well six months ago. Tasmania was in this boom time of tourists coming to us, our economy pumping along really nicely, but for those specific industry areas, they are going to need support to get through. We know we will get through, we know at the end of this we will have a real opportunity and it is going to be keeping the life support with these businesses long enough to get them through.

Can I add one thing I should have mentioned too, we also noticed across COVID-19 was some fundamentals in our economy did really well. Export, for example, held up really well. We do trade documentation for goods that have been sent overseas. We have seen an increase

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week by week for this calendar year, compared to last calendar year, which is extraordinary, including goods going into China. It appears that while much sabre rattling was going on, those markets will want our premium product, which is a really pleasing thing. It is not all doom and gloom, but our focus needs to be, and I do believe the focus of government support needs to be increasing in those areas we know are going to be struggling. That is going to be accommodation, tour guides, events, hospitality; those industries are going to be the ones that they should focus on.

Mr O'BYRNE - You have identified a number of areas where both state and federal governments could possibly intervene. At the moment they are not; they are not responding to some of your calls. What does the landscape look like? What are the consequences if there is not another round of business assistance to get them through the next six to 12 months?

Mr BAILEY - I fear that in those areas I have spoken about we will see a raft of businesses closing. I have no doubt about that. This is a real worry as the businesses are in this position through no fault of their own. They had no time to pivot, no time to prepare themselves for what was an issue that happened almost overnight. There is no doubt about that. My fear is a valid one that in accommodation, tourism, local tour guides, it is a very bleak future unless we can hold them in place long enough to get through the next summer because that is really what it is going to take.

Mr O'BYRNE - Thanks, Michael.

Mr TUCKER - Michael, the way I am looking at COVID-19, there are a lot of negatives but there are also a lot of positives and opportunities. Are you seeing many businesses looking at 'half glass full' of what is going on and changing their business practice to take those opportunities within the chamber?

Mr BAILEY - Without a doubt. I should have mentioned that and probably been a bit doom and gloom. Take out of this is how quickly Tasmanian businesses had pivoted, and that is such an easy word to say, but we have seen everything from five-star restaurants opening a takeaway, through to the entire Harvest Market in Launceston going to an online model for the period. It is extraordinary what has happened in our market. Businesses have seen opportunity and they have grown across this time too. We have seen businesses that have found a new lease of life. The Government support with some of their online platforms, Buy Something Tasmanian, for example, has been a clever way of providing a toe in the water for businesses to move to an online model.

Internationally too, with our trade sector we have seen new markets opening up again and old markets reopening. We are putting more products into Japan now, into Indonesia and other markets. We have had too many eggs in the China basket for too long so we have seen a whole range of things happening behind the scenes. We have seen Tasmanian business at its best. I really do. I am proud of the way that Tasmanian business has responded.

Who would have thought that we would have five-star restaurants offering takeaway? Who would have thought we would have had something as complicated as the Harvest Market doing home delivery? Who would have thought even Agfest could be online? Who would have thought that these things were possible only six or seven months ago? To do it so quickly is a remarkable achievement.

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I should say, the Stanley Chamber of Commerce has put together an online portal for weddings in Stanley. The speed that businesses have worked together and responded is so impressive.

Mr TUCKER - Also, Michael, do you believe that the Government could be doing more in this space to encourage that entrepreneurship within businesses, more so in encouraging opportunities instead of looking at the doom and gloom?

Mr BAILEY - The Government has done pretty well. They have worked hard in this space. The Buy Something Tasmania website is a great example of a free service for Tasmanian businesses. We could always do more but it is a matter of what we focus on and at a time when there was so much happening so quickly and still is, I think the response of the officers as well as the minister has been impressive.

I would always love to see more work on the entrepreneurial approach. We do have a market where people understand the need for change now too so there is a great opportunity for us to help those businesses to hop on this wave of new things to look at and new markets to give it to. Even the Government's response with offering a digital-ready program and pivoting that to work on getting people online, was quickly done. It had a huge and beneficial impact. We saw and I think we will ongoing, see the best of our public service who became a group of people that were given the freedom to be able to make decisions and do things quickly and perhaps that hasn't been allowed in the past or it wasn't the makeup in the past. I was so impressed - and I continue to be so impressed - with the thinking in this space.

Yes, we can always do more. Of course, we can but I wouldn't want to be seen to be negative in this space because I truly believe the work that our state Government did, particularly our bureaucracy, was nation-leading. I loved hopping on my daily catch-ups with the Australian Chamber of Commerce and other state heads, boasting about what we were doing in Tasmania. Wow, it was pretty impressive for our public service to be so responsive and to be really understanding what businesses needed across that time.

Mr STREET - Going back to a comment, I think you let some local government areas off a little easier in saying that local government had responded well. Have you had feedback on varying levels of support, depending on where your businesses are across the state?

Mr BAILEY - I don't want to be too negative to this sector that we have a reputation for being negative towards all the time. I truly believe that the councils I spoke about did a wonderful job - Launceston, Dorset, Meander Valley, West Tamar. They moved quickly. Others, it was almost laughable, the response. Some of the bigger councils who should have done a lot more who just didn't, or were glacially slow in their response.

There was one of the major councils in Tasmania offering a \$300 loan to Tasmanian businesses. It then became a \$300 grant. But Launceston - I don't want to be cruel to the sector - because man, their response was remarkable. Their effort to provide real support, to waive rates, whatever it took, to keep people going, I thought was fantastic.

I can also be clear that the work the Local Government Association did was brilliant. We were getting daily updates on whatever council was offering that we could give to our hotline businesses are calling in up to date information with what everyone was offering region by region so, their work was also great.

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Ms FORREST - With the local government, I was very occupied in the north-west during this period for some strange reason. Because we were in serious lockdown the only one I saw at the time was Waratah-Wynyard Council, they kept doing a lot of work around their municipality like deploying their workers out to do works on walking tracks and the fence around the footy grounds. That was a real opportunity for local government to keep all their people working, some of them redeployed, did you see a lot of this?

Mr BAILEY - I totally agree, it is a very good point and I should have mentioned that too. The state Government grants into local government was really cleverly done to keep local things happening and to keep workforces active. I agree and that was really good to see and a smart use of Government support at the time.

CHAIR - We are nearly out of time. Are you being consulted now in relation to our recovery processes in your area? The other part of that question was, in the initial stage, during the response stage, were you being consulted at all or at what stage did you come into this?

Mr BAILEY - We have been consulted widely right across the process from the very beginning when the Government was considering lockdowns. The consultation was what would it mean, how could we support, et cetera, right through to today where I have had calls from two ministers. I met with the Premier last week, so yes, we are certainly consulted. Obviously, those discussions are confidential so I cannot reveal what I know to my members and hence a more public response that brings the public into the loop and the thought processes would be really worthwhile.

I must say the consultation of state and federal government has never been stronger. Certainly, with the federal government too we continue to have at least weekly meetings with the Australian Chamber of Commerce and Industry, the state heads and a government minister. From a state perspective it really is a weekly discussion with multiple ministers on multiple issues at any one time. The consultation is very strong. The Government does not always listen to what we want. In the case of payroll tax, I do not think there is any chance of all of us getting out of that.

Ms FORREST - Why not? Talk about it, Michael.

Mr BAILEY - I agree and we will keep pushing because it is so important, we will keep trying. What I am trying to say is it is certainly no business [inaudible]. Our views are put forward, some are accepted and some are not. I feel we have come to the fore as a sensible voice to listen to for Government. We have really tried to provide the information to Government we were hearing directed at the members of my Chamber Alliance so that they could find what we were saying as being important and useful, rather than us pushing a policy agenda. We have been very careful to maintain that, [inaudible] for a long time but mostly across this period it was all about what was going to need to happen. What sort of time frame is that going to happen in? Who is falling through the cracks? What can we do to reawaken this beast of our economy, once we start to open borders up again?

CHAIR - Thanks, Michael. There are a number of other questions I and others could have asked but we are out of time. We thank you very much for appearing today in this forum. You are right, it is a very good example of the process we have now got to go through. We

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found one of our witnesses could not get into this place because he did not quite meet the COVID-19 testing.

Mr BAILEY - Can I just add one thing. I am sorry, but I should have mentioned the relationship with all associations across Tasmania has also never been stronger so, the connection between Luke, Steve Old, Master Builders, HIA and all of the associations you can imagine with each other has been really powerful too across this time. Everyone put down their policy cricket bats and just focused on what was needed to be done.

THE WITNESS WITHDREW

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Mr Chris GRIFFIN, CEO, VISIT NORTH TASMANIA WAS CALLED VIA TELECONFERENCE, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Thank you very much for joining us today. There are a few issues I need to go through with you before we commence.

Chris, have you given evidence to these committees before?

Mr GRIFFIN - Yes, I have.

CHAIR - You are fairly familiar then and I don't need to explain some of the issues because they will be known to you. Chris, this is a public meeting. It is a public session. It is being recorded. It is being provided online as well and it will be transcribed in due course through Hansard. Being aware of that, the members here today, we have Nic Street, Josh Willie, David O'Byrne, myself, Ruth Forrest and John Tucker and we have on board also our secretary, Nat and assistant secretary when she arrives, Robyn, and we have Deb from Hansard as well. That is the team in this room now.

You have parliamentary privilege at this time. However, once you leave this meeting that may not apply, Chris. If at some stage you might want to pass something on to the committee in camera then the committee can listen to you on that and we would then make a determination on whether or not we should take it in camera. Feel free to do that if it should arise. We hope it doesn't. Having said that I don't think I need to say a lot more.

There is an opportunity for you now to make a statement to the committee. You haven't provided a submission so if you want to outline any of the important issues, then the committee can then ask you questions following on from that process. I leave it open to you, Chris, at this stage.

Mr GRIFFIN - I would open by saying that the Make yourself at Home travel voucher initiative has been well received by the tourism and hospitality industry in northern Tasmania. It is a solid initiative, in my opinion, and one that was much needed to invigorate the industry over these next three months leading up to Christmas.

CHAIR - What sort of movement are you seeing in your area at the present time from what is happening in the travel?

Mr GRIFFIN - At the moment we are experiencing - and appreciating that we will only have four days during which the travel vouchers have been able to be redeemed since Monday - but generally speaking, what we have been experiencing across the last few months is some decent weekend visitation and numbers. Accommodation businesses can be ranging from 50 per cent occupancy through to 100 per cent, depending on the nature of the accommodation and the market that they seek. At the same time, our Sunday through to Thursday night trade has been well below par with the absence of any corporate travel in that period. That is the scene set.

During the school holidays in July, we saw some very solid trading, and all indications suggest that with school holidays are coming up in a week or two, the same type of solid travel behaviour will be occurring with Tasmanians frequenting our establishments.

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CHAIR - This time is there any indication of the forward bookings for the holiday period, from accommodation areas?

Mr GRIFFIN - Yes, the businesses that we have spoken to after the impact that the travel vouchers have had upon bookings, there are several things to say. First and foremost, since the announcement there has been a solid surge of bookings across all types of businesses. That has been anecdotally well evidenced, but in the same breath, those businesses would say that they don't know if these are travel voucher bookings because the way the system is set up that the business can't identify a travel voucher holder at booking. It is only after the fact, when the invoice from that accommodation business or attraction is redeemed, that there is an indication that the voucher was at play.

We can only say that anecdotally there has been a strong surge of bookings in the last few weeks and there has been a general sense of confidence from the tourism and accommodation businesses particularly that we talk to, that the vouchers are making a difference.

CHAIR - Thank you, Chris.

Mr STREET - Chris, you mentioned the lack of business travel and how it is affecting your weekday businesses there. Have tourism businesses come to accept that perhaps they will never get back to the levels that they were pre-COVID-19 for business travel? We have had three people give evidence today and they have all done it, like you are, by either teleconference or Webex, et cetera. My suspicion is that, going forward, there is going to be a lot more business meetings done like that anyway.

Mr GRIFFIN - I know from second-hand information and talking with those of the aviation industry nationally, that that particular industry is very worried about what the corporate travel will like. Just to put context in that statement, most of the airlines rely on the corporate traveller as their highest-yield passenger. There are expectations that they may only see half as much volume over the foreseeable future in corporate travel. They are probably better predictors of travel behaviour than most so I would say that comment does play out.

It will be different in different regional cities and it really will come down to how much reliance we had upon interstate corporate travel versus intrastate corporate.

We can expect this to be a fairly repressed travel market in the foreseeable future, in the next year or two, and that probably has a lot of factors in it. As you just mentioned, we have learned that we can still do business remotely and digitally. Businesses have probably cottoned on that it is cheaper, and you are very quickly able to conduct business in this fashion. Equally, we are human and humans are social creatures and we need to physically interact to actually really transact business well.

Also, on the other side, we are seeing that larger corporates are looking toward their HR policies and about safety. That is probably where a big repression is going to be in the domestic travel scene if those larger corporate travellers saying, 'We have a policy here to protect our people first, and that means putting their health and welfare ahead of the nonessential need to travel. It is a tricky part of our composition. We often say this is not a sprint, this is an ultra-marathon, so we are not looking and preparing for three months or even years. This is one year in a two to three-year cycle of recovery.

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Ms FORREST - I am interested in how broad your representation is. It says north, but where does that actually encompass? I want to follow up on a comment you made in response to Nic.

Mr GRIFFIN - Sure. Visit Northern Tasmania, which is our regional tourism body, represents the councils of Meander Valley, West Tamar, Northern Midlands, City of Launceston, Georgetown, Dorset and Flinders Island.

Ms FORREST - It's quite large. When you said corporate travel has changed, I don't deny that for a second. In the north-west, some businesses do rely on people like tradies and others who are travelling around the state to do that sort of work. The Premier is keen to get - as he said when he was in front of us - 'utes into the suburbs'. Do you think it will have an impact if some of these construction projects get under way? Some of them are more towards the north-west, and perhaps in your direction, but there is still a lot of agricultural and other industry in the area you represent that would require people to travel around the state to deliver services.

Mr GRIFFIN - Absolutely. That definition of corporate travel often relates to that city-to-city transfer, where we see some 65 per cent of our business nights spent in Launceston City.

For trade-related and construction-related projects around the regions, we would fully expect to see - and should still be expecting to see right now - visitations in places like Scottsdale, even from the agricultural sales reps and the like. That traffic will still be with us, and a lot of that traffic wasn't interstate either. It is always intrastate, or a proportion is intrastate.

Mr O'BYRNE - Hi Chris, thanks for your time this afternoon. My question goes to business certainty. We heard from Don Challen, the chair of the Premier's Economic and Social Recovery Advisory Council, in his evidence and their interim report, about having a plan moving forward, the range of potential options and flexibilities, scaling up and down, in terms of what the business environment and operating environment might look like in the next six, 12 or 18 months, depending on a range of scenarios.

We have heard from the Tourism Council and the Chamber of Commerce today as well, and their evidence that a lack of certainty has been a big question mark for businesses.

Having a date is one thing, but how important is it for your members to understand - if there is a positive test in one part of the state, or if there is someone in quarantine or someone brings COVID into Tasmania - here are the four or five steps that will be taken immediately, and that gives your business certainty in terms of how you respond?

It is a long question. Sorry about that. How important, for your members, is understanding the range of restrictions that may or may not be put in place, for them to make decisions about what they do now, and how they prepare for the next six to 12 months?

Mr GRIFFIN - This is one of the key questions that we are debating on a regular basis.

To answer the question simply, it is essential that we have expectations set so that businesses can plan how they react in one scenario or another. It would be a fabulous way of thinking to say we are on a linear recovery, the planes will start flying again, the capacity will

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increase and we will go back just the way we were - but there are very few people holding on to that aspiration at the minute.

We are all looking at the situation, saying we need contingency A, B and C here and clear plans on how to react to that. When it comes to outbreaks, meeting with accommodation providers a couple of weeks ago the conversation orientated around, is there a plan for a circumstance when my business becomes the centre of an outbreak. What should I expect to have to go through? How long will I need to be closed? What is the capacity of a hard clean? What will that require? What will the costs be? How do I manage my businesses reputation? The reality around that, often as long as the COVID-19 safe business plan has been followed and they are doing the right things, they can be an innocent victim of an outbreak, just having a customer walk in A symptomatic and of events happening afterwards.

That is the critical question for us is to say, we actually do need to know and have those expectations of what happens if, then this is the approach you will need to take with your business, if it is a wider spread outbreak, such as the hotspot in Launceston city for instance, then what can we expect or be prepared to put in place to put in place for that, the cascade effect of it.

Yes, it sounds a simple question. It is a critical component, I think we have been in this pandemic circumstance long enough now to be able to competently co-design these types of responses with the Government and that would be welcomed by the industry.

Mr O'BYRNE - Following on as you rightly point out, we have been in it for a while, we have been going since late March now, what interaction have you had with public health and the Tasmanian Government on that very question and co-design?

Mr GRIFFIN - We are in constant contact with state Government through Tourism Tasmania, State Growth and the Premier's Office, not so much public health. In a lot of ways that feels a bit disconnected, but there is our normal engagement through our normal communications with both agencies of responsible people and then a pregnant pause as they need to engage with Public Accounts and come back with them after. As much as the engagement has been there, there has been time lags in that process, a fair example would be on the events guidelines and the meeting of event organisers next Friday in Hobart that will canvas those thoughts and feelings.

It has felt a bit disconnected, it is not business as usual for how we normally engage with state Government on any matter. I think there has been an acceptance these are exceptional circumstances, but equally going forward there would be an aspiration of that idea of COVID-19 dining solutions with public health, rather than getting a response back saying, 'well your idea was appreciated but it is the no on this occasion'.

Mr O'BYRNE - I acknowledge things do move very quickly, but I think the common phrase I am hearing is we are in the 'new normal' and the risk will be present for some time now. You talk about events management. I am not asking you to speak on behalf of the organisers, I just want to use an example in the north, the Festivale. What I picked up from some of their comments was they are just unsure. It looks like they are hopeful borders and bubbles will open and people will start moving again. Do you think a greater engagement from Public Health on the range of restrictions that could be applied in the range of circumstances known and potentially known given experience in other states? Do you think that would have

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assisted that in them making a decision? It may have been the same decision but do you think it would assist them in making a better decision on whether that key event for northern Tasmania could go ahead?

Mr GRIFFIN - The simple answer is, yes. There were some significant delays in that area in getting response back on different outdoor events. The Tasmanian Craft Fair is another example; they cancelled just Friday of last week on the same basis of uncertainty, of appreciating the current restrictions would be more than likely untenable that either of those events could have functioned with the restriction of 500 people and other restrictions on that. The uncertainty of what the restrictions would be in February, for instance, we say we are looking through a rather cracked and soggy crystal ball trying to figure out what people will look like from a tourism perspective. Events are in the same space. Equally, there were delays. It would have been great to get more timely and precise information - and again, not speaking on behalf of those event organisers - but equally, on the side of Public Health, how do you know that you would be giving that organiser an accurate answer as to what to expect in February?

Ms FORREST - We could be in hard lockdown.

Mr O'BYRNE - A hard lockdown changes everything. There are a range of scenarios that we could probably war-game now. Even today - and I have not seen the full announcement - the Premier has announced a lifting of numbers at outdoor events. That is today, being Friday; Festivale was cancelled on Wednesday. What you are saying is that some greater level of engagement- as opposed to going through the departments and relying on a toing and froing - a more direct engagement with Public Health would be of great assistance to your member organisation in terms of making better decisions? Would that be fair?

Mr GRIFFIN - Yes, for sure, going forward as we move out of an emergency management situation into a managing situation phase. Public Health are experts in public health. We have to take their direction in terms of health and wellbeing in the pandemic because the rest of us aren't epidemiologists. Equally, looking at the context of an event and how you keep that safe, the events organisers are the experts. Those two parties, in that situation, have the opportunity to come together and co-design better solutions that satisfy the health criteria, but in a trusted way, with the event organisers who know how to run events really well.

That is where the opportunity sits, and then you can look at the hospitality sector and soft adventure sector, et cetera, and look for co-design solutions in the community. We are coming out of that emergency situation, into 'we now need to live with this circumstance', so let's design the solutions together.

Mr O'BYRNE - That is right. The health advice is the health advice, and that would change depending on the breadth and depth of information you receive on the context within which it will operate effectively.

Mr GRIFFIN - Yes.

Mr O'BYRNE - Thank you, that is really handy.

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CHAIR - Chris, a question on the many businesses in your area. The northern part of the state depends on tourists and people coming in from other areas. How long can a lot of these businesses continue to hold out for, with the current border restrictions in place?

Mr GRIFFIN - This is the question that is haunting us at the moment. It is different for every different type of business. To put some context around that, in northern Tasmania, about 560 businesses see themselves as tourism-related, so they are on the national database. Around 95 per cent are in the small to micro-business category.

Another complex point is to accept that two-thirds of our visitation to the north is between the months of October and March, so six months - so for half of the year, we have a third of our visitations. Seasonality is very distinct. What normally happens with the small businesses is that they build up cash reserves during the warm period, and survive on those cash reserves during the cooler months, or what we call the cool season.

The situation we have at the moment - this winter has been exceptional. There has been some reasonable trading on the back of Tasmanians supporting the sector. No matter when the borders open, we are not expecting this summer to be brilliant. There are projections of only 50 per cent of our previous summer visitations. That will feel like a winter for us.

Looking beyond border openings and into next winter, this time next year, what will the condition be of those small to micro-businesses that haven't had the summer to build up the cash reserves to survive next winter? That is the thing that is haunting us most.

CHAIR - It is interesting, isn't? Have you any records at this stage, Chris, of any businesses or the number of businesses, if that is the case, that have closed and may not open again?

Mr GRIFFIN - There has been a smattering. There are businesses that haven't opened yet and are still awaiting upon interstate to reopen or [inaudible] facilities. Hotel Charles in Launceston is a very good example. We understand that will be closed until the interstate market reactivates. Hotel Collins in the south of the state in Hobart. There are those, if you like, 'suck it and see' businesses that are really just sitting on the fence waiting for interstate to reopen and then assessing.

We have small businesses that have mothballed and the owner-operator has gone back to their day job, being employed in another sector and will review that small business's future at their discretion.

There have been one or two, I think, on the periphery that have closed. They may have been going to close anyway and the pandemic provided that opportunity of added stimulus to make that decision.

It isn't a powerful signature yet but it is more on the other side of summer and where we are over winter next year, that will be the telling situation.

Mr O'BYRNE - Back to me again, Chris. JobKeeper, we have heard some significant evidence today about the importance of that payment keeping many businesses alive and buying them time to get through to what is hopefully a profitable or at least a break-even summer season, so how important is JobKeeper to your members?

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Mr GRIFFIN - It's a critical factor. We have had [inaudible] present an example. We have regularly had contact with businesses that have said, look, my eligibility for JobKeeper from October to December is assessed on how I traded from July to September - so they had to prove to the ATO that they traded 30 per cent below that quarter to be eligible for the October to December market. Because the intrastate travel for some has been healthy, they actually traded better than they did for that quarter last year. The risk is actually high for a number of them not to get JobKeeper through to Christmas.

We have found that businesses make business decisions. They are pretty savvy, so they have restricted the hours of trade. What has been across the entire region is that you can't get a feed or a café in some towns Monday to Friday because they are reducing their hours to keep their capital over 30 per cent, so they can keep their JobKeeper until Christmas.

Ms FORREST - It's a perverse outcome, isn't it?

Mr GRIFFIN - It is the system that was presented, so what we have seen is midweek has been even more retarded. It won't be the case in the October to December period because without interstate visitation, even with a strong intrastate demand, you are not going to trade above 30 per cent less than last year. That sector for us, to give you an example, in the north we would see about 192 000 non-Tasmanian visitors in northern Tasmania alone, which is about 27.5 per cent of our social visitation. We do not expect them to be trying to gain the JobKeeper equation next quarter, if you like, but the real concern I have is how many won't be eligible for those next three months?

They are all types of businesses too, and I think we have to broaden our perspective here because we look at, what you would call the tourism industry, we look at it as a visitor economy. We look at all businesses that are related to the visitor being hosted by our community. We have to look at rental car companies, for instance. We have to look at cafes and restaurants that don't always get caught up in the tourism bubble of thinking.

One of the concerns I personally have is around the rental fleets that are destocking. It feels like they are selling a lot of vehicles second hand, probably making a killing about now. When looking at summer, fewer rental cars mean less visitors travelling to regional communities, which means the visitation we are getting into the primary ports of Launceston and Hobart. Without that fleet in good condition, we may find the cities get served quite well, but our regional industry isn't getting the benefit of what small amounts of interstate visitors we can expect.

There are some real systems-based issues that we have to step back and have a long hard think about - how we support and shore up critical travel infrastructure, like rental cars. Have we a JobKeeper situation, or are there other supports that we need to sit and have a long think about?

Mr O'BYRNE - We heard some evidence this morning and early this afternoon about JobKeeper and the current trajectory, or the current landscape, that unless there is a tweak or change to the current phasing out or withdrawing of that support, that will have significant consequences for the Tasmanian visitor economy. Do you agree with that sentiment?

Mr GRIFFIN - Yes, I do, absolutely. The future consideration of JobKeeper needs to be nuanced against the nature of all the different sectors, for sure. Tourism and hospitality

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have a specific signature to them, but we also have to take into account the different state scenarios. Having a national criteria or assessment isn't particularly effective. I will go back to the earlier point about our stark seasonality. That has to be taken into account as well.

CHAIR - Chris, in concluding, is there anything you would like to leave the committee with - any issues not raised that are important to the area and fit within our terms of reference?

Mr GRIFFIN - Probably just a comment back to the travel vouchers. As much as we saw a very strong initial reaction to them, we fully expect we will see good redemptions of those travel vouchers over the school holiday period. It is prudent to suggest that a second round be seriously considered. Ideally, I would hope to see that on the other side of the school holiday period, to stimulate visitation during the November period. There is an expectation that will have a bit of a flattening in terms of Tasmanians travelling about, given the proximity to both the school holidays passed, and Christmas not too far in the near future. That would be a consideration. It is fair to say that there will be a percentage of those vouchers that weren't redeemed, and for some of those to go back into the pool for Tasmanians who weren't successful the first time round to be able to have another go at them.

CHAIR - Thank you. The groups that make up your membership, the councils, have they come forward with any suggestions and ideas as to what should happen? Have you any of those matters on the board?

Mr GRIFFIN - We are in constant conversation about that. We haven't yet settled into a workshop to pull all these things together from a regional perspective. We are working towards renewing our destination management plan for the region, and that will be the platform whereby the councils as well as industry leaders around the regions will all come together and work out what our new future will be.

We [inaudible] have principles of sustainable tourism strengths we have in agri-tourism, our events programs are reinvigorated into the future.

CHAIR - Thank you, Chris, for joining us this afternoon. We appreciate it. If there is anything else you want to pass on to this committee, then certainly feel free to do that. We are wanting to put out an interim report before the end of the year, so we will be working hard towards that as well.

Thank you for being with us this afternoon.

Mr GRIFFIN - No problem. Thank you for the opportunity.

THE WITNESS WITHDREW.