



TMEC

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The Secretary
Public Accounts Committee
Parliament House
HOBART TAS 7000

Via email: pac@parliament.tas.gov.au

Dear Sir or Madam,

**RE: Inquiry into the Tasmanian Government's response to the COVID-19 pandemic
Parliamentary Standing Committee of Public Accounts**

The Tasmanian Minerals, Manufacturing and Energy Council (TMEC) welcomes the opportunity to provide comments to the Inquiry into the Tasmanian Government's response to the COVID-19 pandemic.

The Tasmanian Minerals, Manufacturing and Energy Council (TMEC) represents the state's minerals, manufacturing and energy industries and provides leadership, effective issues management and cooperative action on behalf of its members. Our mission is to promote the development of sustainable exploration, mining, industrial processing and manufacturing sectors which add value to the Tasmanian people and communities. TMEC's membership base represents an important wealth creating sector within the Tasmanian economy. Minerals exports alone account for 55% of Tasmania's commercial exports and is the foundation stone of many regional communities with 5,600 direct jobs.

Overall TMEC has found the State Governments response to the pandemic to be highly effective. Having been involved with organisations in other states during the initial response, TMEC believes the clarity of communication, opportunities to consult and decisiveness all added up to an environment which permitted businesses to get on with adapting to suit the changing environment.

1. Communication was so critical and was effective from the earliest moment. As a peak body, we were given opportunities to have direct contact with both Ministers and their offices and the various State officers. Participating in the round table sessions also provided insights being experienced in one sector, which in some cases had yet to become significant in the minerals and manufacturing sectors. These early insights enabled planning to be carried out in advance and therefore made adapting less arduous than it would have been otherwise.

The clarity of messages, particularly from the Premier permitted the unambiguous dissemination of information throughout our membership base. This was a highly critical factor – when there is ambiguity and it relies on individuals to interpret what may have been meant, it leads to different responses from businesses, which in turn creates doubt and confusion, which ultimately results in people doing nothing (for fear of doing the wrong thing or being wasteful). TMEC suggested an approach of, "One version of the truth" at one of the early roundtables and we felt this was exactly the case between what was said, what was on the internet and what was in the newspapers. The significance of believing we were moving as one should not be underestimated – it added to the agility and responsiveness of all parties.

TMEC also benefited from its membership of the Minerals Council of Australia (MCA). The Australian Mining sector has a whole recognised the importance for the sector to be able to safely operate throughout the crisis and somewhat took matters into its own hands to develop a set of voluntary protocols which provided specific

guidance to the range of situations where employees need to come into close proximity – from aircraft travel, travel in utes, shift pre-start meetings and so on. TMEC contributed to the establishment and supported member organisations with information to effectively implement the standards. Interacting with the Minister for Resources, who in turn was interacting with his counterparts in the other states proved close understanding of what was being done and the “authority and discretion” was provided to this sector to put into place the agreed standards. In many cases these standards exceeded public health requirements. Given mineral related exports account for over 50% of the States export wealth, it was critical for the economy as well as the people’s health and wellbeing for mineral extraction and processing along with manufacturing to continue.

One of the “weaknesses” which didn’t result in any known issues, was how to communicate these industry specific protocols to companies who are not members of TMEC. There was a discussion at one stage with State Growth as to whether the information could be distributed via the business registration system, but other priorities swamped this and was not activated to my knowledge.

Mobilising State service staff from their current jobs to resource up the specific pandemic response workload made good sense and TMEC was impressed by the calibre, the commitment of staff (who were clearly racking up very long days / nights) who were part of the response. TMEC only every experienced a “can do” attitude and one of collaboration. The downside is with delays to the “day-jobs” which were underway. The most notable one from TMEC’s perspective was the delay in being able to resource the Gas Strategy project which did have support verbally to get underway in Q1 2020. While TMEC does not begrudge the decision to prioritise resources elsewhere, TMEC members have gas contracts which are ambivalent to the pandemic and will require substantial work in the remaining months to optimise the strategy, which in turn could influence the terms and conditions for new gas contracts. The Government has given a commitment to restart this process with some urgency and we look forward to this happening.

The disruption of the supply chain together with demand increases for products (eg. Hand Sanitiser, PPE) demonstrated the adaptability of a number of Tasmanian manufacturers to rapidly repurpose their factories / facilities and produce a new product. The ability to have businesses in Tasmania who have the redesign capability and the innovative mindset, is an important part of the DNA of the future Tasmania. TMEC continues to make the case to promote the “upskilling” of existing manufacturers to have “product design” capability in house, such that future national or global supply chain disruptions have the potential to be addressed locally. This features in our submissions and proposals to position Tasmania to be more self-sufficient.

Movement of people presented a number of challenges and TMEC believes the extraordinary commitment to minimising people movement particularly by our members who significantly reduced the use of Fly In Fly Out (FIFO) helped the situation both in practical terms but also in the terms of optics. After the first call by TMEC to its members to produce “critical roles” which would need to travel in from interstate which identified approximately 30 roles, the second cut of the list saw less than 12 roles identified. This was achieved at some personal cost – in one case a manager left his family in NSW and temporarily relocated to Tasmania to avoid the need to travel as frequent. In other cases, resources were shared between companies and in some cases, decisions were made to delay activities – which attracted heightened risk and potentially a cost penalty. Overall, the minerals and manufacturing sectors exercised appropriate diligence when considering which skill sets were essential.

One of the surprises was when trying to determine how many Tasmanian based FIFO workers normally travelled in and out of the state. Attempts to capture this number, mainly by asking interstate mining operations where their workers came from identified approximately 250 workers. Again, TMEC was never able to determine the accurate picture given other priorities at the time. The obvious benefit to TMEC was whether the 12 or so specialists who were flying into Tasmania as essential travellers, could be found amongst the 250 who were residential in Tasmania. There may be some benefit in having this information at some stage, but I suspect allowing for privacy and keeping it up to date and thereby meaningful is probably an unrealistic outcome.

2. TMEC does not have any comments to make about the health expenditure.
3. TMEC welcomes the establishment of the Premiers Economic and Social Recovery Advisory Committee. Firstly, in keeping social recovery on par with economic recovery and secondly acknowledging the capability of the members of the Committee. The Round One consultation was somewhat rushed but TMEC takes comfort in being assured there is time in the next round of consultation to address the more complex and involved issues and options. The recent release of the Interim Report does clearly name up a number of the key points TMEC

made (buy local and fully resourcing approvals authorities) and we expect with the fullness of time a number of the more structural issues will get appropriate airplay.

In terms of recovery there continues to be a range of evolving issues but focussing on three which Tasmania has some control over, one being near to medium term and the others needing to be addressed now with the full benefits to come in future years. The reduction in domestic and international flights is resulting in substantial disruption to air freight, in and out of Tasmania. Large numbers of relatively small goods had been moving around in the holds of passenger aircraft which is now no longer the case. Border closures and the impact on air flights is impacting movement of people and goods.

The first of the longer-term impact is disrupting the sign up of apprentices and how this will create a shortfall in 3-4 years of qualified people. This effect was seen in 2013, following the GFC and the shortage of resources in Tasmania meant interstate resources had to be used, project costs escalated due to labour shortages and ironically the shortage of graduating workers impacted the ability to train the next cohort of apprentices starting out. Early Skills Tasmania data shows approximately 700 less training contracts were started in May and June 2020 when compared with the same months in 2019. If this trend continues, the impact will materially impact Tasmania's ability to rebuild parts of its economy. Support continues to be needed for employers to keep hiring apprentices and trainees in 2020 and possibly 2021 so Tasmania avoids a resource shortfall when activities pick up.

The second longer term impact is with sovereign risk / supply capability. The underlying assumption for importing goods to date has been any disruption could be managed. COVID-19 and its global reach has changed this assumption. Moving forward, Tasmania will recognise some goods should be produced locally, instead of or supplementary to overseas supply. Enabling Tasmanian manufacturers to have more capability to be able to re-tool their facilities and adapt to produce a new product relies on the underpinning design and innovation capability within the manufacturing sector. Tasmania is home to some exemplars who have globally recognised products who clearly have the in-house capability to redesign within some constraints. Tasmania also has manufacturers who produce great products but are reliant on a third party for the design and innovation of the product but limited to a particular product line. This constraint would not see manufacturers of gin start producing hand sanitiser nor mining equipment manufacturers producing medical grade ventilators. Growing more on-island capability in the manufacturing sector is an important structural change which will help Tasmania become more self-reliant, and therefore future proof itself but also see growth in an important wealth creating sector. The social and educational impacts of having a demand for more VET and University-trained employs is already well understood. TMEC continues to research the most productive way to do this and will likely call for support from the Government when a plan has been established.

4. The only other issue TMEC wishes to raise is one which did not present as an issue but had the potential for a major impact. The number of ship pilots working for TasPorts is very small. Had the pandemic impacted the health (recognising foreign crewed ships from locations which may have different pandemic controls, offset by some crews being on board for more than 14 days) of the pilots, it could have disrupted sea freight which would have shut down mining and possibly minerals processing, in addition to general freight disruptions. There may be other critical roles in Tasmania which have a very small number of "experts" and therefore those organisations may need to revisit their contingency planning given what COVID-19 has taught us all so far.

Thank you for the opportunity to make this submission. Please don't hesitate to contact me if you have any further queries or require clarity on any of the points noted in this submission.

Yours sincerely,



Ray Mostogl
Chief Executive Officer