



29 June 2020

Committee Secretary
Economics and Governance Committee
Parliament House
George Street
Brisbane Qld 4000
Email: egc@parliament.qld.gov.au

To Whom it May Concern,

Re: Inquiry into the Queensland Government's economic response to COVID-19

On behalf of the Mackay Isaac Whitsunday (MIW) region, we would like to provide a response to the Inquiry into the Queensland Government's economic response to COVID-19. Greater Whitsunday Alliance (GW3) commend the government and ministerial focus toward this inquiry.

GW3 is the peak independent, economic development organisation for the Mackay, Isaac, Whitsunday region. The organisation is strategic and coordinated, focusing on local, national and international networks, and advocates for projects and opportunities from both government and the private sector. GW3 also delivers a range of economic development focused projects to help support and promote prosperity across the broader region.

GW3 prepares this submission around the Queensland Government's economic response to COVID-19 to capture the experience of the Mackay Isaac Whitsunday region as a whole. Each of the Mackay, Isaac and Whitsunday Regional Councils are also submitting a response to this inquiry, identifying the specific impacts on each of their Local Government Areas.

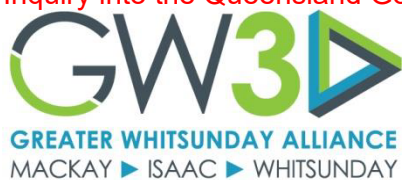
Within this submission GW3 have considered the full scope of economic responses to COVID-19 delivered by the Queensland Government and largely commend the Queensland Government for quickly implementing broad reaching measures that complimented the response of the Australian Federal Government. Further consideration needs to be given to a fair and equitable approach to providing economic support that is proportionate to those who most negatively impacted, along with enhanced coordination and communication processes.

GW3 is committed to ensuring the best economic outcomes for the Mackay Isaac Whitsunday region and appreciates the opportunity to represent the regions experience of the Queensland Governments economic response to COVID-19.

Yours Sincerely,

John Glanville – Chair
Greater Whitsunday Alliance Ltd.





SUBMISSION

Inquiry into the Queensland Government's economic response to COVID-19

Written submissions are invited around any aspect of the Queensland Government's economic response to COVID-19.

The response should take into account the Australian Government's response to COVID-19 and its impacts on the Queensland Government's response.

REGIONAL OVERVIEW



GRP – Mackay, Isaac,
Whitsunday

\$22.281 Billion



Population – Mackay,
Isaac, Whitsunday

172,523



Greater Whitsunday
region spans over

90,354 km²

INTRODUCTION

This is a submission from Greater Whitsunday Alliance Ltd (GW3) as the lead regional economic development organisation for the Mackay Isaac Whitsunday Region.

The MIW region is recognised as an economic powerhouse within Australia. The economy of the MIW region offers diverse investment opportunities with a proven track record as a region for growth and prosperity. The Isaac region is home to the Bowen Basin, housing the largest coal mining deposits in Australia. Most of Queensland's prime coking coal reserves are mined here, including the highest-grade metallurgical coal in the world. Mackay is the centre of one of Australia's most developed Mining, Equipment, Technology and Service (METS) industries, has enormous bio future potential and the Whitsundays is not only a world-class tourism destination attracting more than a million visitors annually but is a highly developed food producing region with sugar cane, horticulture and aquaculture.

While broadly the Mackay and Isaac LGA regions appeared to remain economically resilient in the face of COVID-19, the impact on the Whitsunday region has been devastating due to the complete closure of their main industry – tourism. In saying that, there has still been widespread negative economic impacts on businesses, industry, employment and the broader economy across the entire region.

The region was highly reliant on the economic initiatives delivered by the state and federal government to minimise the economic impacts and ensure businesses, households and local jobs remained supported within the region.

This submission is in response to the initiatives delivered by the Queensland Government to minimise the economic impacts of COVID-19 and will respond to the following elements of the economic response:

- Key Queensland Government measures -
 - Support for industry and employers;
 - Support for workers and households.
- General response and decision making -
 - Interaction of Queensland and Federal Government response;
 - Coordination of responses by the Queensland Government;
 - Effectiveness of decision making in minimising economic impact.

RESPONSE TO KEY QUEENSLAND GOVERNMENT MEASURES

GW3 have considered the economic initiatives delivered by the Queensland Government and the way in which these initiatives were delivered and their effectiveness in supporting the purpose of minimising the economic impacts of COVID-19 within the region.

GW3 acknowledges that the Queensland Government delivered a range of initiatives under the COVID-19 economic response focused on supporting industry, employers, individual workers and households.

While some narratives indicate Mackay and Isaac Regional Council areas have fared relatively well through the impacts of COVID-19, as compared to other regions across the state, the decisions and economic measures implemented across all levels of government have been important in supporting these outcomes in the region. In addition to this, it is important to recognise that certain areas of the region, especially the Whitsunday Regional Council area experienced significantly higher levels of negative economic impact than Mackay and Isaac, due to its high level of reliance on the tourism industry.

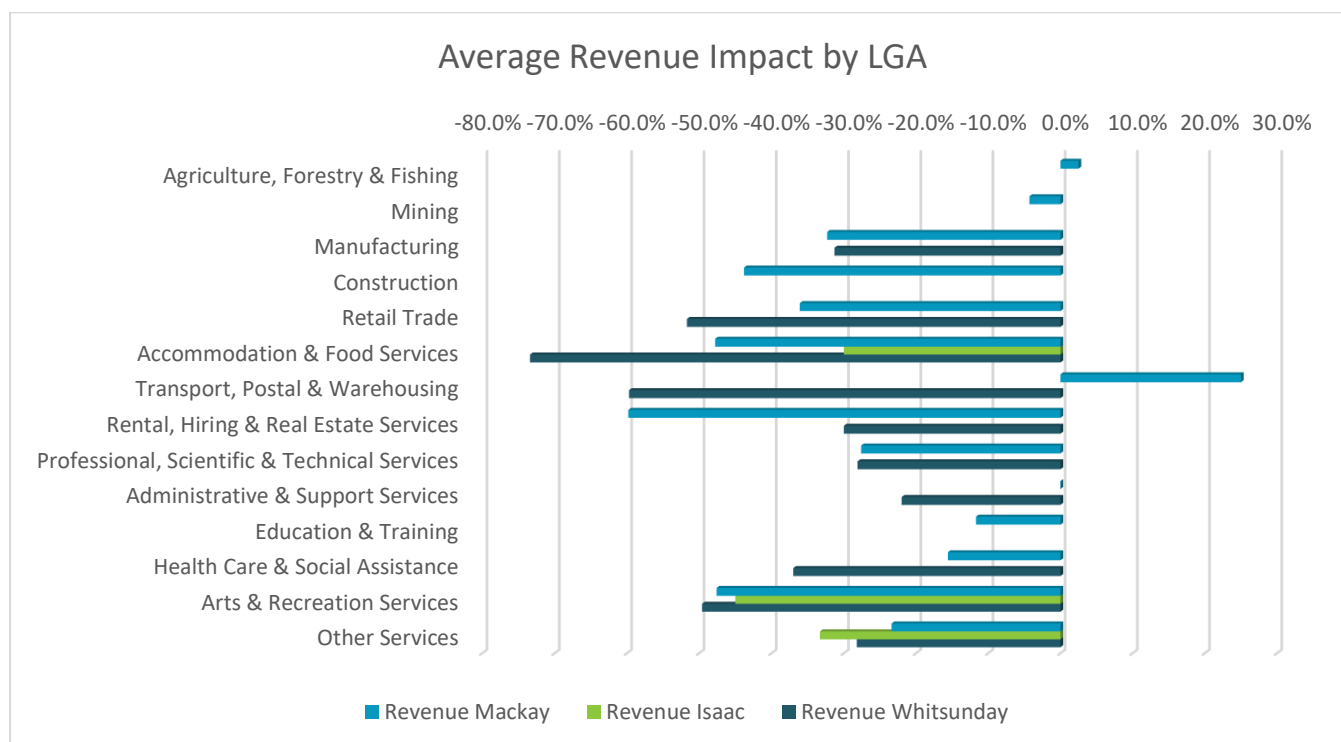
SUPPORT FOR INDUSTRY AND EMPLOYERS

Greater Whitsunday Alliance in collaboration with Mackay, Isaac and Whitsunday Regional Council delivered the COVID-19 Australian Business Economic Impact Survey developed by REMPLAN to collect data around the impacts on businesses across the region. Data was captured from 445 respondents and the data presented below is current at 1 June 2020.

The survey data identifies that on average 86.0% of survey respondents from across the MIW region were impacted by COVID-19. Focusing on Local Government Areas, Whitsunday respondents reported the highest level of impact with 92.4% of respondents identifying that they had been impacted. While respondents from Isaac Regional Council reported the highest level of businesses not impacted and unlikely to be impacted into the future at 11.4%, as compared to the MIW average of 5.4%.

The revenue impact was reported to be an average of -34.51% across the MIW region, with Mackay reporting an average impact of -32.89%, Isaac reporting an average impact of -21.13% and Whitsunday reporting an average impact of -49.52%. As demonstrated in the chart below, the greatest impacts were felt in Accommodation & Food Services, Retail and Art & Recreation Services across the region. The chart also demonstrates the high level of impact experienced by businesses located in the Whitsunday's, which is directly connected to their reliance on tourism as a key industry.

Chart 1.1 Average revenue impact by Local Government Area in the Mackay Isaac Whitsunday region.



The survey identified that the region continues to expect to experience significant negative revenue (-27.3% average) impacts in the coming 12 months. Again, Whitsunday expects to experience the most significant level of impact averaging -42.7% revenue impact over the next 12 months.

While the data above demonstrates a significant economic impact across the region, the minimal impacts in the region's other key industry sectors of mining and METS, and agriculture, forestry and fishing, has meant that when the Mackay Isaac Whitsunday unemployment rate of 4.9% is compared to the Queensland unemployment rate of 6.3%, the region appears to have remained economically strong. However, what needs to be observed is that there were disproportionate economic impacts across the region and while some businesses and industries fared okay, there was significant economic pain experienced by those who did not fare as well. Therefore, the economic response of government needed to ensure that support was made available to those businesses who needed it most.

The focus of the Queensland Government around manufacturing and supply chains provided an accessible opportunity for economic stimulus during this challenging time. However, whether the benefits directly impacted the region are hard to measure. The region demonstrated a number of situations where new business activity was initiated due to product demand directly impacted by COVID-19, however much of these demands were market driven, rather than government facilitated. For example Wilmar's Bioethanol Plant in Sarina was able to increase production of ethanol

to supply manufacturers of Australian based clinical-grade hand sanitisers, hygiene products and cleaning products¹. While local emerging entrepreneur Thomas Stolberg was approached by locally based GPs, dentists and specialists to 3D print PPE face masks for their practices². Similarly, locally based Linked Group developed the EcoShield to create barriers between workers and customers to enable the safe continuation of business throughout the COVID-19 pandemic³. These were time limited ventures that provided economic benefit to a concentrated cohort of businesses. *It is recommended that the provision of supply chain and manufacturing opportunities should remain an ongoing focus for the Queensland Government and ensure that its benefits reach the regions.*

Much of the economic response to supporting businesses in Queensland was focused on offering short term relief for business, including power bill relief, payroll and other targeted tax relief, lease relief and the waiver of liquor licensing fees. These measures were important in offering a level of widespread support to those businesses hardest hit in the retail and hospitality industries and had certain pertinence within the region given the impacts on these industries. However, in light of the devastating level of financial impacts these businesses experienced, combined with the high representation of small, often family owned business, these measures did little to bolster the negative financial outcomes experienced. GW3 would encourage responses which provided more targeted and impactful support to those businesses who needed it the most.

The money invested in supporting the continuation of businesses, including regional air, bus and taxi operators had minimal impact on the economic outcomes for the region. The geographical spread of the region, combined with the limited public transport options across the Mackay, Isaac, Whitsunday region, means that there was a pre-existing reliance on personally arranged transport prior to the COVID-19 crisis. Therefore, the impacts on the region from maintaining these services would have been extremely limited. In addition to the significant economic impact to tourism related transport operators in the Whitsunday's, the other key impact was access to reasonable freight resources to ensure the continuation of businesses, especially small businesses located in outlying areas such as Moranbah. A number of small business owners identified that the cancellation of commercial flights into the region removed their access to affordable undercarriage aircraft freight options. Businesses in the Isaac region were especially frustrated by this as there were regular charter flights into the region, carrying reduced loads of mining industry workforces, however there was no facilitation of opportunities to negotiate the carriage of freight on these flights to assist with supply chain efficiencies. *Government intervention (through a targeted subsidy program) in reducing barriers to freight carriage on private flights could have provided a simple and meaningful solution to additional hardships experienced by local businesses.*

While the Queensland Government provided significant marketing funds support to the tourism sectors in Cairns and Gold Coast in mid-March, no specific support was implemented to support the downturn in the tourism industry in

¹ The Daily Mercury, 2020. *Sarina Distillery's Vital Role In Coronavirus Fight*. [online] Available at: <<https://www.dailymercury.com.au/news/sarina-distillerys-vital-role-in-coronavirus-fight/3999871/>> [Accessed 16 June 2020].

² The Daily Mercury, 2020. *Teen's New Business Helping COVID-19 Shortages*. [online] Available at: <<https://www.dailymercury.com.au/news/teens-new-business-helping-covid-19-shortages/3993098/>> [Accessed 16 June 2020].

³ The Daily Mercury, 2020. *Coronavirus sparks idea for innovative new product*. [online] Available at: <<https://www.dailymercury.com.au/news/coronavirus-sparks-idea-for-innovative-new-product/3990375/>> [Accessed 16 June 2020].

the Whitsundays, despite the fact that tourism accounts for one out of every three jobs. *It is recommended that the Queensland Government take a fair and equitable approach to awarding funding in times of a whole-of-sector crisis.*

The Whitsundays Regional Snapshot produced by Tourism and Events Queensland for the year ending 2019 identified a total 851,000 visitors to the region in the preceding 12 month period, 220,000 of which were international visitors⁴. This amounted to annual expenditure of \$694.5m in the region, \$151.7m of this from international visitors. At the end of 2019 the region had just surpassed visitor levels seen prior to Tropical Cyclone Debbie, which had wide spread impacts on the industry when it interrupted tourism operations in 2017. The continuous cycle of recovery the region has experienced since first being impacted by cyclone Ului in 2010 adds to the economic devastation being experienced in the region as reflected in the REMPLAN survey figures detailed above. With interstate travel timeframes still uncertain and international travel even more so, this region is set to experience prolonged negative impacts to its economy. The Queensland Government needs to recognise the long term impacts on the tourism industry within the region and take swift and impactful measures to support the industry in the Whitsundays to regain momentum as quickly as possible. The region is grateful for the recent announcement by the Queensland Government to support the introduction of Brisbane to Whitsunday flights by Alliance Airlines and the announcements of additional tourism relief funding opportunities.

Overall the region recognises that the Queensland Government implemented measures to provide broad support to businesses and industries impacted by COVID-19. However, the region feels that more needed to be done to make a meaningful impact on those businesses and industries who were most negatively impacted by the COVID-19 crisis, specifically tourism, hospitality and retail.

SUPPORT FOR WORKERS & HOUSEHOLDS

Employment data from May 2020 indicates that the Mackay Isaac Whitsunday region has a current unemployment rate of 4.9%, however this data does not take into account those jobs which are currently supported by the Federal Government's JobKeeper allowance⁵. Data captured in the REMPLAN survey identifies that the average staffing impact from COVID-19 was -26.8%, with Whitsunday respondents identifying -33.8% staff impact, Isaac respondents identifying -26.5% staff impact and Mackay respondents identifying a -20.1% impact.

The survey identified that the region continues to expect to experience significant revenue (-27.3% average) and staffing (-14.5% average) impacts in the coming 12 months. Again, Whitsunday expects to experience the most significant level of impact averaging 42.7% revenue and 24.5% staffing impact over the next 12 months.

⁴ Tourism and Events Queensland, 2020. *Whitsundays Regional Snapshot Year Ending December 2019*. [online] Available at: <<https://cdn1-feq.queensland.com/~media/dbba387cc1f04582a6e9ee1dffa9b934.ashx?vs=1&d=20200514T164348>> [Accessed 18 June 2020].

⁵ Queensland Government's Statistician's Office, 2020. *Regional labour force – Mackay – Isaac – Whitsunday SA4, May 20* [online] Available at: <<https://www.qgso.qld.gov.au/issues/3426/regional-labour-force-202005-mackay-isaac-whitsunday-sa4.pdf>> [Accessed 29 June 2020].

It is understood that Initiatives delivered by the Queensland Government such as the utilities bill relief were intended to provide rapid and widespread support through the crisis, providing relief to households whose income had been impacted and generating economic stimulus from those households who were not impacted. While data around the effectiveness of the economic stimulus standpoint is difficult to identify, qualitative feedback indicates that uncertainty around the economic outlook led people to retain these savings rather than indulge in additional spending. The region's small businesses may have fared slightly better as a result of a swiftly implemented and resourced buy local campaign (#wepledgelocal) to promote spending in the region and focus the general public's attention on the importance of buying local.

GENERAL RESPONSE AND DECISION MAKING

It is important to recognise that the swift and decisive actions taken by the Queensland Government around social distancing measures and border closures has enabled the effective management and minimisation of the spread of COVID-19 and seen the state able to implement economic recovery measures within a reasonable timeframe, as compared to other national and international timeframes.

Decisions to allow essential workforces to continue to travel, with the implementation of effective infection control measures, has had a significant impact in ensuring positive economic outcomes, for both the region and Australia more broadly. These measures especially impacted the continuation of operations within the mining, METS and agricultural sectors across the Mackay Isaac Whitsunday region thereby protecting thousands of local jobs. While there was apprehension within the region about people commuting into the area from outside, especially metropolitan areas, the measures implemented by the state and the companies responsible, has effectively enabled the continuation of key industries.

While hindsight provides an advantage in detailing the best management of the situation, it is still important to recognise that there has been no COVID-19 community transitions recorded in the MIW region to date. The measures implemented by the Queensland Government were relative to the experiences of metropolitan and more densely populated areas and the extremity of the measures given the situation locally, likely had unnecessary economic consequences for the MIW region. *It is recommended that the Queensland Government consider implementation of regionally specific measures (based on risk profile and data) to manage responses which are commensurate with the risk to minimise impacts on the economy.*

This also raises the challenges experienced around the coordination of state and local responses. The Mackay Isaac Whitsunday region is well practiced in managing disaster response and each regional council quickly activating their Local Disaster Management Groups. Each Local Disaster Management Group co-ordinated community and economic responses specific to their local government area. Anecdotal feedback from these groups was that they experienced some difficulty in attaining verified information directly from government and were reliant on media reports to activate responses and activities. *It is recommended that a formalised communication channel between all levels of government to manage coordinated responses is developed and activated as soon as possible in emergency situations.*

One of the earlier challenges was lack of coordinated release of information to both the community in terms of the health directives and associated restrictions, and to business and industry in terms of support and financial assistance

packages. As an interim measure, Greater Whitsunday Alliance coordinated and disseminated financial support measures specific for businesses and hosted a range of webinars with financial experts to explain what was on offer to small business in the Mackay Isaac Whitsunday region. The eventual release of the Queensland Government's Covid-19 website was a welcome relief to locals as a central source of verified information. *It is recommended that a formalised community communication channel (as per the dedicated COVID-19 website) is developed and activated as soon as possible in emergency situations to provide reliable, validated information. This will limit the spread of misinformation and reliance on general news media and social media channels.*

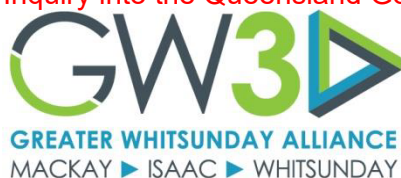
While the ongoing closure of state borders has a negative impact on the economy, especially for key interstate tourism areas like the Whitsundays, the Queensland Government and other state jurisdictions appear to be taking an overly conservative approach which is not in line with the recommendations from the Australian Health Protection Principal Committee (AHPPC). Whilst we appreciate that the health of Queenslanders should be the number one priority, the economic impacts from ongoing business restrictions also has dire health implications for business owners and operators and government needs to manage those impacts more effectively. *It is recommended that the Queensland Government to continue to pursue opportunities to open state borders as quickly as possible. Alternatively, if the decision is made to keep borders closed, additional financial relief measures must be implemented as soon as possible for the industry (and regions) most impacted by border closures, specifically tourism.*

The interaction between the federal and state economic responses were largely complimentary with minimal duplication or unnecessary commitment and the spirit in which the National Cabinet process was embraced is to be congratulated.

CONCLUSION

In conclusion, GW3 recommends the Queensland Government focuses on:

- Continued development of manufacturing and supply chain opportunities to encourage our state to be less reliant on imports during a time of crisis.
- Government intervention to shore up freight movements across the state by ensuring regional access to underbelly freight carriage of charter flight services.
- Taking a fair and equitable approach to awarding funding in times of a whole-of-sector crisis (awarding marketing funding to Cairns and Gold Coast and not Whitsundays was a significant psychological blow to Whitsunday tourism operators).
- Targeted responses, which provide support proportionate to those industries and businesses most negatively impacted.
- Consider implementation of restriction measures which are regionally specific (based on risk profile and data) to manage responses which are commensurate with the risk to minimise impacts on the economy.
- Development and activation of a formalised communication channel between all levels of government: federal, state and local to ensure delivery of verified, actionable information.



- Development and swift activation (as per the dedicated COVID-19 Queensland Government website) of a formalised communication channel for the broader community to stop the spread of misinformation from unverified sources.
- Additional, targeted financial support to industries most impacted by continued border closures.

GW3 remain committed to advocating to maximise positive outcomes for the MIW regional economy. We look forward to working with the Queensland Government to identify and deliver responses that will provide the best opportunity for positive economic outcomes for the Mackay Isaac Whitsunday region.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'John Glanville'.

John Glanville – Chair

Greater Whitsunday Alliance Ltd.