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30 June 2020

Mr Linus Power Mp
Chair
Parliamentary Economics and Governance Committee
Parliament House
2 George Street
BRISBANE QLD 4000

Via email: egc@parliament.qld.gov.au

Dear Mr Power

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

Sunshine Coast Council (Council) welcomes the opportunity to make a submission to the Economics and Governance Committee inquiry into the Queensland Government's economic response to COVID-19.

This submission responds specifically to the terms of reference (TOR), focusing on the Council's experience and observations.

The Sunshine Coast Council (the Council) is the fourth largest Council in Australia, catering to a region of 2,291 square kilometres with a population of over 320,000 people, forecast to grow to more than 518,000 people by 2041. The region is the 10th largest city area (by population) in Australia, has experienced a 28% population growth rate over 2007-2017 (compared to a national growth rate of 18.0%) and is forecast to have the second fastest growth rate of any Queensland region between 2011 and 2036.

The economic impact of COVID-19 on our regional economy was immediate and severe with forecasts of:

- Gross Regional Product forecast to fall by -14.0% in the June Quarter 2020. This fall is higher than the state average
- Local Jobs forecast to fall by -9.1% in the June Quarter 2020. This equates to a fall of 13,541 local jobs. If JobKeeper recipients impacts are included then the employment fall is estimated at -15.8% (23,569 jobs) and
- The impact on employed residents (-9.3%) was higher than the local job impact.

The imposition of the national public health directions, particularly in relation to social distancing, gatherings and travel distances has impacted both our tourism and events industry and ancillary industries, having immediate financial impact on the hospitality industry (accommodation, restaurants and cafes), the retail sector, and the hosting of business events and activities such as weddings among others which are large contributors to our economy. That said, Council fully appreciates the priority that must be afforded to protecting public health outcomes for Queensland communities.

Further details of the Sunshine Coast Council's experience of the Queensland Government's economic response to COVID-19 is detailed in the attached appendix.



We look forward to reviewing the Committee's findings of the inquiry by the Economics and Governance Committee.

Should you have any inquiries regarding this submission, do not hesitate to contact Paul Martins, Head of Economic Development via email [REDACTED]

Yours sincerely



Warren Bunker
Acting Chief Executive Officer

Sunshine Coast Council Submission

Economics and Governance Committee

Queensland Government's economic response to COVID-19.

Terms of Reference

On 22 April 2020, the Legislative Assembly referred an inquiry to the Economics and Governance Committee with the following terms of reference:

1. *That the Economics and Governance Committee inquire into and report to the Legislative Assembly on the Queensland Government's response to COVID-19 in relation to the economic response only;*
2. *That in undertaking the inquiry, the Committee should take into account the Australian Government's response to COVID-19 and its impacts on the Queensland Government's response;*
3. *That in conducting the inquiry the Committee is to be conscious of any requests for witnesses or materials and ensure that any requests do not unreasonably divert resources from the immediate COVID-19 response; and*
4. *That the Committee report to the Legislative Assembly by no later than 3 months after the conclusion of the Public Health Emergency declared under the Public Health Act 2005 regarding COVID-19.*

Introduction

Prior to the emergence of the COVID-19 pandemic, the Sunshine Coast had been experiencing a sustained economic growth trajectory, underpinned by strong and continuing period of business confidence, expanding public and private investment and the growth in employment and high-value industries. Whilst this has added strength to the fabric of the region's economy, the Sunshine Coast has been seriously impacted by the pandemic.

Impact on Local economy

The Sunshine Coast economy has outpaced most of the regional economies in the country in terms of growth over the last 15 years (NIEIR, 2018). The economy is anticipated to grow in a strong and sustainable manner over the next 20 years to reach A\$33 billion in 2033, accompanied by an increase in knowledge-based jobs, exports and household income.

The Sunshine Coast's economy continues to evolve into a modern, 'smart' economy based on sound growth across numerous high value and knowledge-based sectors including professional business services, innovative manufacturing and numerous high-tech start-ups.

The strength of the regional economy is based on its diversity and strength across a number of key sectors including healthcare, education, finance and professional business services.

The Sunshine Coast is also one of Queensland's most popular tourism destinations and our economy, whilst diversifying, depends strongly on the tourism industry. The region hosts a variety of major events each year, which reinforce its reputation as a leading tourism destination. These events support local businesses and contribute to a range of community development goals.

The most recent Sunshine Coast Business Confidence Survey reflected the continuing, sustained positive outlook of the 31,695 businesses registered in the region (ABS, 2019),

demonstrating increasing confidence trends over time since 2009, and the high degree of confidence in current and future economic growth in the region (Boardroom Business, 2018).

Since 2013, the *Sunshine Coast Regional Economic Development Strategy 2013-2033* has provided a vision and blueprint for the new economy – a prosperous, high value economy of choice for business, investment and employment, while offering an enviable lifestyle and environment. The region's economic results at end 2019 were positive:

- The region had surpassed Gross Regional Product (GRP) of \$20 billion – one of the top seven GRP regions in Australia
- \$12.5 billion of public and private investment planned/underway, including major road infrastructure projects led by the Federal and State governments and projects led by the Council, including the expansion of the Sunshine Coast Airport, the Maroochydore city centre and the Sunshine Coast International Broadband Cable Network.
- The Sunshine Coast's unemployment/job numbers also ended 2019 positively:
 - Our employment growth increased by 5.6% (new jobs) as compared to Queensland at 1.8%
 - The number of unemployed didn't change which when you consider how many people we added to the region, and the increase of 15+ year-olds (typically those looking for work) was up 2.8%, this shows how strong the region's economic performance was overall
 - As a result the region's unemployment rate actually dropped to 6% (from 6.3%) which is lower than Queensland's at 6.4%
 - Our participation rate at 63.7% is lower than the State at 66.2% and Australia at 66.1% but that is not unexpected given our demographics (retirees).
- In Sunshine Coast (LGA), Health Care and Social Assistance was the largest employer, generating 25,015 local jobs in 2018/19, followed by Construction, (19,582), Retail (19,095) and Education & Training (12,555).

Like all regional areas, the implementation of the national public health directions and compliance with the Public Health Directives has significant impact on the Sunshine Coast community and local businesses. Restriction of movement and the closure of state and international borders impacted both our tourism and events industry, having immediate financial impact on accommodation providers, tourism operators, event managers, the retail sector, hospitality industry, and the wedding industry, with a subsequent loss of thousands of jobs.

Council's economic provider, Economy.id, has developed a COVID-19 Outlook Tool to show the economic and industry impacts at the LGA level. This tool draws on the economic forecast model developed by NIEIR and focuses on the impacts to June 2020, which are:

- Gross Regional Product is forecast to fall by -14.0% in the June Quarter 2020. This fall is higher than the state average
- Local Jobs are forecast to fall by -9.1% in the June Quarter 2020. This equates to a fall of 13,541 local jobs. If JobKeeper recipients impacts are included then the employment fall is estimated at -15.8% (23,569 jobs) and
- The impact on employed residents (-9.3%) was higher than the local job impact.

On 28 May, the Grattan Institute released its latest modelling indicating the Sunshine Coast had experienced the highest rate of job losses of any area in Queensland.

The Federal electorates of Fairfax and Fisher, which span the Sunshine Coast, were rated third and fourth nationally with 10.2% of jobs lost in each electorate.

With respect to the Terms of Reference of the Inquiry

1. *the Queensland Government's response to COVID-19 in relation to the economic response only;*
2. *That in undertaking the inquiry, the Committee should take into account the Australian Government's response to COVID-19 and its impacts on the Queensland Government's response;*

The Sunshine Coast Council would like to commend both the Queensland Government and the Federal Government for their early intervention and response to the COVID-19 pandemic.

The Queensland Government in particular noted the likely/potential impacts of COVID-19 on the economy earlier than any other government in Australia and provided financial assistance (tourism marketing) to the highest impacted regions (loss of international tourists) in Queensland.

The early onsets/impacts of COVID-19 were uncharted territory for any government (across all levels). The Queensland Government was quick to announce a series of economic assistance programs, to aid businesses and support the community.

Coupled with these measures, the Federal Government's announcement of JobKeeper (and coverage of sole traders) was particularly important for the Sunshine Coast given our large make-up sole traders/companies (28,000 plus businesses).

Given the quickly evolving situation and the unknowns at the time, it is hard to fault either government for their steps and actions. Council was in a similar position trying to work out how best to care for its community and support its businesses with the best information at hand.

The regular communication updates by both the Federal and State Government, the national Cabinet process, and the economic stimulus provided have been greatly appreciated.

The production and distribution of the COVID-19 Roadmap for the state of Queensland was a welcome initiative and allowed Council, businesses and communities to plan to re-open. This roadmap was again complemented by additional economic stimulus and grant programs for both business and shovel-ready Council infrastructure projects.

The only areas that could have been improved (but were understandable given the constraints) were:

1. Timely communication to Councils and businesses on bringing forward easing of restrictions around the roadmap. Insufficient notice was provided to re-open within the revised guidelines
2. The guidelines themselves, with the express aim of protecting the community, meant that some businesses could still not re-open effectively due to costs and other factors

3. Some grants were over-subscribed within days of opening, although this was remedied at a later date with new grant rounds
4. The submission of COVID-safe plans by industry and specific businesses had some teething problems as assigned staff were not across all the issues/areas of approval and
5. Introducing the Business COVID safe Ambassadors earlier and to provide an ongoing role with local Councils across local business communities.

The above comments are provided as feedback rather than criticism because the COVID-19 situation was fast moving, ever evolving and everyone was learning as they went.

The situation moved quickly from a lack of information to too much information (not just from government but industry associations and professional advisory services) all trying to be helpful but crowding out information channels and making it more difficult for the business community to understand the issues and opportunities.

It may be argued that the business.qld.gov.au provides a single-point solution but there are elements on that site that require improvements for a business outside of Brisbane, not least of which is the local resources/assistance is often provided by Councils. A simple plug-in could be created to complement the State Government information and advice.

Sunshine Coast Economic Support and Recovery Plans

Sunshine Coast Council took a number of steps to protect its community and support businesses to complement measures put in place by the State and Federal governments. Some of these measures are outlined below.

Local Disaster Management Group (LDMG)

The LDMG is the coordinating body for managing the response and recovery from a local disaster event and is responsible for developing and implementing the Sunshine Coast Local Disaster Management Plan.

The Sunshine Coast LDMG membership includes Mayor Mark Jamieson as the chairperson, and representatives from the Sunshine Coast Council, emergency services, key non-government departments, local education institutes, energy and water service providers and tourism organisations, and following the announcement of the COVID-10 pandemic, representatives from the Department of Health, Queensland Police Services and others.

Community Support

Council reacted quickly with the establishment of a COVID-19 Control Group, including the Mayor, Deputy Mayor and Executive Leadership Team to facilitate strategic and decisive actions and a COVID-19 Working Group, consisting of senior managers from across council.

As the impacts of the national public health measures continued to flow throughout the community, the COVID-19 Control Group worked to provide some reassurance that council would continue to look at every avenue available to support those experiencing financial difficulty in the community.

The COVID-19 Community Relief Plan outlines council's commitment across a wide cross section of programs and activities, such as rent relief for Council managed facilities and waiver of local government fees and charges for community organisations experiencing financial hardship, alongside ongoing advocacy to the State and Federal governments so the human services agencies in the region are appropriately resourced to support the response and recovery effort.

On May 11, 2020, council announced that not-for-profit community organisations can apply to receive a helping hand from Council with temporary COVID-19 Community Response Grants and an expansion and increase to Emergency Grants now available.

These grants have been activated under council's COVID-19 Community Relief Plan, which brings together a range of initiatives as part of council's continuing response to the severe impacts being experienced by communities across our region.

Business Support Packages

March 18 2020

- Sunshine Coast Council announced it would be injecting up to \$15 million per month earlier into the local economy by expediting payments to local contractors within seven days (instead of 30 days) in a bid to improve cash flow and stem the economic impacts of the COVID-19 pandemic.
- In addition Ongoing Business Support was made available to all regional businesses through the B-Well and Prosper mental wellbeing portal, Sunshine Coast Funding Finder and Level-Up online digital up-skilling

March 23 2020

Announcement of stimulus tranche one which included:

- Dedicated staff to assess temporary use permits
- Additional staff focused on building and plumbing approvals to ensure continuity of work/approvals
- Relaxation of curfews in relation to deliveries of essential items to supermarkets/pharmacies
- Footpath/outdoor dining and trading permit fees (reimbursement or waiver from 1 March to 31 July)
- Food licensing fees (reimbursement or waiver from 1 March to 31 August)
- Community event and major event permit fees (reimbursement/refunds from 1 March to 30 June or ability to postpone for 12 months and bond refunded until new date set)
- Commercial low-use/commercial high use permits (reimbursement or waiver from 1 March to 31 July)
- Filming application fees (reimbursement or waiver from 1 March to 30 June)
- Venue hire (bookings) - refunds and waiver of normal cancellation fees at all Council venues from 16 March to 30 June
- Payment of Infrastructure Charges for MCU developments will be assisted through a Staged Payment process up to three years, complemented with the initial payment being deferred between 6-9 months (interest free). A reduced interest rate (TBA) will run over the life of the staged payment period.
Parking regulators will issue warnings instead of infringements in general unless the infringement relates to health and safety issues or parking in disabled parking spaces
- Paid parking waiver for Caloundra from 31 March to 30 June.

March 30 2020

- Council announced that it would be communicating with everyone who has outstanding rates that, if they are experiencing financial difficulty, council will work with them to make a suitable arrangement that takes into account their circumstances. Council will also not be charging interest on outstanding rate payments and will not be pursuing outstanding rates at this time.

April 6 2020

- Parking meters turned off until June 30, 2020

April 8 2020

Announcement of stimulus tranche two which included among others:

- Professional Advice Support Program - offering access to professional business advice from local accounting, legal and human resources firms, to assist local businesses make critical decisions about their operations and their future. This service provides a free initial consultation to businesses that employ up to 19 staff and have a turnover of less than \$5 million
- Information resources - helping businesses transition to operating in this new environment by linking them with local online service providers, video conferencing and IT specialists and providing useful resources
- Business signage - business signage will be available to support businesses that have to alter their service arrangements such as providing takeaway/delivery signs outside cafes and restaurants and advice to customers on how to access online services
- Community and commercial lease relief – community and commercial lessees of council properties will be eligible for a rent waiver from March 1 to June 30
- Capital works – up to \$3 million in capital works projects will be brought forward to support local jobs and to keep money circulating in the local economy. These works will be on council facilities that have been temporarily closed. Details of projects will be released in the coming weeks.

24 June 2020

Announcement of stimulus tranche three which included among others:

- Sunshine Coast Council announced the formation of a new taskforce and a region-first digital skilling partnership with Amazon Web Services (AWS) as part of Council's Economic Resurgence Plan, aimed at fast tracking the region's economic recovery.
- The taskforce includes seven local business leaders who will be led by Economic Portfolio Councillors. The group will be charged with overseeing the delivery of council's third economic stimulus package and providing ongoing support to local businesses as they seek to recover from the impacts of novel coronavirus (COVID-19)
- Re-energising the economy, supporting shovel-ready projects and backing local businesses are the key priorities of the Economic Resurgence Plan
- Council is further strengthening its support for job creating projects by offering assistance on eligible development application fees, deferred infrastructure charges and/or financial incentives for eligible projects with construction starting before December 2021
- In keeping with its focus on supporting local businesses to keep operating, council's procurement policy has been revised to increase its emphasis on locally based suppliers, which will help to keep residents employed and money circulating through the region's economy. Council spent \$213 million with local suppliers during the current financial year (to 1 May, 2020) which represented approximately 70 per cent of council's total procurement spend. This is up from \$200 million at the same time last financial year.

Conclusion

The response by the Queensland Government in developing and implementing initiatives to support Queensland businesses and protect local jobs during the pandemic, is to be commended.

While inevitably, improvement can be found in any program or activity, the unprecedented nature of COVID-19 meant that all levels of government were challenged like never before to protect their communities and support businesses.

The overwhelming feedback from the Sunshine Coast is that the vast majority of initiatives from both the State and Federal Governments have been welcome and Council looks forward to working with both tiers of government on the ongoing recovery of the Sunshine Coast.