



COVID19 Transition and Recovery Strategy



Committee
for
Sydney

2 June 2020

Outline of this document

1. Overview

Australia's success in managing covid-19 so far sets us up for a social and economic recovery.

2. Transition phase

We look at how to open as much of the economy as possible.

3. Recovery phase

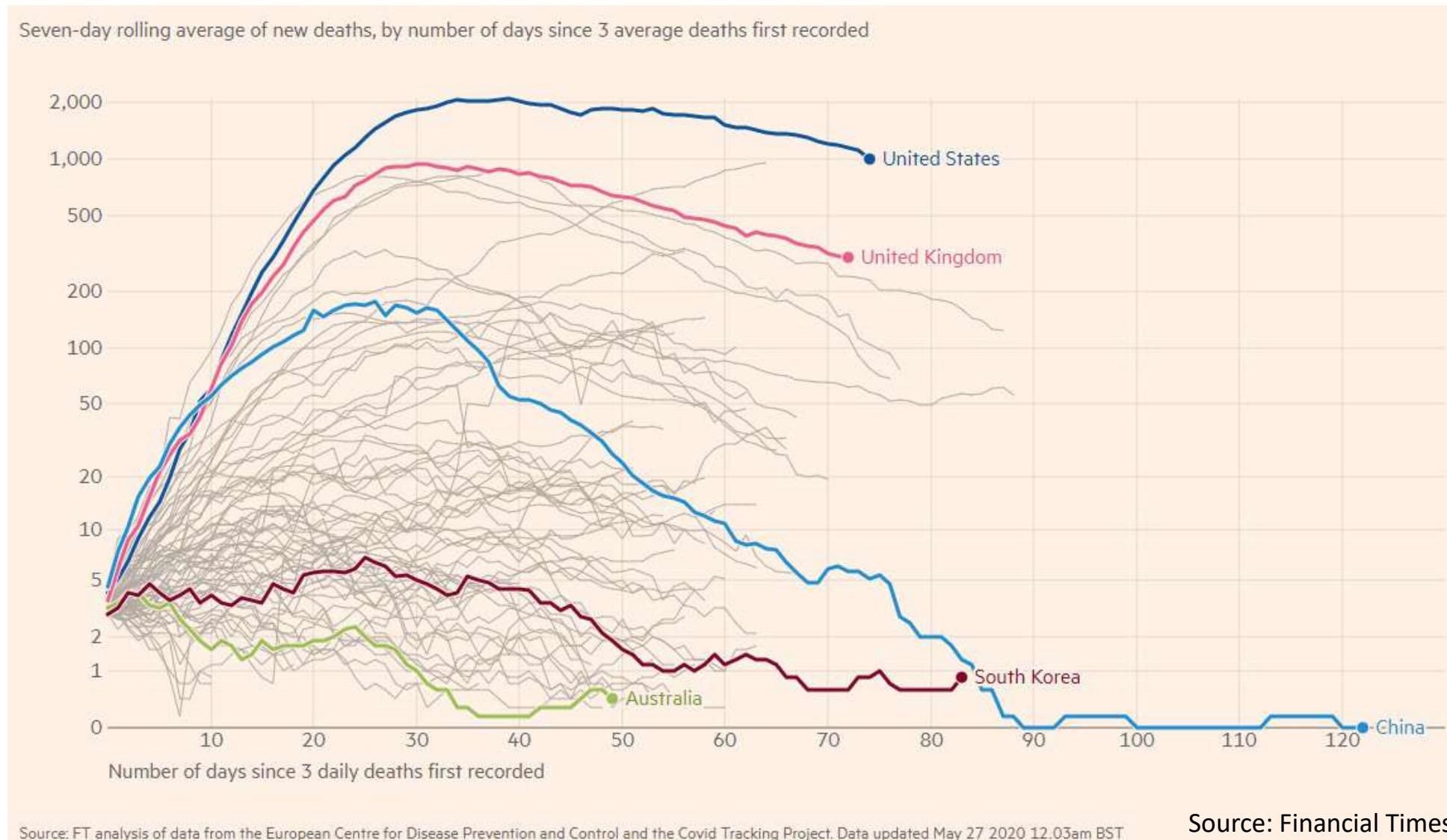
We propose an 11 point recovery strategy to bring Sydney and Australia back.

4. New Normal

To succeed here means building back better.

Overview

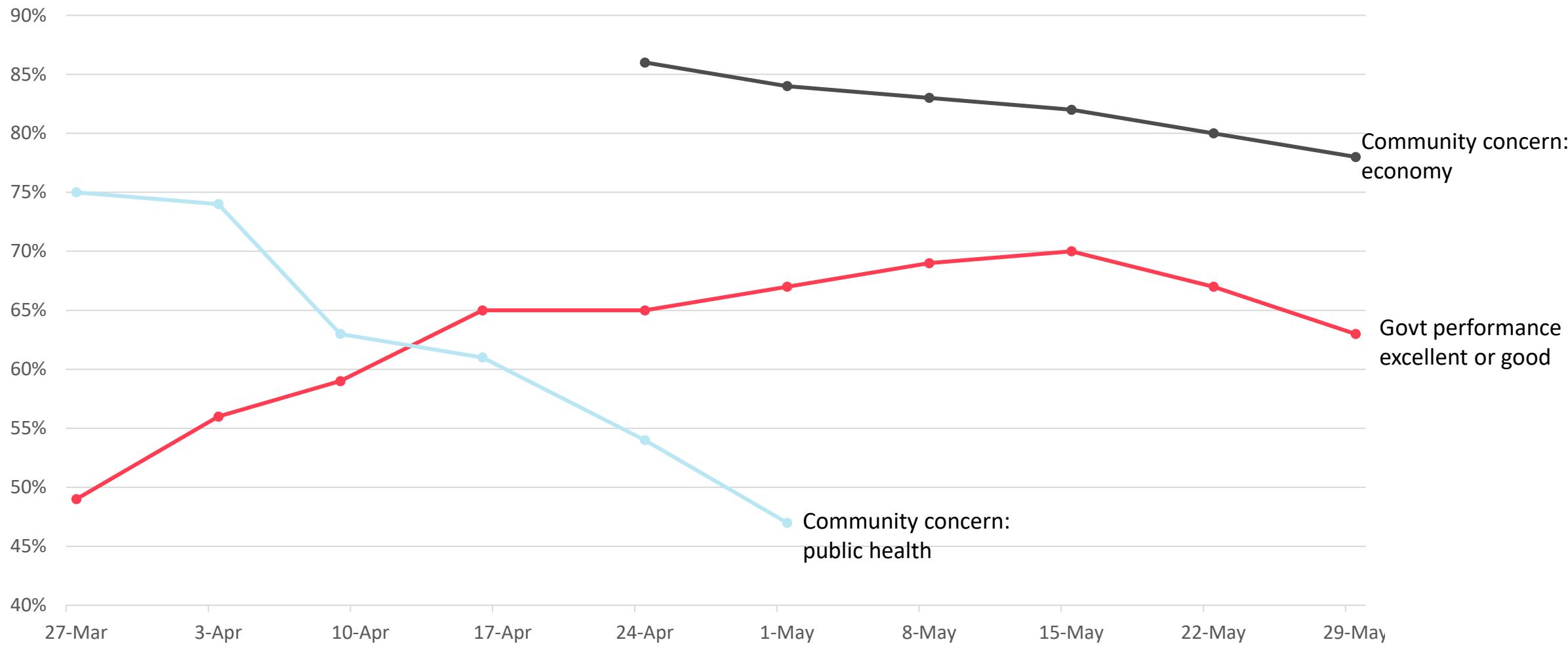
Australia has flattened the curve, but at a high social cost



Australians think the government has done a good job

Trust in Government remains high.

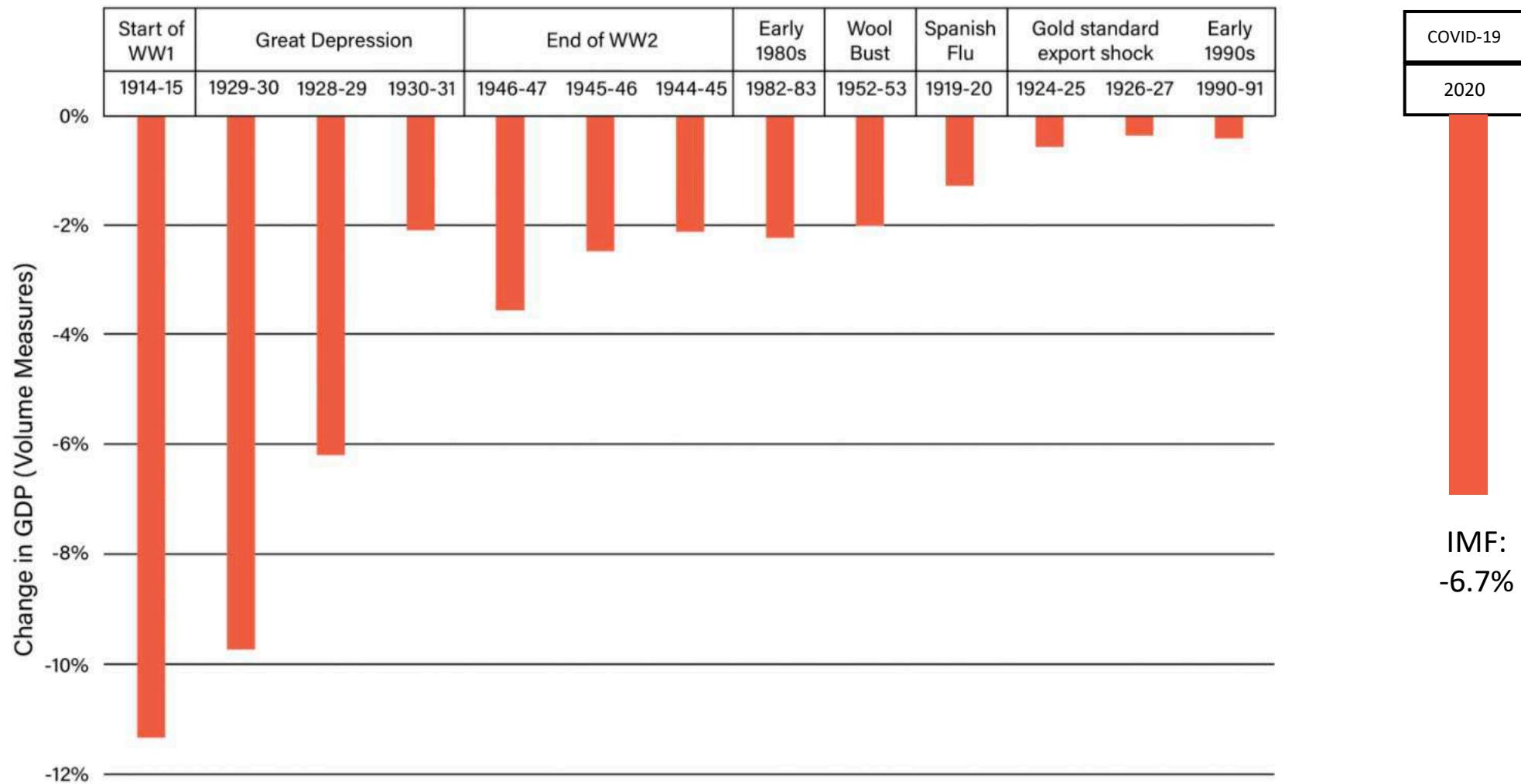
Concerns about the health and economic impacts of covid started high, but are consistently dropping.



Source: Newgate Research weekly COVID-19 national survey

We are facing the biggest economic decline since the 1930s

Australian recessions by size



Source for previous recessions: Terry Rawnsley, SGS Economics and Planning

The re-opening plan is now in place

Attention shifts to social and economic recovery

Step 1

COVID safe reopening commences with physical distancing & hygiene

Up to 5 visitors to your home

Gatherings of up to 10 outside of home

Work from home if it works for you and your employer

Libraries, community centres playgrounds and boot camps open

Australians can do more:

- Shopping
- Restaurants and cafés
- Home sales & auctions
- Local playgrounds
- Outdoors boot camps
- Local and regional travel

Step 2

Most business reopen with physical distancing & hygiene

Gatherings of up to 20 outside of home

Work from home if it works for you and your employer

Australians can do even more in gatherings of up to 20:

- Gyms
- Beauty therapists
- Cinemas, theatres or amusement parks
- Galleries and museums
- Some interstate travel

States and territories may allow larger numbers in some circumstances

Step 3

All Australians return to work with physical distancing & hygiene

Gatherings up to 100

Return to workplace

Consider cross-Tasman, Pacific Island travel and international student travel

Australians can do even more in gatherings of up to 100:

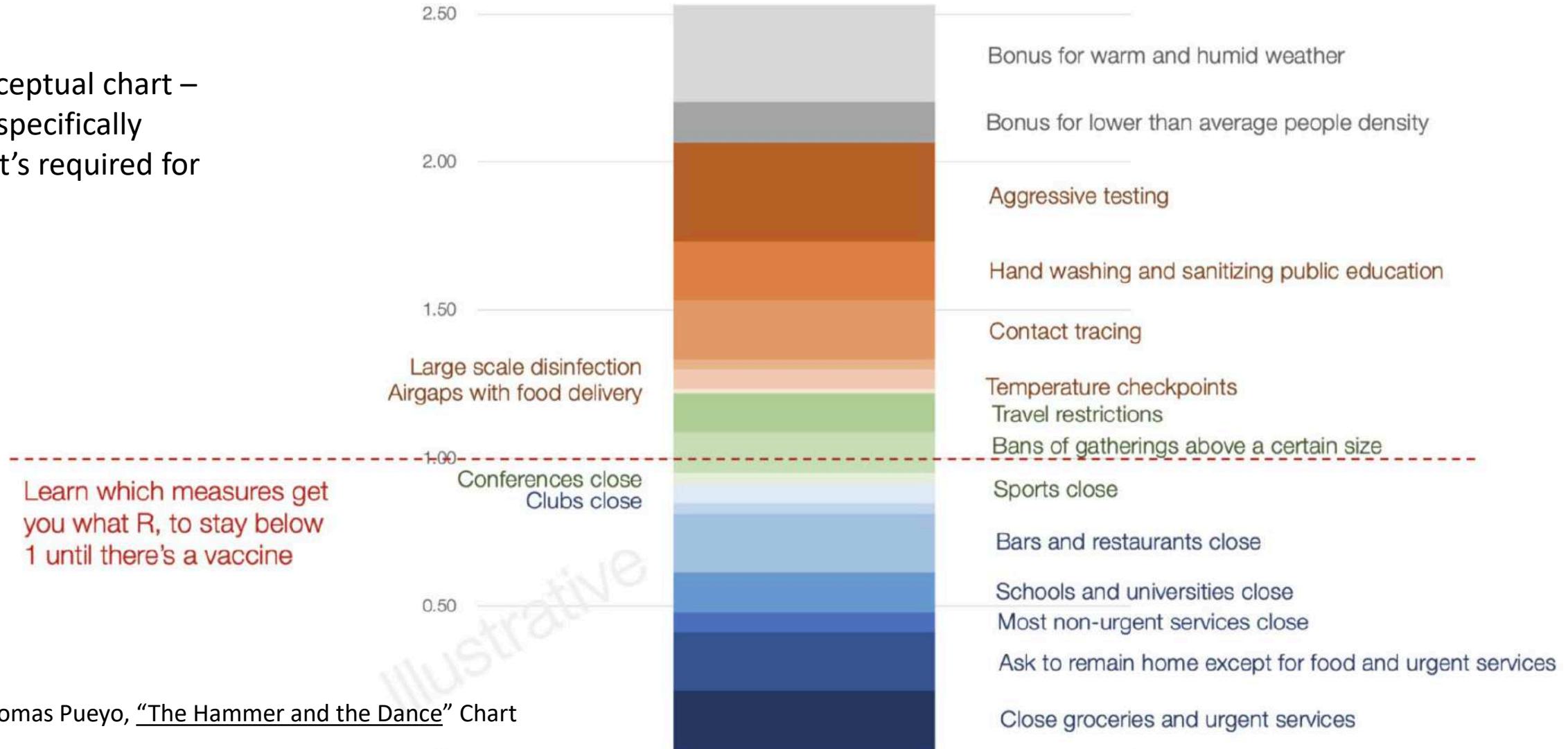
- Food courts
- Saunas and bathhouses
- All interstate travel

States and territories may allow larger numbers in some circumstances

The idea: re-open as much as possible while keeping the transmission rate below 1

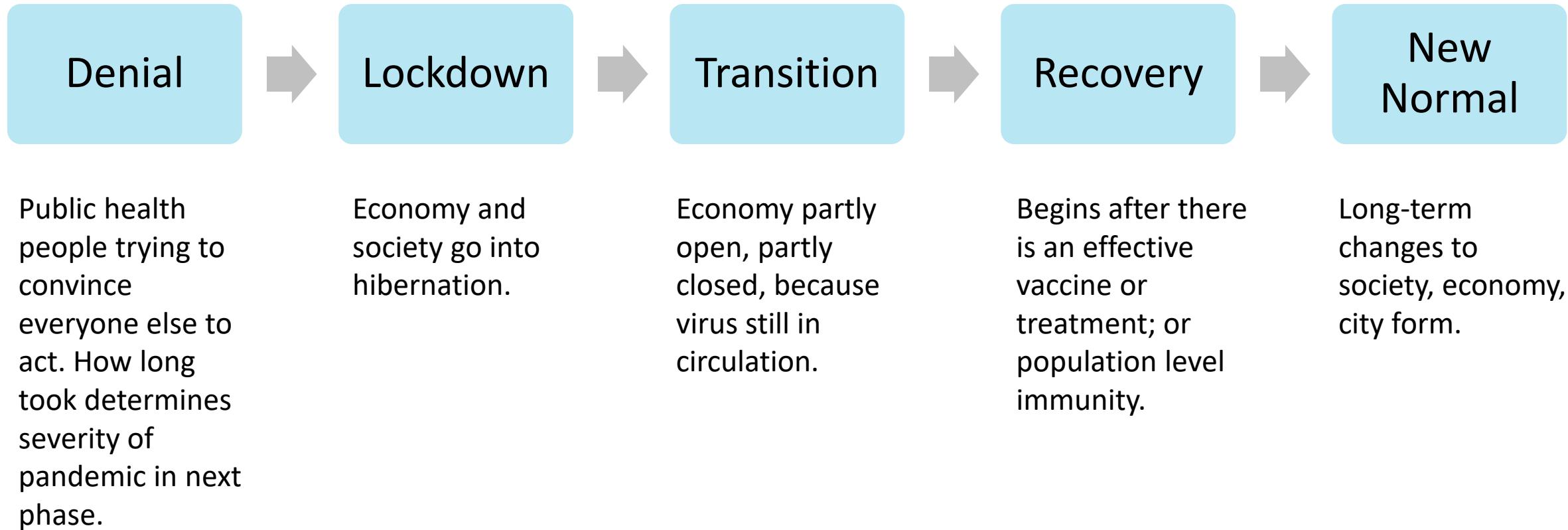
Prioritising what to reopen based on a combination of economic importance and impact on virus transmission

Conceptual chart –
not specifically
what's required for
 $R<1$



Source: Tomas Pueyo, "The Hammer and the Dance" Chart

Five phases of the pandemic



Each phase has distinct challenges to solve

	Denial	Lockdown	Transition	Recovery	New Normal
Public Health Focus	Growing awareness Public health experts trying to convince everyone else to take action	Build up the capacity to test, trace, isolate, and treat people	Manage “the dance” of gradually reopening society while managing the pandemic within an acceptable number of cases	Re-tool to respond to future epidemics	Institutionalise permanent pandemic monitoring and response capacity—nationally and globally
Economic Mgt Focus	Mostly no impact with exception of China-exposed industries (universities, tourism)	Hibernation Replace income of businesses and households so they can survive till recovery	Dual focus: A. Public spending as fiscal stimulus B. Re-opening as much of economy as possible	Focus shifts to growth of the real economy Reforms to unlock private sector job growth are essential	Emergence of new industries; re-allocation of labour force away from industries that never come back; paying off the debt from the previous 3 phases
Urban Policy Focus	Life goes on as normal	Keep minimum necessary life support systems functioning	Retrofit city life to impose physical distancing	Build back better: drive positive change to physical and social dimensions of city life	Sort out temporary vs. permanent changes

“Only a crisis — actual or perceived — produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around.”

Milton Friedman

“Historically, pandemics have forced humans to break with the past and imagine their world anew. This one is no different. It is a portal, a gateway between one world and the next.

We can choose to walk through it, dragging the carcasses of our prejudice and hatred, our avarice, our data banks and dead ideas, our dead rivers and smoky skies behind us. Or we can walk through lightly, with little luggage, ready to imagine another world. And ready to fight for it.”

Arundhati Roy

Some changes will be temporary, some long-lasting.

Temporary

Create space for people to move around safely

Tactical bike lanes
Tactical footpath widening

Permanent

Build the 40-year bike plan in 3 years
Fund retrofits of Sydney high streets
Reduce speed to 30 km ped volumes are high

Reduce peak loads on mobility systems

Encourage working from home across week
Develop loading capacities and management protocols for buses, trains, stations

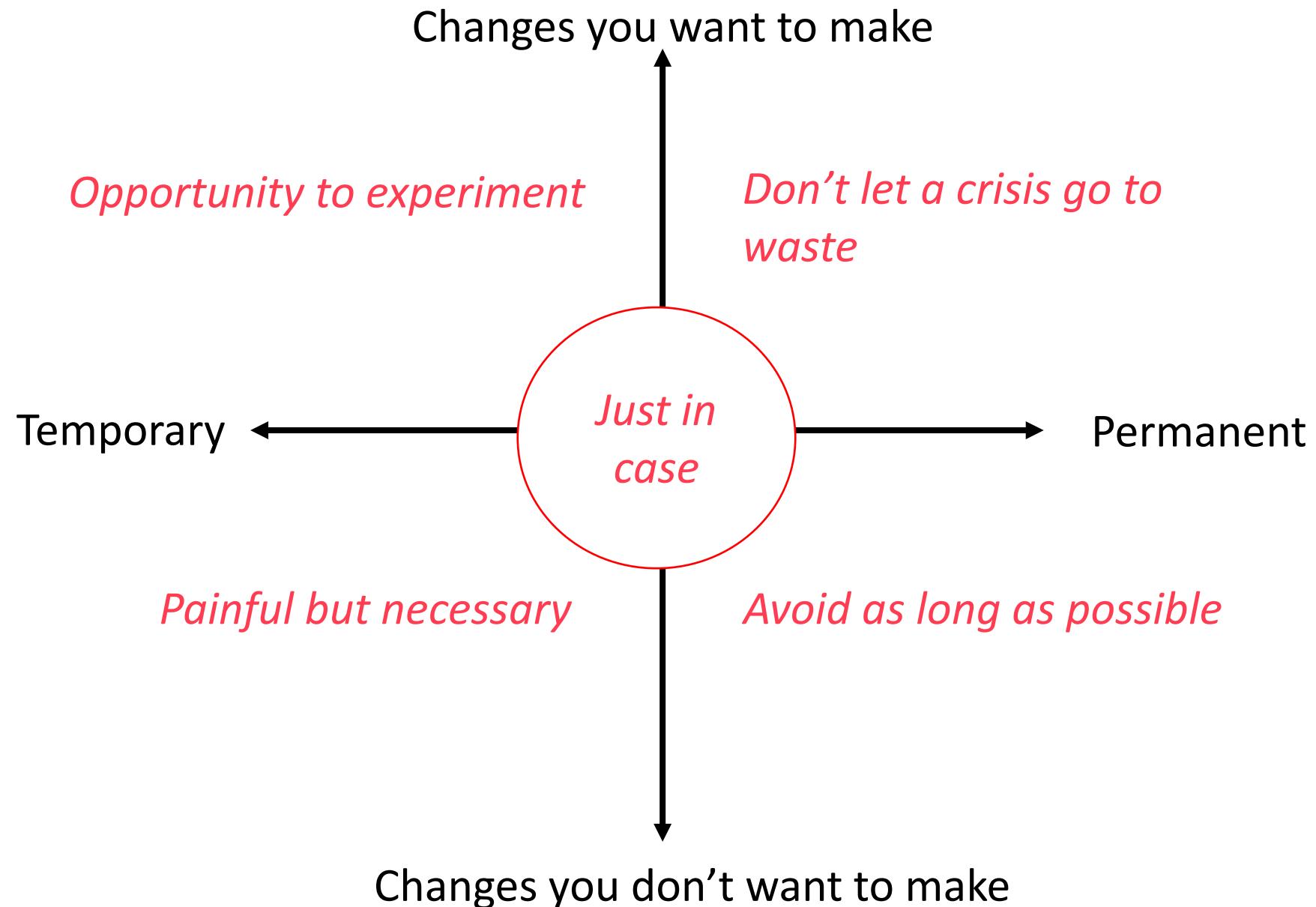
Travel demand program with major employers to de-synchronise journeys
Congestion charge for CBD

Enable safe working environments

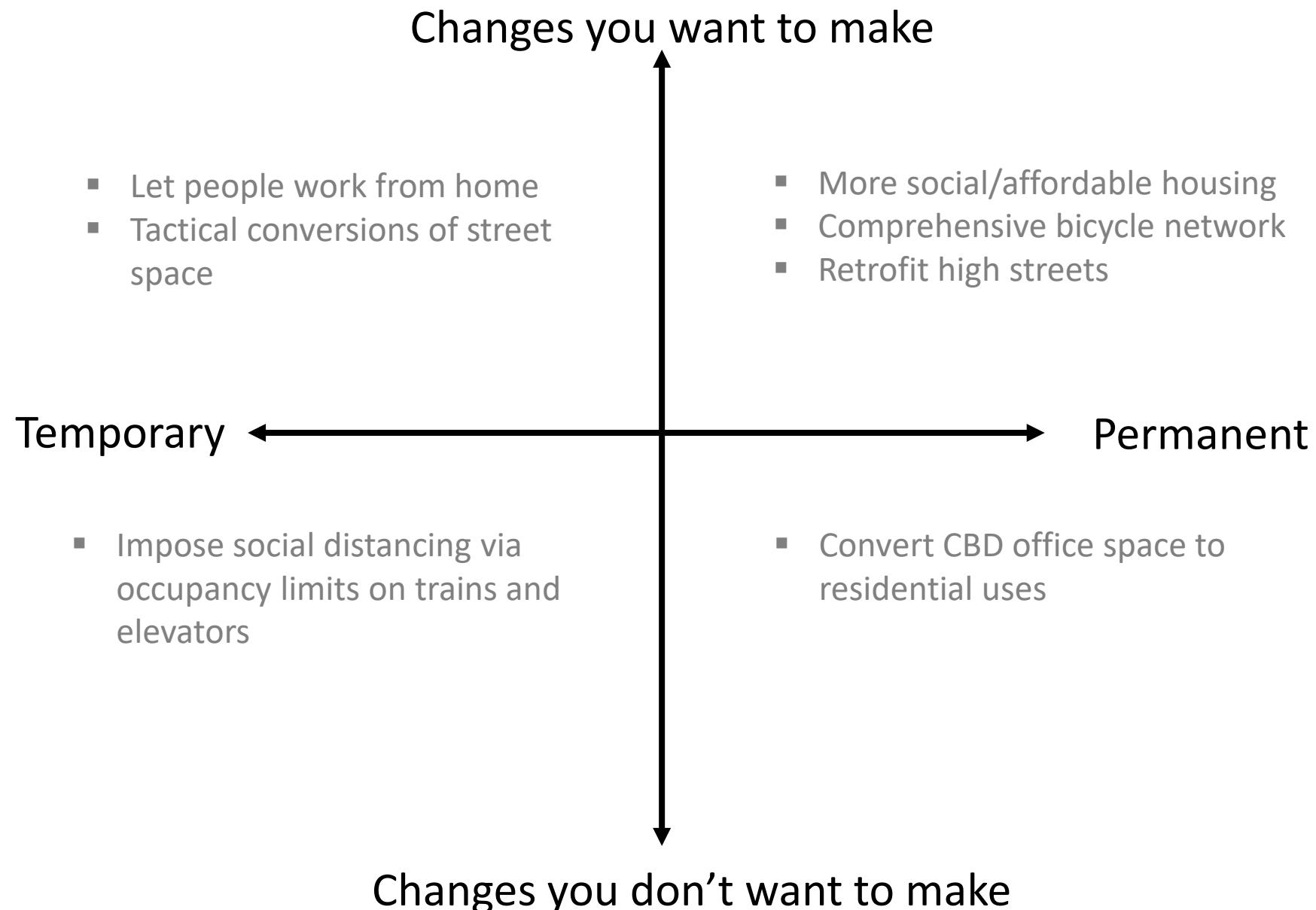
Develop codes of practice for safe operation during covid for every industry
Guidelines for floor spacing, elevators, etc

New HVAC systems optimised for airborne diseases
Materials research for interior surfaces

Conceptual framework for post-covid urban transformation



Applied framework for post-covid urban transformation



Transition Phase

Transition phase – we are currently here.



- After lockdown but before a vaccine or treatment
- Economy is partly open, partly closed
- Continual risk of shutting things down again if virus resurges
- No international travel
- No large gatherings

... in the context of a worldwide recession

Key policy actions for the transition period for Sydney

✗ Done

⊕ Progressing

→ Needs Work

- ✗ 1. Create phasing for re-opening for businesses
 - Goal is to open as much of the economy as possible while keeping R below 1
- ✗ 2. Develop codes of practice for every industry
 - Larger companies and peak bodies now developing these as voluntary guidelines
 - May need to be more capacity to communicate, train, monitor, and enforce: certify businesses as “covid-ready”
- ✗ 3. Build up public health capacity to test, trace, isolate
 - The better this gets, the more successful a phased approach with adaptive triggers will be
 - More work needs to be done on supporting/monitoring quarantines
- ⊕ 4. Retrofit urban spaces for social distancing
 - Develop guides for retrofitting essential city infrastructure
 - Airports, trains, supermarkets, lifts, public space... everywhere it's needed — challenge for designers
 - Bring back local High Streets
- 5. Manage transport
 - Likely mode shift toward driving; mitigated by continued working from home
 - One key opportunity is rapid build-out of cycle network – will become the “3rd option”
- ⊕ 6. Continue to provide support for the sectors that remain closed
 - JobKeeper and JobSeeker need revisions — preventing abuse, expanding eligibility, extending timeline
 - Key policy question: keep unemployed people in “hibernation” vs. working to shift people into other parts of the economy
- ✗ 7. Invest public funds heavily to power as much of the economy as possible
 - Develop infrastructure project/program list
 - Fund local government to keep people in work
- ⊕ 8. Remove barriers in the planning system to unlock private investment
 - Fast track major transit oriented developments
 - Finish planning reform efforts to reduce approval times across entire portfolio
- 9. Solve the disparate impacts of social disruption
 - Develop plans for vulnerable populations during the transition
 - Lay the foundations now for a just recovery

Recovery Phase

The real recovery begins after there is a vaccine



... or an effective treatment; or population level immunity

- Likely not for 12-18 months.
- Still likely to be massive global disruption with many countries facing economic and/or public health collapse.
- But for Australia, this is when all possible limits to powering the economy back need to be removed.

The economy will likely come back in a different form

The recession may accelerate trends that have been in motion for a long time

Likely to be devastated:

- Culture and performance
- Bars, restaurants, cafes
- Visitor
- Business events
- Sport

Likely to face slow recovery:

- Global business travel
- Global leisure travel
- Foreign students

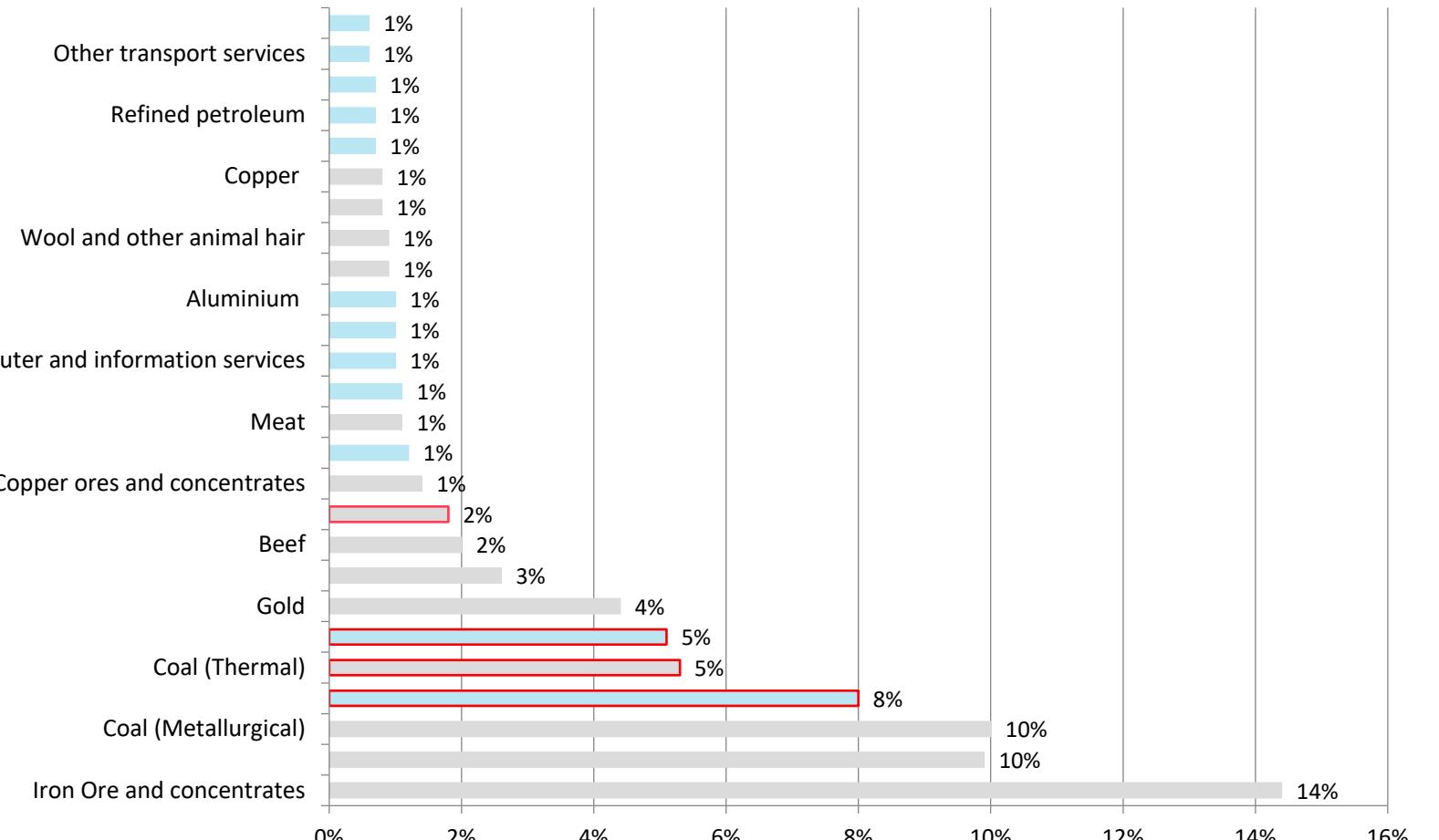
Possibility of widespread bankruptcies

- Firms that no longer exist cannot re-hire

Previous problems remain

- Long-term decline of carbon exposed industries

Australian exports by percentage of total export value



Source: Analysis by CFS based on Department of Foreign Affairs and Trade

The 11 point plan to enable a strong recovery

1. Invest in key public infrastructure
2. Remove barriers to private sector investment and activity
3. Unleash the innovation economy
4. Re-train people through job dislocation
5. Attract global talent
6. Sector Strategy: Visitor economy
7. Sector Strategy: Experience
8. Sector Strategy: Universities
9. Sector Strategy: Advanced manufacturing
10. Ensure a just recovery
11. Come back greener

1. Invest in key public infrastructure

✖ On track

⊕ Progressing

➡ Needs Work

Major projects

- ✖ West Metro

Major programs

- ✖ Roll out next stages of More Trains, More Services
- ⊕ Fund Local Government capital programs
- ➡ Speed up the Transport Access Program
- ➡ Deliver thousands of Social/affordable dwellings

Small/medium new projects

- ➡ Build the 40-year Cycle Plan in 3 years
- ➡ Undertake economic and spatial renewal of high streets

Longer-term projects to keep moving forward

- ⊕ Renewable energy infrastructure (*Snowy Hydro 2.0 moving forward*)
- ➡ Fast rail to Newcastle/Wollongong/Canberra

2. Remove barriers to private sector investment and activity

✖ On track

➕ Progressing

➡ Needs Work

✖ Fast track approvals for major projects

➡ Reform the State and Federal taxation systems

- Reduce costs for business – e.g. through permanent investment allowances
- Remove highly damaging taxes – e.g. shift from stamp duty to a broad-based land tax

➡ Make it easy to start new companies and create good jobs

- Expand start-up incubators, accelerators and maker spaces
- Expand access to employee share schemes
- Broaden the Early Stage Innovation Company tax incentives
- Improve the Export Market Development Grant program for start-ups
- Reduce payroll tax for new innovative companies
- Expand Venture Capital tax exemptions to domestic investors

3. Unleash the Innovation Economy

✖ On track

➕ Progressing

➡ Needs Work

➡ Invest government dollars in important R&D efforts

- Increase Australian R&D spending to far exceed the OECD average (move from 1.79% to 3% of GDP)
- Fund national missions led by CSIRO
- Make government the first customer through procurement reform

➡ Make Sydney's underlying economic systems more efficient

- Speed up the internet
- Upgrade innovation precincts

4. Retrain people through job dislocation

✖ On track

➕ Progressing

➡ Needs Work

What is the problem?

- Many industries have entered structural decline. Some will return during recovery, some will see sustained or permanent reduction.
- People unable to return to workforce after an extended period out of work are likely to never work again.
- Retraining needs to happen rapidly and predictively.

What we need to do

- Reform VET – including through the Job Maker program – to support life-long learning and micro-credentialing.
- Plug the funding gap for universities created through the loss of International Students.



5. Attract global talent

Leveraging success with covid into a de-risking strategy for companies and talent

 On track

 Progressing

 Needs Work

The opportunity

- Australia could be in high demand as a destination for global talent
 - Based on successful handling of covid-19: a safe, competent country
 - A relatively open economy when other countries are still being ravaged
- Focus on attracting highly sought after global talent that can reposition Australia's economic potential
- Supports in-bound business attraction
- Supported by work on a new narrative

What we need to do

- Launch a global talent recruitment and business attraction campaign leveraging Australia's benefits as a less risky location over the long run
- Make entrepreneur visas much easier to access
- ▶ ▶ Reform the global talent visa
- ▶ ▶ Support international students to stay in Australia



** Note: still a long-term risk to Australia's global reputation based on weakness of climate policies. Global talent and investment strategy will need a change in direction on climate.

6. Sector strategy: Visitor economy

✖ Done + Progressing → Needs Work

What is the problem?

- 40% drop so far in 2020, and monthly losses of \$2 billion.
- Over 12 months, 15-20% of employment positions could be lost, further impacting our economy with \$4-5 billion in lost salaries and wages and \$1.6 billion in lost PAYG tax contributions.

Size of sector: \$60.8 Billion pa
666,000 jobs

The opportunity

- Stimulate domestic travel: replace inbound visitors with domestic visitors by encouraging Australians to convert their international travel to domestic trips. (2018-19 inbound visitors = 8.6 m, Australian's travelling overseas = 9.9 m).
- Establish travel “bubbles” to start bringing back international visitors.

What we need to do

- ▪ Establish a Tourism Recovery Fund in NSW.
- + ▪ Promote domestic destinations to encourage locals to rediscover their own city/country.
- + ▪ Encourage national business events in controlled environments operating within social distancing requirements.
- ▪ Build a program of infrastructure/destination development to drive demand when international travel is once again possible.
- ▪ Commence a collaborative approach to re-entering the international market.

7. Sector strategy: Experience sector

✗ Done

⊕ Progressing

➡ Needs Work

What is the problem?

- Jobs are down 25% in accommodation and food services and 19% in arts and recreation. Many employees in the experience sector are not eligible for JobKeeper.
- Different parts of the experience sector will re-open at different times. Some venues, such as theatres and music halls, may have to wait until a vaccine is discovered to operate fully.

The opportunity

- Whilst indoor performances will be challenging, more outdoor performances and activities could be staged to make use of larger spaces that can accommodate physical distancing.
- The early 90s recession in Australia was followed by a golden period in domestic culture. Creative and experience sectors can again be at the forefront of a economic and social recovery in Australia.

What we need to do



▪ Establish a Cultural Recovery Fund in NSW.



▪ Enact codes of practice for safe operating during transition phase when virus still in circulation.



▪ Adapt the offerings of the “experience sector” to entice Sydneysiders/Australians to rediscover their own city/country during the time when global travel is not possible.

Size of sector: \$15.4 Billion pa

1,184,500 jobs

8. Sector Strategy: Universities

✖ On track

⊕ Progressing

➡ Needs Work

Size of sector: \$37.9 Billion pa
130,000 jobs

What is the problem?

The loss of international students has meant a \$3 Billion gap in revenue in 2020, putting 21,000 jobs at risk. Research funding only covers staffing costs for research projects, with facilities and assets not funded – putting world-class research at risk.

The opportunity

- Leading source of export income can be recovered if they can run a strict 2-week supported quarantine program to bring in foreign students
- Can play even bigger role in Australia's global talent strategy if graduates with job offers have a path to permanent residency
- University research capacity has strong links to innovation across all sectors, including advanced manufacturing

What we need to do

- Support the return of international students through making Sydney an attractive place to study
- Bridge the international student gap by funding the full costs of research, not just staffing



9. Sector Strategy: Advanced manufacturing

✖ On track

⊕ Progressing

➡ Needs Work

The opportunity

- Australia can benefit from global rethink of supply chains
- Opportunity to attract firms looking for stability
- Opportunity to increase added value in export mix through “smart specialisation”
- Opportunity to help economy transition away from climate-exposed industries

What we need to do

- ➡ ▶ Develop a National Manufacturing Strategy
- ➡ ▶ Appoint a Commission to undertake “knowledge foresight” and direct government spending to achieve the goals of the strategy

Size of sector: \$100 Billion pa
900,000 jobs

10. Ensure a just recovery

✖ On track

➕ Progressing

➡ Needs Work

What is the problem?

Sydney is a liveable city, but unbalanced – with unaffordability and geographic disparities holding it back.

The opportunity

As Sydney recovers, it can be fairer for all.

What we need to do

- ➡ ▪ Fund massive expansion of social and affordable housing.
- ➡ ▪ Maintain higher JobSeeker payments and expand it to include people who were unintentionally left behind.

11. Come back greener

✖ On track

⊕ Progressing

➡ Needs Work

The opportunity

- Renewables-generated energy export industry offers a scalable replacement for climate-exposed industries.
- Energy-intensive advanced manufacturing can be supported by the growth in renewables.

What we need to do

- Legislate net-zero energy requirement with deadlines between now and 2040
- ➡ ▶ Create an independent agency with authority/responsibility to meet NSW carbon reduction targets (adapt model from UK Committee on Climate Change)
- ➡ ▶ Scale up program to convert existing buildings for energy efficiency
- ➡ ▶ Adapt vehicle fuel economy and pollution regulations from the UK
- ➡ ▶ Develop targeted transition plans for most affected regions

The New Normal

We eventually discover how the pandemic changed us

Sorting through what changed and what it means for the long-term future



1. The new economic drivers

- Which new industries will power the recovery?
- What do we need to do to enable them to thrive?

2. The new urban patterns

- How will cities change?
- Will people come back to public transport?

3. The new governing institutions

- How do the democratic and governing institutions need to evolve?

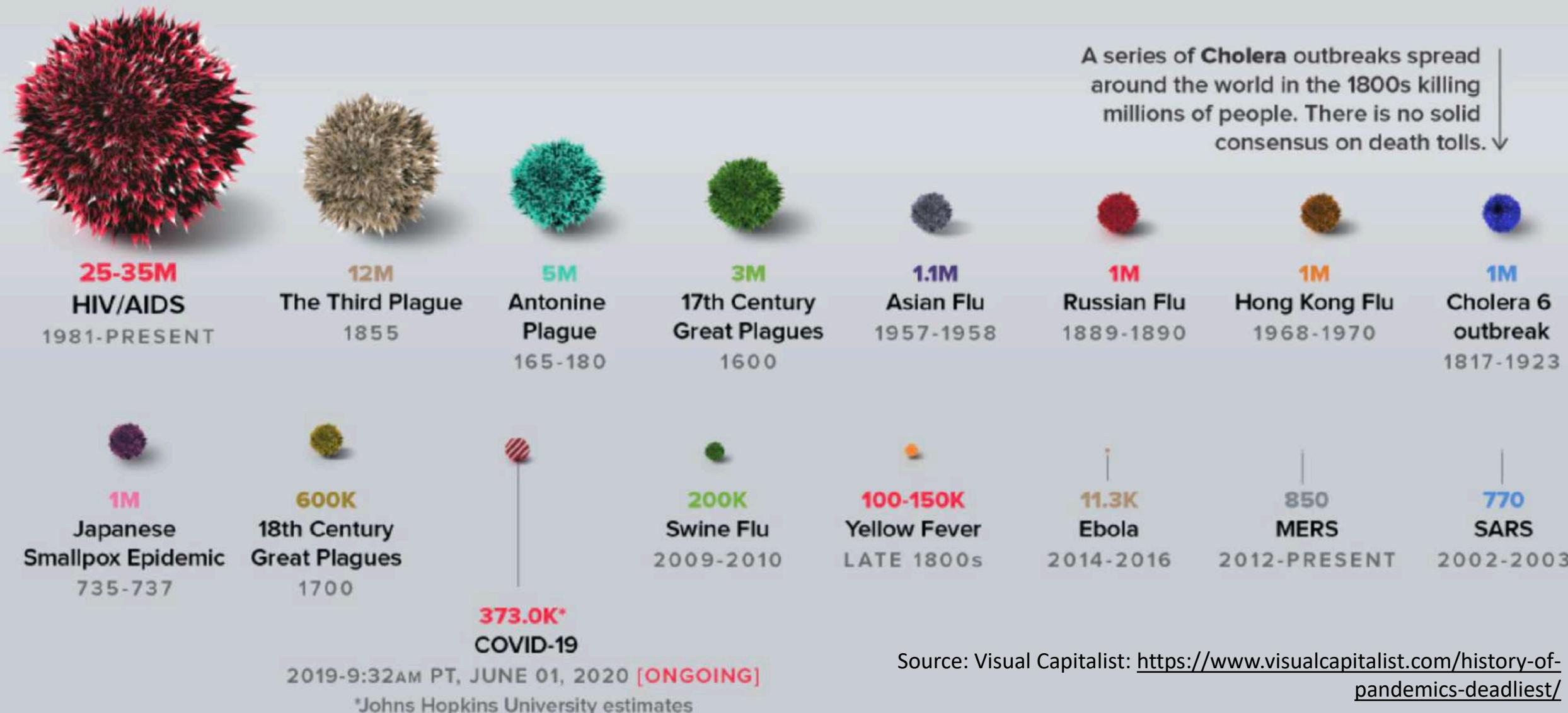
4. The public health system

- Does Australia need to change anything?

5. The new global relationships

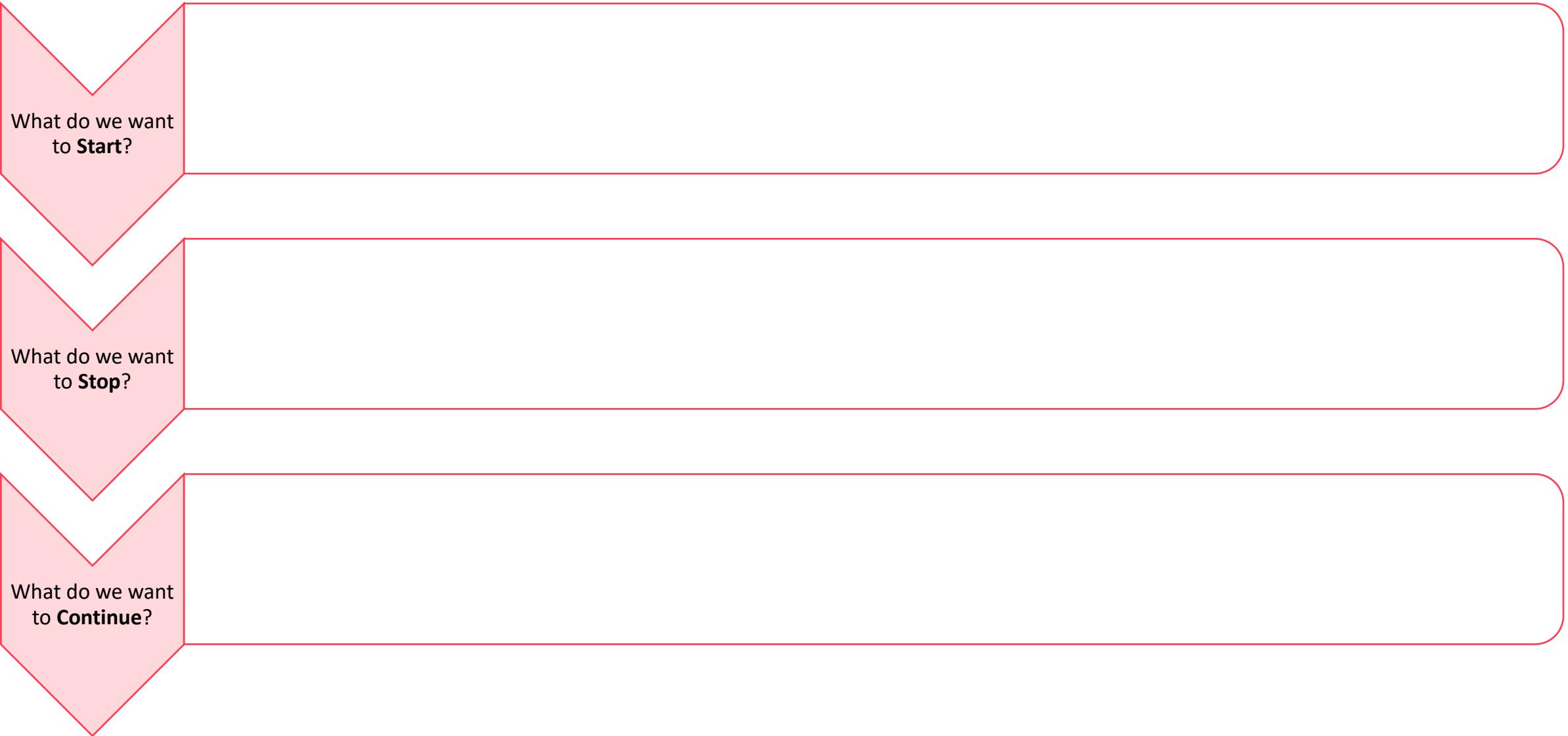
- Will geopolitical links change Australia's role in the world?
- What does a world with less international travel mean for Australia?

Magnitude of long term change depends partly on future frequency of pandemics



Build back better — work to follow

The crisis is an opportunity for us to ask what kind of changes we want to make to Sydney



Committee for Sydney's role in the transition and recovery

Convening

Bring the right people together to explore the most important issues for the future of Sydney

Our focus:
Industry sector strategies
Global knowledge exchange

Research

Develop actionable, realistic solutions that will solve problems at scale

Our focus:
Unleashing the future economy
Supporting key industries
Retrofitting urban systems
Just recovery

Communications

Lead a conversation that can change the way people think

Our focus:
CFS Live
Media presence

Advocacy

Bring actionable ideas to government

Our focus:
Innovation economy
Infrastructure
Supporting key industries

Technical Assistance

Work closely as a trusted advisor with government on problems of implementation

Our focus:
Industry sector strategies
Future transport agenda
Planning reform
Public space