

LETTER FROM MELBOURNE

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Affairs of State becomes an example of a new era public private partnership.

Ukraine, impact Australia?

How does a strategist operate today?

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Editorial

Partnerships, specifically between the Public and Private sectors, has been a constant message in our initial new editions of Letter from Melbourne and Letter from Canberra.

We are delighted to be an example of what can be done. The Tasmanian government has announced Affairs of State as its partner for the Tasmania Export Freight and Logistics Advisory Service. This project will run for 18 months, with Affairs of State contracted by the Department of State Growth to offer free advice to export focused SME entities that continue to be impacted by ongoing logistics challenges.

This edition of Letter from Melbourne is actually being penned in the new Affairs of State, Launceston CBD office. For anyone who needs space in Tassie, come and check the great facilities provided by the team from Sweetbrew at their Officesweet in St John Street.

It's been good to see further relaxation of the Covid rules with so much of the population now boosted on their vaccinations. Covid is still there, we can't be complacent and there is some serious illness in most of our circles. Fluctuations in rules compared to other jurisdictions is frustrating but it is good that mandates are being relaxed and personal choice is being favoured.



Ukraine - Russia

What impact Australia? Is the invasion really about improving Russian security or is it thinking that a restoration of the old Soviet Union is a possibility?

Where does this end? What of China's reaction, its approach to Taiwan and its supposed partnership with Russia?

Many questions and many comments about a changed and weaker focus in the US and the West being partly attributable. We will all form opinions but little doubt that a global pandemic recovery period will stall. Little doubt that inflationary pressure will be impacted and little doubt that the already significant and ongoing freight and logistics challenges will continue to disrupt import and export business like never before.

One thing learnt over the years is that all human conflict can be explained by two processes - greater concern with hierarchy and territory. Is Mr Putin concerned about Russia's shrinking status in the world as the balance of power shifts towards Asia? Conflicts over territory are a form of imperialism and this includes the use of military or economic force to influence political outcomes.

Commentary on the upcoming Federal election is intensifying. Texts were a hot topic, as is the economy. Confidence in many things remains low. Kids have returned to schools, anxieties around an uninterrupted school year remain high. How will we judge year 11 and 12 kids who have learnt so differently through the pandemic period?

How will we judge politicians who breach the faith of the vaccination deal? The talk on fully vaccinated being a booster has intensified. Is that a breach already, or is that now the domain of the Prime Minister after defending the decision to maintain the longer closure of the WA border? A comment no doubt to influence votes out West.

Fair to say social groups, business and the travel industry did not share the view!

Anthony Albanese is telling anyone who wants to listen that he will be like Bob Hawke and John Howard. Is that why he is nicknamed each way Albo and does his frontline team stack up? PM Morrison is heading off on a popular path of best economic management and having kept us safe.

Really, vaccination was not a race! We have the biggest debt and no doubt we are about to see the greatest public money splurge just to stay in power. National Cabinet and so much of the Covid measures have caused unnecessary hardship and wellbeing issues. Are the respective leaders each other's best asset?

Future accountability for debt seems to be off the radar, is it time now for some elections to be lost to change the narrative, the approach and the focus of politics over communities?

Hans



Have an issue, can we help?

As part of your Letter from Melbourne subscription Affairs of States provides you with direct access to Michael, Hans and Alistair.

Can we help with issues in your business, across your supply chain, in your markets, in your digital transformation or with your customer/government engagement and strategic direction?

The initial chat and coffee is on us!

As Borders Reopen

The International Air Transport Association survey of airlines, conducted in December 2021-January 2022, shows that improvement is expected to continue in the year ahead. Respondents were more cautious due to the Omicron impact, higher jet fuel prices and rising market competition that puts pressure on yields. A majority of survey participants reported improving passenger and cargo volumes in Q4 2021. Airlines expect this trend to continue in the future - notably on the passenger side of the business.

55% of the survey participants recorded higher input costs in Q4 year-on-year, largely due to rising jet fuel prices and staff shortages. The same share of respondents expects further input cost increase in the future. On the cargo side, 58% of respondents expect the yields to remain elevated or to rise further.



Our view of a Strategist, today

Today, a Strategist is a Coach and an Enabler.

I set out in my new strategic consulting role knowing deeply how 2020 and 2021 (and now 2022) have seen the most impactful change on organisations, on workflows, on people, on interaction, on engagement and on how we work together for common goals and objectives.

Today's environment is incompatible with historic chief strategy responsibilities. The weaknesses of traditional strategic planning have been amplified by the importance of agility and resilience in a rapidly changing world.

Today, with experience, my strategic focus with organisations suffering revenue loss is on response, building resilience, recovery and prosperity in the shortest time frame. Sometimes the advice can only be "just stop".

For organisations who have achieved growth and participation much quicker than anticipated the focus is on retention, skill development, demand analysis and maximising returns, the going might be good but volatility remains.

Today, for government entities looking at the important recovery period ahead the focus is on coaching, skill development, recruitment and effective public private partnerships.

As a strategist today, we think differently to develop great strategy: with more time engaging broader groups inside and outside the entity, going beyond templates and assessing moods of the external environment.

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Masks, SA's Marshall & Denmark

Mask mandates have eased in most States, thankfully now a matter of choice across the country, not edict?

Assuming there is not another variant, or an even more contagious sub-variant, this should be an important pivot point for the management of the pandemic and signals Australia is moving towards a period of managing the disease, albeit much of the media continues to reports without the real facts on infections and deaths.

Denmark, which has significantly higher booster rates than Australia and has relied on strong behavioural research to guide its response, has lifted most restrictions and is reportedly being watched by Australian bureaucrats as a possible model to follow.

Dropping all restrictions à la Denmark is probably too radical for state leaders who have seen their stocks rise by embracing strong measures to protect their communities. Or have they, is Marshall about to take the fall in SA for Covid management? Yes please, if that drives change!

But that isn't enough.

Achieving real impact today requires us to stretch beyond strategic planning to develop at least one of a few signature strengths and identify business development opportunities. We must be able to lead operations and control costs, for strategy to be effective.

We need to understand where it is best to invest and best to cut. Without all that today, as a strategist, we should not be in the game.

Today, as a good strategist, coach and enabler you understand leadership over management.

Great communication skills, a knack for articulating vision and collaborative work styles are often tapped as essential attributes for effective leaders. For you, are these skills current?

Today, leadership is as important as your organisation's strategies, its viability and its overall appeal. Today, that is even more important with work actively chasing people.

As effective strategists we coach and mentor leaders on how best to respond, to build resilience, to recover and to prosper. We coach collaboration, understanding, innovation, compassion, operational control and transformation.

Over much of the past 10 years Michael and I have worked on some of this country's most challenging issues, often at the point where government, private and community interests intersect. Our experience covers areas ranging from industry development to emergency management to pandemic recovery to core economic growth and to matters of Defence, Visitor Economy and Human Services.

Can we help?



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Qantas CEO Alan Joyce

At the start of his address at last week's Qantas announcement 1HFY22 results CEO Alan Joyces said this.

"A lot happened in the six months covered by these results – even by COVID standards. Just as domestic travel was returning to pre-pandemic levels, the Delta outbreak in July cut the majority of Australians off from each other for months.

In those months, people came out in droves to get vaccinated – which meant lockdowns could end and international borders could open much earlier than expected.

And then, just as demand was building again for the Christmas holidays, the Omicron variant emerged – putting another dent in consumer confidence.

In all honesty, it's been a real rollercoaster."

Vaccination Pop-Ups at Bunnings

COVID-19 vaccines are coming to more than 20 Bunnings stores across Victoria from next week, as part of a partnership with the hardware chain to make vaccination more convenient for families. The pop-ups will focus on a range of outer metropolitan and regional locations, increasing points of access to the vaccine in key Local Government Areas.

Starting 16 March, the first vaccination pop-ups will open at Bunnings locations in Melbourne and regional Victoria, with each operating between 8:00am and 1:00pm:

Approximately 53 per cent of residents aged 16 and over in the City of Melton, 52.3 per cent of residents in the City of Greater Dandenong, and 65.6 per cent of residents in the City of Wodonga have had three doses of the vaccine.

In subsequent weeks, further pop-ups are planned to open in a number of other locations around Melbourne and regional VIC.

Eligible people of any age will be able to attend without a booking to receive their first, second or third dose – and the paediatric Pfizer vaccine will be on offer for kids aged 5 to 11.

The rollout of Bunnings vaccine pop-ups will build on Victoria's success at the former Bunnings Warehouse in Melton, which has delivered more than 150,000 doses in arms.

Victoria's health services will continue delivering vaccinations at pop-ups for support outer-suburban, regional and culturally and linguistically diverse populations, including:

- shopping areas such as Queen Victoria Market, Highpoint and The Mall in West
- Heidelberg regional events such as the Cohuna Show the Elmore Tractor Pull and the Swan Hill Food and Wine Festival
- community houses, centres and sporting facilities in Moreland, Melton, Mildura and more.

These are good initiatives and we encourage all eligible readers to be vaccinated.



More Sutton comments

Sometimes, many times Brett Sutton has succeeded in encouraging and frightening a State population into believing everything heath was Covid. As a person impacted by not being able to have something else addressed I only fear how many issues will be much worse when a medical system designed for all finally stops focusing on just virus over wellbeing.

Covid is global, it never had a VIC twist! Sutton on Friday 25 February 2022 was reported as saying that isolation restrictions would be hard to wind back, may have to stay because they would be unlikely to be accepted again by the community if they were needed in future.

Remove the rules, remove this blundering fool and enable trust with the medical to be restored though health leaders focused on all issues and wellbeing.



Reasons to vote for Dan Andrews in November

OK so many reading this would not, even with voters having shown themselves to be hesitant to change government since the pandemic began. WA, QLD, TAS...

Will SA be the first, will the Federal Election maintain the status quo? Who else to vote for? One could make an argument that Andrews has no mandate to maintain the role. The same could be said for PM Morrison. In both cases the opposition choice brings much concern.

But why do people support Andrews, does any of this sway us:

- He is untouchable to many, scandal fails to trouble the Premier,
- Supporters describe the Premier as a protector, as a pragmatist and someone who has been delivering on his policies,
- The public have a mixed view of him. They may hate lockdowns, but they know he is in their corner and that trumps it,
- Approval of Premier Daniel Andrews is based on his handling of the COVID-19 pandemic – the lockdowns, keeping people safe, the roll-out of vaccines.

Andrews has a reputation as an intimidating leader who wields “unprecedented and extreme” control over his party. Privately, his colleagues complain that there is little appetite for unvetted questions or respect for others’ views. The pandemic seems to have exacerbated his centralised control and limited the voices he listens to.

Does he go round again, assuming the electorate does not buy into the Opposition will we see Andrews, or someone currently not on the radar in person, or party?



11 unique things to do in Melbourne

Genuinely, these attractions are and will hopefully always be Melbourne.....

Moomba

the AFL Grand Final

the Australian Open (with or without Djokovic!)

the penguin parade on Phillip Island

Puffing Billy

Luna Park

the Melbourne Cup

do a Hook Turn beside a tram

have a drink at the Southern Hemisphere's longest bar

enjoy yum cha and dumplings as part of the world's oldest, continuous China Town

wear your entire wardrobe in one day!!!



Funding Formulas hurt VIC

A bipartisan Parliamentary Committee has found the Commonwealth Government's distribution of GST revenue to Victoria is unfair and stands to cost the state billions of dollars.

The Legislative Assembly's Economy and Infrastructure Committee examined Commonwealth support for Victoria and its report condemned the Commonwealth's inequitable GST revenue carve-up and lack of adequate investment in vital Victorian infrastructure projects.

Resources-rich Western Australia was the only winner in Canberra's GST carve-up, the report found, and if the system was not changed and the "no worse off" guarantee was not extended, Victoria would lose up to \$1.2 billion a year. This would be enough to employ 10,000 nurses for a year!

Victoria is the only state to have subsidised other jurisdictions every year since the GST's introduction and the Economy and Infrastructure Committee report also found Victoria is also being short-changed on its fair share of infrastructure funding - that means less support for schools, hospitals, roads and rail.

The governments of Tasmania, South Australia and the ACT made submissions to the inquiry that also called on a new approach from Canberra.

The Tasmanian Government said "it is becoming increasingly evident that the new arrangements have embedded inequality between the states, by significantly benefitting Western Australia at the expense of most other states".

Economist Saul Eslake in his submission to the inquiry said: "All Australian taxpayers - including those living in Victoria - should be appalled that the Commonwealth Government will be incurring more debt (to be serviced, and ultimately repaid, by future generations of Australian taxpayers) in order to transfer billions of dollars to the government of the richest state (WA) in Australia."

The McKell Institute said: "Victoria is often the forgotten cousin of all states and territories when it comes to infrastructure investment by the Commonwealth. Our state is consistently underfunded on a population basis, and then what funding is promised is often under-delivered."

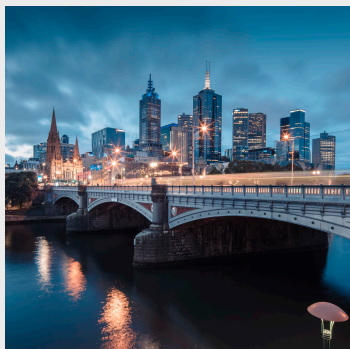
VIC stimulus vouchers

The Victorian Government has announced a \$200 million business stimulus package including entertainment, dining and travel vouchers to drive foot traffic back to Melbourne's CBD and revive the state's hard-hit tourism sector.

The cash injection includes \$30 million in entertainment vouchers, which will offer rebates on tickets to activities such as going to the theatre, live music, cinemas, museums, galleries, conferences, exhibitions and other events across Victoria.

The city's popular dining vouchers will also make a comeback, with \$10 million in Melbourne Money coupons up for grabs, which would see diners reimbursed for part of their bills after eating at CBD cafes, bars and restaurants.

Minister for Industry Support and Recovery Martin Pakula said the package would start at or around March 7 and aimed to help businesses around Victoria recover from the pandemic.



Reliance, thrive in a small to medium business

Small and medium-size enterprises (SMEs) contribute significantly to economies around the world. In OECD countries, SMEs account for over 90% of businesses and 70% of all jobs. SMEs contribute more than 50% of GDP in high-income countries worldwide. However, over the pandemic period around 75% of SMEs across 32 countries lost between 30 and 50% of their revenues.

Because they understand that threats to SMEs are threats to economies and societies, governments around the world have made supporting SMEs a priority throughout the COVID-19 pandemic through programs such as direct financial assistance, public guarantees on loans, and tax relief. While such financial support is beneficial, it does not necessarily set up firms to thrive in the long term and to combat the many converging challenges they're facing, including pressure to decarbonise, globalise, digitise and the immediate challenges of survival, building resilience, retaining staff and securing the right new talent for the longer term.

And a small problem, highlighted through Omicron, many of the current business support packages are on the verge of expiring.

Affair of State tips for SMEs in the first half of 2022:

- Clear oversight of the financial position, now and in the times ahead.
- It may take more than you want, retain your key staff and capability at the required cost. Trust and empower your people.
- Review and update strategies.
- Digitise and remain capable of thriving from a contraction.



Public and Private Sector for recovery

Neither side can fully plan, develop, execute and review the many strategies needed to effectively deliver the important recovery period ahead.

The private sector must acknowledge the role government sectors will play. From resourcing to cutting red tape to investment attraction and destination recovery, the list is endless.

The public sector must engage private sector expertise to best define and deliver its own role and to bring in skills, drive and know how to effect recovery strategies that provide long term social and economic benefit.

The public and private sector have to work together for the common, not the political good.

Governments must enable the public sector to act, not have it in a state of paralysis.



Kids Mental Health

Quoted from a Courier Mail article published 27 February 2022.

High anxiety is driving rising rates of self-harm and suicide – tragically the leading cause of death for teenagers and young adults aged 15 to 24. More than 220,000 Australian children – one in 20 primary school children and one in eight teenagers – have been prescribed medication for anxiety or depression. Girls are suffering from eating disorders at record rates. Australia's children are growing up in the Age of Anxiety.

“The Shadow Pandemic” is how psychiatrist Patrick McGorrie describes the impact of Covid-19, as uncertainty and panic over the pandemic, paired with the sorrow and loneliness of lockdowns, sends young Australians into a mental health meltdown.

The founder of two youth mental health services, Headspace and Orygen, Professor McGorrie has watched with alarm as the growing number of distraught children overwhelms mental health services, forcing some kids to wait three years to see a psychiatrist.

There is much work to be done in this important area. Demand for mental health and wellbeing support has not yet peaked. The mental system, according to the experts will not cope.

So many issues can be prevented if they are caught early, with kids at primary school, for students at secondary school. Much investment is needed, resources need to be delayed and fully utilised, more participants need to be introduced into a mental health and wellbeing sector that is seeing unprecedented demand and despair across children, families, communities, workplaces and across all aspects of every day life.

Is everyone OK? There is nothing wrong with seeking help.



Covid fines unpaid

From those fined \$200 for not wearing a mask, to others issued \$4,957 penalties for "unlawful gatherings", the Victorian government is continuing to chase thousands of residents and businesses.

The majority of issued fines remain unpaid

Only about 6% of the 11,362 COVID-related fines issued in 2021 were paid. It mirrored a similar trend from 2020.

The unpaid penalties from the pandemic reflect millions of dollars of revenue for the VIC government.

Authorities withdrew or cancelled 2,321 notices from 2021, with more than 8,200 fines still outstanding. An unspecified number of these outstanding fines are being challenged, are under review or are being paid off gradually through payment plans, a government spokesperson said.

Those who ignore their fines completely face the prospect of personal items eventually being repossessed by the Victorian Sheriff. In the worst cases, an arrest warrant could be issued.

"Fines do not expire – and all debt will continue to be collected and enforced," the spokesperson said.



Social Housing idea

More than 1,400 new homes and 4,500 jobs will be created through a new partnership between community housing organisations, the private sector and the Andrews Labor Government.

The Labor Government will lease land in Prahran, Port Melbourne and Hampton East to a consortium to build, finance, operate and maintain housing on the sites for 40 years as part of the landmark Big Housing Build.

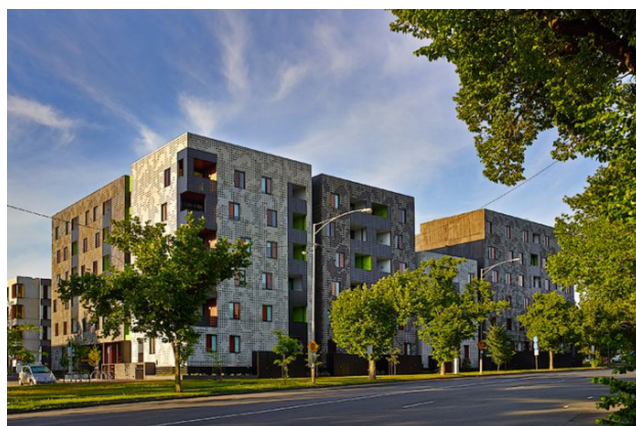
New homes previously announced for South Yarra will also be part of this partnership project – the second of its kind announced in Victoria this year.

The project will build at least 650 social housing homes – a minimum boost of 10 per cent in social housing at each of the four sites – with the rest a mix of affordable and market rental homes, including some Specialist Disability Accommodation housing.

Based on the previous partnership model, at the end of the 40-year lease the land and all 1,400 homes will revert to public ownership under Homes Victoria.

The homes will replace 502 outdated social dwellings and be a mix of studio, one, two and three-bedroom homes – catering for individuals, couples and families. They will also be energy efficient and environmentally sustainable, and the developments will include large communal green spaces.

The project is valued at around half a billion dollars for the capital cost – with market sounding commencing in coming months – and will be funded through the Big Housing Build. Construction on the four new sites is expected to start in the second half of 2023, with completion planned for late 2025.





We pay tribute

Shane Keith Warne, simply the best.

We all watched, we were all amazed, even when he continued to take NZ Cricket teams apart!

An amazing, sad loss felt by so many. The memorial at the MCG will be some event, in front no doubt of the newly names S K Warne Stand

RIP Warnie

Best Wishes

Affairs of State profusely thanks all its customers, readers and stakeholders since we began operations in 1993.

Can we help you with strategy PR, government engagement, tech or issues facing your organisation.

Reach out for a chat, the coffee s on us.

We are here to help and we have much relevant experience.

Lets take care of each other, see you for the next edition.

We welcome your feedback.

Alistair, Michael and Hans

News you may have missed

- There are growing concerns over food security as supplies of wheat and sunflower oil from the world's breadbaskets Russia and Ukraine are disrupted.
- Meanwhile it's regime change for South Korea, which elected political novice Yoon Suk-yeol as its new president. What will this mean for Australia?
- Canberra would be a much better place if there were more people there like Kimberley Kitching. While she made an impact, the same can't be said about a lot of other politicians. RIP Kimberley.
- Ukraine's tragic war and the West's remarkable lightning economic excision of Russia, the world's 11th largest economy (and similar to Australia's), prompted energy CEOs and experts to warn that whatever the longer term path for fossil fuels, the world could face decades of disruption from its exit from Russian energy supplies.
- Dial Before You Dig has called for the Tasmanian government to mandate its services after, incredibly two separate instances at the same time took out internet and cellular services for more than six hours this month.
- state government will take over from "the bank of mum and dad" to help young home buyers achieve their dream of owning a place of their own.
- TAS Premier Peter Gutwein has announced major changes to first government schemes which will save buyers tens of thousands of dollars. The revamped Housing Market Entry Program will mean potential purchasers can buy a home with as little as a two per cent deposit – and the government will kick in up to \$200,000 of the purchase price as an equity contribution. It would mean an eligible applicant wanting to buy a \$500,000 home could do so with a deposit as low as \$10,000 and a mortgage of \$300,000.
- Victoria's unemployment rate has fallen to its lowest level in almost 50 years. The rebound in employment could come with a financial sting if the Reserve Bank is forced into tamping inflation risks by bringing forward expected interest rate rises. In Victoria, the jobless rate fell by 0.2 percentage points to less than 4.1 per cent. The last time unemployment in the state was that low was in 1974.

