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

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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.*

The government's Unite and Recover economic response to the COVID-19 pandemic has been swift and much appreciated. In most cases, greatly received by local government and many in our communities at a time when they were facing dire consequences. In other cases, causing frustration with what has been seen as token amounts allocated that did not translate to much in the way of assistance where it was needed most or with criteria that could not be met within the timeframe.

For the sake of brevity in this submission, we will concentrate on the challenges with the economic response as were raised with us by constituents during this period.

FEDERAL GOVERNMENT

Initially there were many complaints from sole traders and those on visas that weren't citizens, not able to claim any of the supports such as Jobkeeper and Jobseeker. However, these were soon altered to include which alleviated much of those concerns.

Complaints that remained were as follows:

- Jobkeeper/Jobseeker
  - Jobkeeper covered those in age from 16yrs, however Jobseeker covered from 22yrs. Anyone under the age of 22yrs, whose employer did not access Jobkeeper, had no support even if they had been living out of home and responsible for their own bills for years. This left a big gap in people with no access to support.
  - Jobkeeper was not a suitable decision for all businesses even though they were eligible, as it created issues with cash flow, leave accruals and added administration. This was a choice that often impacted on employees if a business chose not to participate as many were stood down without pay or made redundant but were not eligible for access to Jobseeker due to age, partner's income and/or visa status.
  - The application process was onerous with many businesses having to pay accountants to complete applications for them, with many others unable to afford and trying to work it out on their own.
  - The wait from the beginning of the business closures until the first Jobkeeper payments reached employers was too long, causing added impact on those businesses.
  - There was confusion and lack of information from when it was first announced until availability.
- Commercial Tenancies
  - Again, too long a wait from announcement by Federal Government until it translated to information being available at a State level.
  - There is much concern from Commercial Landlords with the way this was setup. Particularly in relation to deferred payments, which the banks would not recognise as income for the purposes of refinancing etc. There were many who would have preferred to see more involvement in this side of things using options that could have been made available within the ATO, and felt instead that they were being made to be the welfare for the tenants.
  - Costly for commercial tenants and landlords to manage the accounting and the mediation etc related to these measures, particularly for landlords with high numbers of commercial tenancies.
    - Needed to provide some form of financial support for the commercial landlords to manage the new requirements for each of their tenancies.
  - There is still very great concern from commercial landlords about the long-term impact on their businesses and whether some will collapse.
  - Banks were not seen to be sharing in supporting this situation or carrying their share of the 'load' as they were only deferring mortgage payments. This led to many electing not to 'defer' as the interest was still accruing and would be payable at the end of the mortgage at whatever interest rates are applicable at that time which could be considerably higher by then.
  - As business restrictions are relaxed and tenant's income can increase and potentially reach pre-COVID levels, there is no mechanism for the rent reduction to be reassessed.

GRANTS

There was much relief and excitement when grants were announced. However, some of the challenges experienced are listed below:

- Eligibility criteria was difficult for some small businesses to meet
  - Sole traders or trusts without employees were often not eligible creating a significant gap. While these businesses don't employ people, they were in as much need as other businesses and they also contribute significant amounts to our economy and indirectly to employment through the use of suppliers, sub-contractors, taxation, etc.
  - Preparation of required documentation such as letters from accountants to demonstrate financial impact resulted in added cost to businesses
- Some elements of the application process were difficult for businesses as follows:
  - With many small businesses on quarterly BAS reporting, it was not possible for them to use their BAS to demonstrate financial impact as the January to March quarter was largely unaffected as closures did not come into effect until the end of March and the April to June quarter was in progress so incomplete.
  - The time needed to prepare the required documentation caused many to miss out as grants funds were exhausted.
  - Application forms could be confusing requiring a "project", when non-project based items such as reimbursement of operational expenses was eligible to be claimed.
  - Costs involved for those using accountants to prepare information for businesses that were either closed or operating on extremely reduced incomes was prohibitive.
  - Those trying to do applications themselves due to the cost of accountants risked missing out due to the time it took, the complexities of getting the applications correct and how fast the grant funding was exhausted.
- Tokenism – some grants such as the Seniors and Accessibility Assistance of $5000 did not translate well at ground level as follows:
  - Only 2000 grants available throughout the whole of Queensland on a first come basis.
  - No advance notice given to those Home Assist Secure Providers who needed to process applications.
    - This caused impacts to the providers in terms of hundreds of extra phone calls per day with new clients wanting to apply.
  - Most providers already had lists of existing clients needing funding for home repairs making them priority for applications as they were ready. Providers did not have adequate resources to expand to also cover the influx of new enquiries.
  - New clients required confirmation of eligibility, home visits to view work needed and quotes etc from tradesmen, all before an application could be lodged.
    - Reality was not many new clients could be processed in time to make applications worth-while causing anger and frustration amongst those vitally needing this support.

        - Staffing levels, with no prior notice given, were unable to handle all incoming calls, let alone process the number of new clients wanting to apply.
- Grant applications closing early due to allocated funding exhausted.
    - This caused much frustration with some grants exhausted within a couple of days of release unexpectedly.
- Payment of grant funds just before the financial year meant that some businesses incur tax implications on the grant as they have received income in this financial year that cannot be offset by purchases. This goes against the intention of the grant to offer support if the grant is taxed at 30% for example.
- There was also confusion as to whether small business grants were available for community organisations to apply.

BORDER CLOSURES

Whilst this was seen as necessity to take action to keep Queenslanders safe, the economic impact has been exacerbated by the lengthy closure, and the lack of explanations as to the rationale.

By not clearly communicating the targets or mechanisms that was required for the borders to be reopened, this created anger, frustration and blame towards the government at a time when people needed to be able to comprehend how decisions were being made. This included why if borders were closed, and Queensland had no new cases, why internally relaxations could not have been extended beyond what they were so that businesses could at least cover opening costs.

SUGGESTIONS THAT WERE NOT DELIVERED

During this time there were many requests for changes, inclusions or even extra supports that were requested as follows:

- Payroll company tax – halt for the first quarter and defer for the follow quarter.
- GST relief for sectors with the greatest impacts such as tourism and hospitality industries.
- Relief from excise tax for independent breweries as this is 45% of their production costs
- Waiving of gaming tax for the period of closures.
    - Deferrals only caused more debt for some small clubs such as bowls clubs who are often borderline in surviving at the best of times. To let a gaming tax debt accrue during a time of forced closure, may be too much for some to recover from.
- Relief from Real Estate licence fees. Real Estate turnover was decimated by the following:
    - Unable to book short term rentals.
    - Unable to take potential buyers through sale properties without tenant agreement, some of which was withheld for vexatious reasons.
    - Lack of sales due to interstate/intrastate buyers unable to travel.

SUMMARY

The prominent issue that arose was announcements of funding or supports by the Federal Government without adequate explanation to the public of how long it would take before those supports were actually available. At both a Federal level in how long Jobkeeper took to reach people after it was announced, to a State level in the length of time from a Federal announcement to when Queensland implemented and regulated what was announced, these delays caused consternation and confusion.

The second, was how fast the grants closed due to allocated funds being exhausted, followed by communication issues and available information regarding. Much resources were expended in electorate offices, government departments and ministerial offices answering many questions from residents who heard an announcement and couldn't access the information they needed – simply because it hadn't been released as yet.

Similarly, what was missed. Gaps identified within the Federal Government initiatives are areas that State Government had opportunity to advocate for change through National Cabinet meetings, or alternatively considered providing support that could address these gaps.

As with all other realms, what was gained and learned through the emergency part of COVID is essential to carry through recovery and into the future. These were how quickly governments at all levels responded, without a template, and formulated solutions, amended legislation, and worked together. This culture of 'how we must' versus 'why we can't' is vital through recovery, including a reform of the processes in all levels to simplify for businesses and industries what they need to do as part of their recoveries. There are many examples given from sectors in which we will not replicate here. The key message from residents as part of building stronger regional economies is to create jobs through a return to the Queensland/Australia made ethos, which will also provide surety of supply during pandemics or other emergencies when borders are closed.