

# Economic Response to COVID Pandemic Qld Government Parliamentary Inquiry

## Submission of Queensland Council of Unions

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**Queensland  
Council of Unions**

## Introduction

The Queensland Council of Unions (QCU) is the peak body of unions in Queensland comprised of 26 affiliated unions and representing more than one quarter of a million Queensland workers. The QCU is also the state labour council representative to the Australian Council of Trade Unions (ACTU) which represents around 1.8 million Australian workers. This submission is made in response to the terms of reference of the Inquiry announced by the Economics and Governance Committee of the Queensland Parliament on the 22<sup>nd</sup> of April 2020:

### **Terms of Reference:**

- ☐ 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.
- ☐ 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.
- ☐ 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.
- ☐ 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.

The QCU welcomes the opportunity to provide submissions about initiatives to help reboot the Queensland economy as the existing COVID-19 restrictions ease across the state. Our submissions are made within the context of the ACTU's economic and recovery plan announced in May 2020, 'Rebuilding jobs and our economy beyond the COVID-19 health crisis', which recommends eight key areas to underpin the equitable distribution of resources within the economy and to effectively mitigate inequality while rebuilding the Australian and Queensland economy. The submission identifies briefly what these matters are, relevant issues in terms of an Australian Government response, relevant initiatives from the Queensland Government's Economic Recovery Strategy, and recommendations to further boost the Queensland economy and provide a stronger safety net for Queenslanders.

### **ACTU 'Rebuilding jobs and our economy beyond the COVID-19 health crisis' Key Areas:**

1. Improving the quality and security of jobs by creating 2 million new permanent jobs and halving the number of insecure jobs.
2. Lifting wages and living standards.
3. Strengthening and investing in public and community services that are our first line of defence against 'shocks' like COVID-19, bushfires and drought.
4. Support nation-building projects that create decent jobs and set Australia up for a better future.
5. Education and training.
6. Dealing with the crisis of climate change.
7. Improve social, health and economic outcomes for people and communities that experience disadvantage.
8. Embracing industry policy and 'Australian made'.

## 1. Quality Secure Employment

Prior to the COVID pandemic, one in every three Australian workers were employed in insecure and low paid forms of work such as casual, temporary, or labour hire employment, or in the gig economy. The majority of insecure work was undertaken by women, young people and migrant workers. Many were subject to forms of wage theft from their employers. The COVID pandemic amplified the insecurity of these types of jobs, with many workers displaced overnight from their jobs in the retail, hospitality and tourism sectors, creating further disadvantage for those workers, their families and the community.

Australian Bureau of Statistics (ABS) data indicates that the two segments of workers most affected by the pandemic are women and young people. Women have been hurt more than men, losing 11.5% and 12.0% of the hours worked in March and April, compared to men who lost 7.5% and 7.7% for the same periods, while youth unemployment grew 2.0 points to 16.1% from April to May 2020 (ABS Labour Force, Australia Cat No 6202.0).

Across the board, the official unemployment rate for May 2020 is 7.1%. However, the ABS also indicates that a more realistic number of unemployed people is 11.3% (ABS 6202.0), taking into consideration the 3.1 million workers who have received JobKeeper, as well as the percentage of workers who had their hours reduced or who were stood down. For instance, total monthly hours worked from April to May 2020 fell by 12.1%.

The Commonwealth Government's initial response to the pandemic and its economic impact on individual workers was to introduce two financial payments: JobSeeker and JobKeeper. The JobSeeker payment is estimated to apply to around 1.6 million Australians, and the JobKeeper payment to have been applied to around 3.5 million Australians. However, a number of workers who were impacted were not able to access JobKeeper including casuals with less than 12 months service, employees of foreign owned companies, and a range of migrant workers.

The JobSeeker initiative was introduced for people on unemployment benefits to receive an additional payment of \$550 per fortnight - effectively increasing the amount paid to eligible unemployed persons to \$1100 a fortnight. The payment only applies for a 6 month period and is due to revert to \$565 a fortnight at the end of September, pending any further announcements from the Government. The JobKeeper initiative was introduced for workers employed by eligible businesses or not-for-profits, and in some cases for the self-employed, who were entitled to receive a fortnightly payment of \$1,500 (before tax) for a 6 month period. While a Commonwealth Treasury review of the package has been completed, no formal announcements have been made about its future, except that childcare workers are to lose access from July 20, 2020.

With the Government currently delaying any announcements on the future of both schemes, the future for many women and young people displaced from their jobs because of the pandemic remains uncertain, particularly as they are unlikely to regain employment immediately given the impact on these industry sectors. Removing JobKeeper will have a devastating effect on Queensland workers, their families and communities, with Cairns (postcode 4870) recording the highest number of JobKeeper applications in the state and the fifth-highest in the nation.

The ACTU Paper recommends the adoption of a national target of two million secure jobs. While the regulation of the majority of employment is a Commonwealth matter, there is scope for the Queensland Government to address more secure employment arrangements as a public sector employer, and also under the auspices of the *Industrial Relations Act 2016*. In particular, to provide for more secure employment in the Queensland public sector through conversion arrangements of casual and temporary workers and also for individual contractors holding an Australian Business Number.



The Queensland Government should also consider the uptake of more work from home arrangements for public sector employees, learning from the experiences of the work from home examples that have occurred during the COVID pandemic.

**Recommendations:**

1. The Qld Government should strongly advocate for an extension of the JobKeeper program for at least 6 months to minimise the displacement of workers required to help reboot the economy and extend this to all eligible workers e.g. casuals working for less than 12 months with the one employer, employees of foreign owned companies, and migrant workers.
2. The Qld Government should strongly advocate for the permanent adoption of JobSeeker as a realistic benchmark for those people out of employment.
3. The Qld Government should embrace more secure employment options within the Qld public sector, including the introduction of conversion arrangements for temporary and casual workers, as well as for ABN workers.
4. The Qld Government should investigate the extension of the *Industrial Relations Act* to allow for conversion of ABN workers, for instance where they have worked under 4 consecutive contracts or for a continuous period of two years with the same employer.
5. The Qld Government should advocate for amendments to the *Fair Work Act* that support stronger conversion rights for casual and temporary employees and creates a definition of casual employment that supports more secure employment.
6. The Qld Government should consider the adoption of more permanent work from home arrangements for public sector employees.

**2. Lift Wages and Living Standards**

The ACTU Paper recommends a number of initiatives to lift wages and living standards in a post COVID economy, particularly for the lowest paid and those in more precarious forms of work who have often been at the frontline of responding to the COVID pandemic. This includes reinvigorating collective bargaining, reducing insecure work and establishing a new Living Wage. The QCU supports this approach.

While the ACTU and its affiliates are participating in a review of conditions facilitated by the Commonwealth Government, the QCU remains concerned about a number of early responses by a range of employers, including Commonwealth and State Governments to the COVID pandemic to freeze or cut existing wages, or to call for further cuts to penalty rates. The effect of wage freezes, wage cuts or cuts to penalty rates does not lead to increased jobs in the economy, but only serves to produce a deflationary environment such as that created in the Great Depression as well as act as a cost to employment in other sectors of the economy already impacted by the pandemic such as small businesses, retail, hospitality and tourism. It will also have a lasting long term effect on those employees directly impacted, who will over time receive less wages and superannuation leading into retirement.

As noted previously, many women have been disproportionately affected by the pandemic. While many of these issues are determined under the Commonwealth's jurisdiction, there are a number of proactive steps the Queensland Government can take to help alleviate some of the inequitable impacts of the pandemic such as creating more secure forms of employment in the Qld public sector and local government areas as indicated previously. This should also include championing more secure jobs in the private sector and using the Qld Government procurement policy to leverage more secure jobs from private sector suppliers and contractors.

The Qld Government should also implement as a priority outstanding gender equity issues for public sector employees. This includes providing part time employees access to annual pay increments, the

extension of superannuation to employees while on unpaid parental leave, and revisiting the definition of ordinary time earnings in relation to superannuation payments.

### **Recommendations:**

7. The Qld Government should prioritise the creation of more secure jobs in the public sector and also champion more secure employment opportunities in the private sector, including through its procurement policies.
8. The Qld Government should ensure a fair and equitable wages policy in future years that supports workers and ensures demand driven support in local communities.
9. The Qld Government should introduce gender equity initiatives across the Qld public sector such as:
  - (i) remove the current restrictions for part time employees to work the equivalent of a full time worker to access incremental pay points;
  - (ii) provide access to paid superannuation for parents on unpaid parental leave;
  - (iii) review the definition of ordinary time earnings for many women workers;
  - (iv) appoint a dedicated Gender Equity Commissioner and stakeholder reference group to oversee the implementation of gender equity issues across the public sector and provide a publicly available annual report.

### **3. Strengthening and investing in public and community services**

The ACTU Paper highlights the need to ensure that crucial services remain in public ownership and are properly funded. It also proposes to limit the use of insecure, temporary and rolling contracts in the provision of recovery services. This requires continued and ongoing investment in public services and institutions, not privatisation, cuts and austerity measures as previously experienced under the Newman LNP Government from 2012 to 2014.

While Queensland public sector employees are now subject to a form of wage deferrals, the QCU remains committed to ensuring greater job security of public sector employees who provide an important role in the day to day delivery of services to Queenslanders as well as in the recovery from COVID-19, and who are pivotal to ensuring an equitable approach to rebuilding Queensland in a post COVID economy.

### **Recommendation:**

10. The QCU recommends the Qld Government continues to adopt a strong position on maintaining public sector jobs and opposition to privatisation or contracting out of public sector functions.

### **4. Support nation-building projects**

The ACTU Paper outlines the opportunity presented with the historically low cost of borrowing money to invest in large national projects that create a lasting benefit to the nation, creating hundreds of thousands of new additional, secure jobs. Key priorities should include government investment in public transport projects, inter-city fast rail, sustainable public and community housing, new hospitals, schools & TAFEs and electricity transmission network upgrades. In this context, the QCU acknowledges and supports the Qld Government's Economic Recovery Strategy which includes, among other initiatives:

- ☐ \$50b Infrastructure Guarantee over the next four years 2019-20 to 2022-23.

- \$400m Accelerated Works Program to support regions with a substantial capital and maintenance roads program.
- \$200m Works for Queensland COVID Recovery Package to support local jobs and Local Governments with funding for building productive infrastructure.

We also note in particular the commitment to the \$14.8M feasibility study for the Copper String Project to connect the North West Minerals Province with the national electricity market, as well as green hydrogen initiatives in Central Queensland which are investments in green energy needed to support and drive future investment in Queensland. We support a continuation of these types of major infrastructure activities along with distributive approaches to kick start smaller areas of the economy such as domestic housing and regional projects through local government areas. However, we are also mindful of the need to invest in softer areas of the economy, particularly those areas where many women are employed, such as education, health, and social and community services. The Qld Government is in a prime position to expand these services and to provide for more secure employment opportunities for displaced Qld employees. Finally, in all circumstances, Government support and investment must be linked to the creation of secure employment.

**Recommendation:**

11. The Qld Government strongly consider significant investment towards improved and expanded education, health, and social and community services for Queenslanders.

**5. Education and Training**

The ACTU Paper identifies that a significant amount of government investment in education has been toward exporting education to full fee paying international students, which has failed to deliver secure jobs and increasing incomes for the majority of the people who work in the industry. In particular, the university sector has been impacted adversely by the COVID pandemic and consequent restrictions on international travel. Australian Government policy and industry have also significantly relied upon skilled and temporary migrant worker programs to satisfy industry skills needs from both an academic and vocational background.

Given the ongoing restrictions on international travel and the public policy benefits of reskilling for Australian workers, the QCU supports a refocus of both academic and vocational training for both school leavers and to upskill existing workers, particularly those displaced and adversely impacted by the pandemic. This should include an extension of Commonwealth and/or state payments to ensure that those workers undertaking retraining are able to maintain a living wage as an incentive to enrol and complete university training supported by additional childcare places for working parents.

The QCU is also mindful that many disadvantaged people in the community, including those living in rural and regional areas of the state experience a lack of connectivity issues and lack of access to technology and that this may act as an impediment to their participation in further training and education opportunities. The QCU is supportive of a Qld Government initiative to help provide access and technology to these members of our community to enable them to participate equally in education and training initiatives.

**Recommendations:**

12. The Qld Government introduces scholarships and/or subsidised fee arrangements for young people and women seeking to enter university and vocational training places targeted at skills needs within the economy. Any programs should be supported at least by a living wage.
13. The Qld Government should consider funding additional childcare places for parents entering retraining arrangements.

14. The Qld Government should consider funding an initiative to ensure that disadvantaged members of the community and people living in regional and rural areas of Queensland have access to the internet and technologies to help support them in their education and training endeavours. This investment should also ensure that workers and their families in rural and remote areas are better connected for work purposes and for other essential services such as health related services.

## **6. Dealing with the crisis of climate change**

The ACTU Paper calls on the Commonwealth Government to align our economic recovery with a goal of achieving net zero emissions by mid-century at the latest and to make a greater contribution to global efforts under the Paris Agreement. It also calls for greater investment and policy support to reduce emissions and improve energy efficiency and productivity across the economy.

The QCU acknowledges the commitment of the Queensland Government to its renewable energy target of 50% renewables by 2030 and also supports greater investment by the Queensland Government in creating publicly owned renewable energy sources supported by public sector jobs. The QCU is also supportive of Government investment in new green technologies such as green hydrogen, pumped storage and integrated renewable energy infrastructure projects across the state.

The QCU acknowledges the commitment of the Government to ensure support for existing employees within regional communities who may be affected by technological changes within the industry, including upskilling in clean technologies and the development of alternate industries within those regions. Other areas of retraining and skills development should focus on waste recycling and services, and land rehabilitation and land care for mine sites and other degraded lands.

### **Recommendations:**

15. The Qld Government should continue to provide and stimulate development opportunities for new clean industries in regions that have been adversely affected by the pandemic and or transitioning toward clean energy technologies.
16. The Qld Government should investigate opportunities to develop a regional waste recycling and services industry and a program to ensure land rehabilitation and land care.

## **7. Improve social, health and economic outcomes for disadvantaged people and communities**

The ACTU Paper supports actions and investment to improve public and social housing, address homelessness, and invest in physical and social infrastructure in Aboriginal communities. The QCU supports this recommendation and acknowledges a number of key initiatives of the Qld Government to invest in social housing both prior to the pandemic and in its latest Economic Recovery Package.

We would however, urge the Queensland Government to reconsider its support for the Commonwealth Government's HomeBuilder scheme which provides eligible owner-occupiers (including first home buyers) with a grant of \$25,000 to build a new home or substantially renovate an existing home. Instead, such funding would be better allocated to support state development of additional social housing options for young people, people living in regional and rural communities, people with mental health issues or illnesses, and single women nearing retirement age.

### **Recommendation:**

17. The Qld Government should seek additional funds from the Commonwealth Government from its HomeBuilder scheme in Queensland to support additional construction of social housing for the most vulnerable in our community.

## 8. Industry Policy

The ACTU Paper recommends initiatives to build domestic demand, support Australian businesses, create good jobs and ensure that workers have the income to buy more of the products and services produced and provided within Australia. The pandemic has also highlighted key vulnerabilities in medical equipment and manufacturing supply chains. Prior to COVID, Australia was also experiencing vulnerabilities in its existing waste reduction strategies which were reliant on offshore markets.

The QCU is supportive of Queensland Government regional development strategies focused on rebuilding a local manufacturing and supply chain for these areas. We would urge the Government to also consider proposals for developing further waste services and recycling initiatives. Their placement in regional areas is critical to also address current job losses in these areas impacted by the downturn in tourism, hospitality and small business, but also those communities affected by the future transition to clean technologies.

The QCU is also supportive of initiatives to utilise the Qld Government procurement policy to identify gap areas of locally manufactured and made products and to help assist the development of local industry initiatives. The QCU further supports a stronger and enforced procurement policy for Queensland contractors providing services for the Qld Government or working on government funded projects.

### Recommendations:

18. The Qld Government should adopt an interventionist approach to stimulating manufacturing opportunities in regional areas of Queensland, in particular for medical equipment and manufacturing supply chains, clean technologies, and waste services and recycling initiatives.
19. The Qld Government should investigate how to use its procurement policy to identify gap areas for locally manufactured and made goods and to assist in the development of local manufacturing initiatives.
20. The Qld Government should strengthen its procurement policy to ensure the engagement of local Qld suppliers of goods and services.

## Summary - A Stimulus v Austerity Agenda

The QCU supports the Queensland Government's Economic Recovery Package as an economic stimulus package and urges the Committee and the Queensland Government to continue to avoid an austerity agenda in response to the COVID-19 pandemic. While many economic and social responses to the pandemic are within the purview of the Commonwealth Government, the Qld Government is in a position within the National Cabinet to put forward its strong views and advocacy around the adoption of an economic stimulus approach by the Commonwealth Government that also protects the more vulnerable and disadvantaged impacted by the pandemic within our community.

History tells us that Governments are able to lessen the impact of recessions by engaging in stimulus spending: governments are urged to go hard, go early and go households (Bennett 2020; Denniss, Grundoff and Richardson 2020). This effective and early use of stimulus measures is said to boost economic growth and provide for lower levels of unemployment than would otherwise be the case (Dennis, Grundoff and Richardson 2020; Henderson and Stanford 2020). Comparing this approach



with measures adopted by respective Australian Governments in other major recessions, including the Great Depression of the 1930s, post World War II and the Global Financial Crisis (GFC), also demonstrates that a stimulus and not an austerity approach is more successful.

Most notably, the austerity approaches adopted after the Great Depression only served to prolong the economic and social pain, and our failure to implement policies to stimulate the economy saw a rapid rise in unemployment, causing an ongoing downward spiral of wages and increased prices. In contrast, following the Second World War, Australia underwent a process of reconstruction requiring substantial public debt to be incurred. In 1946, federal debt in Australia reached a peak of 104 per cent, compared to 170% in 1932 of the Gross Domestic Product (GDP). Yet because of the expansive economic policies adopted in this era, gross public debt was gradually brought back to more normal levels by the subsequent strong growth in Australia's GDP and the rise in taxation offsetting the need for debt (Dawson and Lloyd Cape 2020). This stimulus approach helped to create our manufacturing sector, and provide extensive investment in nation-building infrastructure like the Snowy River Scheme, which in turn were supported by labour market programs assisting returning servicemen back into employment.

The other major event to compare the economic impact of COVID-19 with is the global financial crisis in the late 2000s. Compared to the rest of the developed world, Australia did not experience the depth of this worldwide recession nor its impacts, credited to the relative strong performance of the Australian economy and financial system. Relevantly, the Australian Government's response was to adopt an expansionary fiscal policy directed at the weak areas of the economy: housing and consumption, through a short term stimulus housing package and spending on school infrastructure and financial payments directed at the more disadvantaged in the community, aimed at stimulating spending in the retail and other sectors.

It is also relevant to note that prior to the impact of the COVID-19 pandemic on the Australian economy, the Australian economy was already beginning to face deflation, rising inequality, an erosion of the social safety net, and was experiencing record low wage growth and high rates of insecure employment. Much of this arose from successive economic and social policies introduced by the Abbott, Turnbull and now Morrison led LNP Governments which were committed to introducing an austerity regime focused on lowering company taxes, government investment, introducing a cheaper and less effective national broadband network, reducing the size of the public sector, and constraining wages growth (Reece 2015).

However, there is no evidence that an austerity agenda has ever led to a reduction in public debt nor that this is a good thing for the economy overall. Instead, by introducing measures that restrict the growth of the economy, unemployment increases and demand is lowered, in turn leading to low levels of consumer expenditure and further declines in business confidence (Dawson and Lloyd-Cape 2020).

Since the impact of the pandemic, as we have noted, workers in insecure forms of employment, predominantly women, young people and migrant workers, have been disproportionately impacted. In this context, the impact of COVID-19 has further contributed to the inequities that pre-existed in the labour market. As is noted by the ACTU General Secretary Sally McManus, the emphasis on infrastructure spending by the Australian Government ignores the plight of those women workers who have been the hardest hit by the impacts of the current crisis (Bonyhady 2020).

Thus, it can be seen that an economic stimulus approach will assist in alleviating the more severe impacts of a recession, but such an approach should be tailored to the specific elements of a recession itself. For instance, post war reconstruction was aimed at providing jobs for returned servicemen and was also supported by a growing migrant workforce aimed at growing Australia's population and economy. The GFC stimulus was aimed at stimulating the housing and construction sectors of the economy and continuing spending to prop up the retail and related sectors, as well as general business confidence.

In the context of COVID-19, the tourism, hospitality and retail sectors have been disproportionately impacted with the effects felt by many women, young people and migrant workers. Therefore, while stimulating the economy through infrastructure and housing projects is of assistance, the QCU recommends further work is undertaken in the soft areas of the economy through the Qld Government investing strategically in education, health, and social and community sectors. We also encourage the Government to ensure that infrastructure investment is targeted at improving Queensland's productive capacity and maximises opportunities for secure employment.

Within this context, we urge the Committee to consider measures that help stimulate the economy and also protect the most vulnerable and disadvantaged within our community.

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