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Together branch of the ASU submission to the Inquiry into the Queensland Government's economic response to COVID-19

Together is a union of more than 28 000 workers, working in public services, health services and the private sector including airlines and travel from Coolangatta to the Cape. Our members include some of the lowest paid public sector workers, frontline health workers, and regional Queenslanders. Our union values include:

- Fairness, justice and equality
- Government has a responsibility to ensure all people can live with dignity.
- Every person, no matter how much money they have, where they live, or what their background is, should have a decent life, human dignity and access to basic necessities.
- Public services should stay public – owned by the government and operated for the public benefit.
- Public services, including health and education, should be free and universal.
- There needs to be action to stop climate change and protect our community from the effects of climate change.

Our union has a significant interest in the work of this inquiry and makes the below submission.

Health crisis economic response

The Federal and Queensland Government have taken crisis action to ameliorate the worst effects of COVID 19, including providing payroll tax relief, jobs training, industry specific funding, and investment in health care. The Federal economic response was slow, and has left behind women and young people¹, as well as significant groups such as casuals and visa holders. Meanwhile, state governments including the Queensland government took swifter action.

A recent report from The Australia Institute² shows that Queensland's crisis response focused on business – direct community relief was lower than other states. This report suggests the ownership of public assets and public services such as energy and transport are what allow a state to effectively manage a crisis. The states with these resources could provide more significant assistance directly to those affected.

The Queensland Government spent (outside of health) in absolute terms \$2,800 million (the third highest amount of any state) and relatively the second highest amount of any state to our economy (0.78%).

¹ <https://www.theguardian.com/business/commentisfree/2020/jun/20/jobkeeper-has-failed-and-its-hitting-women-and-young-people-the-hardest>

² The Great Southern Hand: State emergency economic responses to COVID-19

<https://www.tai.org.au/content/great-southern-hand-state-emergency-economic-responses-covid-19>



There has been a solid health response and mobilisation of the public sector to manage the pandemic in Queensland. The Queensland Health response has been consistent and the extra investment has prepared Queensland for and protected Queenslanders from COVID-19.³

However through the process of mobilising, there have inevitably been corners cut and matters have been rushed through. For example, part of the deployment of public servants was outsourced to a private company, while the strategy was managed through the Public Service Commission.

Together notes advice that:

“Cloud-based talent acquisition platform LiveHire (ASX: LVH) has won a contract by the Queensland state government to redeploy staff into “critical areas of need” in the wake of the COVID-19 pandemic.”⁴

While this crisis response in Queensland and eventual response of the Federal government did assist, much of the state and federal crisis spending is temporary and not intended as sustained or ongoing and this is obviously a concern for workers.

The Federal Government still plan to allow JobKeeper to end and the JobSeeker subsidy to lapse in September. This has been condemned by Australia's Reserve Bank Governor Phil Lowe as a “mistake”.⁵ The Australian unemployment rate is being reported at 7.5% - but is more like 11%⁶. As above, Queensland Government crisis spending has been short term fixes like tax deferrals or holidays and rent deferrals. Together is concerned that when the JobKeeper and JobSeeker subsidies are ended that thousands more Queensland workers will be in need of significant support and or employment.

Impact on women

Women in particular have suffered during the COVID-19 pandemic, being forced to draw on more leave and superannuation as they continue to bear the load of caring for family members and children.

The ACTU Women’s Committee have recently highlighted the inequity of the impact of the pandemic, and the planned recovery, on women:

“The data and research clearly demonstrate that women have, and continue to be, more impacted by COVID than men, and that the impact has been profound. Women have;

- *had more exposure to the virus through their work in frontline industries such as health, aged care, community and disability support, early childhood education and care, cleaning, education & retail;*
- *experienced more job losses than men;*

³ <https://www.qld.gov.au/health/conditions/health-alerts/coronavirus-covid-19/queensland-health-response/queensland-health-response-novel-coronavirus-covid-19>

⁴ <https://smallcaps.com.au/livehire-queensland-government-staff-redeployment-contract-coronavirus/>

⁵ <https://www.news.com.au/finance/economy/australian-economy/reserve-bank-governor-warns-ending-jobkeeper-too-early-is-a-mistake/news-story/e9785d109288b81ef6899e714fb81cf1>

⁶ <https://www.news.com.au/finance/economy/australian-economy/unemployment-figure-of-71-doesnt-show-everyone-whos-lost-their-job/news-story/d55799d51ffeda6fe9f4cc655dd71b6>



- *experienced greater hours of work reductions and are twice as likely as men to be on zero-hour contracts;*
- *been adversely impacted by policy decisions such as Early Release of Super, the childcare package & removal of the JobKeeper;*
- *been disproportionately impacted most by the delay in the FWC AWR decision to February 2021;*
- *not been included in the investment and economic recovery conversations. These conversations have instead been dominated by the 'traditional' infrastructure investment narrative of roads, rail and manufacturing."*

Our members are majority women and in both the private and the public sector are generally in more insecure and lower paid work than men.

These inequities and financial burdens will not be addressed by a "tradie-led" recovery, which does not include the whole economy of Queensland – particularly the women of Queensland who work in travel, services and the public sector. Together is looking for every level of government to invest in employment opportunities for all workers, and particularly looking at where there are currently gaps for women workers.

Ongoing Economic response

The Federal Government is bent on a dangerous⁷ agenda of austerity to "help the economy" (spending cuts, education cuts and fee hikes, wage freezes, ending JobKeeper and returning JobSeeker to a low rate).

The effects of this are clear. As a group of "academics, researchers, trade union representatives" from Per Capita put it in an open letter in May⁸:

If government spending is cut, we will enter a self-defeating downward spiral, where spending cuts reduce aggregate demand and create greater unemployment, which in turn further reduces aggregate demand and employment, and results in reduced tax receipts.

We will need more spending, not less. Recent government spending has been called a stimulus, but it is more accurately described as welfare spending for the economy. The stimulus we need is still to come.

The good news is that it has never been cheaper for the government to borrow money to invest in the productive capacity of the economy, and to create new jobs. The yield on 10 year government bonds is currently less than 1%, while inflation is around 1.7%. This means that borrowing is essentially interest free for the government.

There are signs from the Queensland Government through their actions to freeze public sector wages⁹ that this austerity argument is holding sway in Queensland as well. This is of serious concern

⁷ <https://www.smh.com.au/national/new-rules-an-aftermath-of-austerity-will-kill-australians-too-20200415-p54jxs.html>

⁸ <https://croakey.org/australian-government-urged-to-avoid-austerity-economics-post-pandemic/>

⁹ <https://www.abc.net.au/news/2020-06-16/qld-public-service-wage-freeze-wont-save-government-money/12361520>



as it suggests the Queensland Government could be going down a path of cutting or restricting spending on public services and projects. Together suggests that a better approach is to continue the initial response of the government in seeking to provide more certainty of employment and increase spending to ensure Queenslanders are able to keep supporting Queenslanders and keeping the doors to shops and services open, wherever we are.

Government spending is good

Public sector direct investment is the most effective and sustainable method of economic stimulus. Public sector infrastructure creates value and public services create jobs. This is directly controlled by the government, and can therefore be advanced without delay, it is able to be done in places that need it (whether the need is for the service or the jobs) without the profit motive distorting the investment. This means regional and remote communities as well as South East Queensland economies can be supported directly by the government.

Putting aside ideological arguments, such as those pushed by those who simply believe in shrinking government, the major and significant argument against government spending and in favour of austerity is “debt”.

Government debt is not household debt. The Australia Institute recently produced a report that there is “no evidence to suggest higher debt-GDP ratios are associated with adverse economic outcomes.”¹⁰ Additionally the popular concept of “intergenerational debt burden” does not exist” “Every dollar of debt is matched by a corresponding dollar in financial assets which means the notion of intergenerational debt burdens is false. For example: One person’s debt is another person’s asset and that is as true today as it will be tomorrow – if tomorrow’s debts are a burden, then tomorrow’s financial assets must be equal and opposite – a negative burden.”¹¹

Additionally, Per Capita has recently produced a paper showing that “public debt has very little impact on Australia’s GDP growth” and “austerity measures hinder rather than help economic recovery, and make it harder to pay down debt”¹²

In Queensland, the lack of consideration of the economic reality is also emphasised by the move to freeze/defer some public sector wages. Public sector wage freezes do not work – they have long term negative impacts on both the workers and the economy, outlined very clearly in the Centre for Future Work’s recent paper.¹³ Like other public sector austerity, these cuts and savings take money out of the economy, and if the Queensland government continues to enact supply side initiatives such as tax cuts, royalty holidays and other loopholes, these will feed into each other to weaken and undermine the state’s ability to deliver services.

¹⁰ “Debt won’t hurt us”

<https://www.tai.org.au/sites/default/files/P903%20Government%20debt%20wont%20hurt%20us.pdf>

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¹² “Some Facts About Debt” https://percapita.org.au/wp-content/uploads/2020/04/Some-facts-about-debt_FINAL.pdf

¹³ “The Long-Term Consequences of Wage Freezes for Real Wages, Lifetime Earnings, and Superannuation”

https://d3n8a8pro7vhmx.cloudfront.net/theausinstitute/pages/3229/attachments/original/1582492210/Consequences_of_Wage_Freezes_FINAL.pdf?1582492210



Public sector is the key – from Coolangatta to the Cape

A quality and well funded public sector that provides and improves on essential services is the core of any economic recovery. Investment in infrastructure and capital works is vital, but investment in services and community building is equally important.

As above, the Government can borrow at such low rates that now is the time to invest in services and jobs. South East and regional economies rely on public sector wages for working people to thrive – our members support themselves and their families with good public sector jobs and wages. Their wage supports their community. Queensland saw under Campbell Newman the effect of public sector job losses – devastation in the economy and therefore in the lives of working people.¹⁴

As referenced above – the opposite is also true. If there are more good public sector jobs, there is more money in working people’s pockets. There is work to be done – in housing, education, maintenance, child safety, justice, environment, fisheries – there’s countless areas of government services that have been struggling to keep up with demand let alone be proactive. If the government does not directly invest in and directly employ workers, we will continue worsening a morbid symptom of the Newman era: a proliferation of contractors paid extremely high daily rates, exploited labour hire employees and the stealthy privatisation that is outsourcing.

The Queensland Government can be congratulated for starting the work of investing in Queensland, for example with the investment in social housing announced on 29 June. But these investments in infrastructure like housing require additional public service workers to manage and administer them, to ensure Queenslanders can access the support they need to get into and stay in these new homes.

Sustainable recovery

The post-COVID-19 recovery must look to the future - not trying to recreate a fossil-fuel based neoliberal resources economy of pre-2008 Queensland, but take the opportunity to create a new and more equal economy. Climate change is a threat to Queenslanders, as we have so recently experienced with the extreme weather we have experienced in this state. Our economy must change and adapt, in order that we can have a sustainable future in this state.

The Australia Institute’s “Design Principles for Fiscal Policy in a Pandemic”¹⁵ addresses the need to think long term – not only have people become unemployed, new jobs are not being created. The government has the power to plan and take control – the power to create certainty in the economy by directly investing in services and jobs, owned and run by the public. These are long-term solutions to a weak economy, and returning to the fossil-fuel well will not work.

¹⁴ <https://www.smh.com.au/politics/federal/the-unintended-consequences-of-job-cuts-20120815-248hn.html>

¹⁵

<https://www.tai.org.au/sites/default/files/Design%20Principles%20for%20Fiscal%20Policy%20in%20a%20Pandemic%20%5BWEB%5D.pdf>



Conclusion

The Queensland Government must spend in order to save the economy – much like the Federal Government must. But if the Federal government is unwilling, the state cannot sit by and watch as the economy burns, because the people who will suffer are workers – regular Queenslanders, who are unable to afford to live a decent life, access healthcare and education. Our state must take responsibility for the lives of its people, and it is the only entity that can effectively address¹⁶ the widening chasm of inequality and poverty that the COVID-19 pandemic recession is opening up in Australia. Queensland needs to survive not just October, but the next year, and the next decade.

The swift and effective health response to the pandemic has shown we can make things happen often treated as impossible: Every Queensland able to access free healthcare; every Queenslander housed; almost every Australian guaranteed a wage. Queenslanders cannot turn our backs now on what we know is possible.

Together calls on the government to:

- Prioritise universal service delivery, reducing inequality, improving educational and health outcomes, and addressing climate change through the economic recovery – this means maintaining and increasing direct public service employment in health, education, housing, child protection, environmental protection, agriculture support, transport and mining regulation.
- Alter or abolish the following fiscal principles to adequately respond to the health emergency and associated economic downturn
 - **Principle 1:** *The Government will target ongoing reductions in Queensland's relative debt burden, as measured by the General Government debt-to-revenue ratio.*
 - **Principle 2:** *The Government will target a net operating surplus that ensures any new capital investment is funded primarily through recurrent revenues rather than borrowing.*
 - **Principle 4:** *Maintain competitive taxation by ensuring that General Government sector own-source revenue remains at or below 8.5% of nominal gross state product, on average, over the forward estimates*
 - **Principle 6:** *Maintain a sustainable public service by ensuring overall growth in full-time equivalent employees, on average over the forward estimates, does not exceed population growth.*
- Increase stimulus expenditure to match reduction in private sector consumption and investment
- Bring forward and expand capital works programs, on projects owned and operated by the Queensland Government

¹⁶ "Unleashing a National Reconstruction Plan Fit for Our Era"
https://www.futurework.org.au/unleashing_a_national_reconstruction_plan_fit_for_our_era



- Increase and bring forward expenditure on government services, focusing on direct employment and direct service delivery
- Ensure the recovery prioritises secure work by reducing the State Government's reliance on casual, labour hire and otherwise insecure workers
- Directly invest in secure employment in female dominated industries, with a strong focus on women's rights at work and investment in skills and development in these industries and jobs