



# ***ECONOMICS AND GOVERNANCE COMMITTEE***

**Members present:**

Mr LP Power MP (Chair)  
Mr RA Stevens MP  
Ms NA Boyd MP (via videoconference)  
Mr ST O'Connor MP  
Mr DG Purdie MP (via teleconference)  
Ms KE Richards MP (via videoconference)

**Staff present:**

Ms L Manderson (Committee Secretary)  
Mr J Gilchrist (Assistant Committee Secretary)

## **PUBLIC BRIEFING—INQUIRY INTO THE QUEENSLAND GOVERNMENT'S ECONOMIC RESPONSE TO COVID-19**

### **TRANSCRIPT OF PROCEEDINGS**

**THURSDAY, 7 MAY 2020**

**Brisbane**

## THURSDAY, 7 MAY 2020

---

### **The committee met at 10.39 am.**

**CHAIR:** Good morning. I declare this public briefing open. Today's proceedings are being conducted using videoconference and teleconference facilities, so I ask all participants and anyone watching the live broadcast to please bear with us if they encounter any technical issues. I would like to begin today's proceedings by acknowledging the traditional owners of the lands on which we are participating today and pay my respects to elders past, present and emerging.

My name is Linus Power, the member for Logan and chair of the committee. The other members of the committee are: Ray Stevens MP, the member for Mermaid Beach and deputy chair; Nikki Boyd MP, the member for Pine Rivers, who is participating via videoconference; Sam O'Connor MP, the member for Bonney; Kim Richards MP, the member for Redlands, via videoconference; and Dan Purdie MP, who, in respecting social distancing, is participating via telephone from the building.

The purpose of today's briefing is to assist the committee with its inquiry into the Queensland government's economic response to COVID-19. This briefing is a proceeding of the Queensland parliament and is subject to the standing rules and orders of the parliament. It is being recorded and broadcast live on the parliament's website. If you are not joining us this morning via videoconference on your mobile phone, I ask that you turn your mobile phone off or switch it to silent. Please place microphones on mute unless you are speaking. This will prevent audio interference and background noise.

**CARROLL, Mr Frankie, Under Treasurer, Queensland Treasury (via videoconference)**

**COGGAN, Mr Gerard, Acting Deputy Director-General, Investment Facilitation and Partnerships, Department of State Development, Manufacturing, Infrastructure and Planning (via videoconference)**

**FRAINE, Mr Graham, Deputy Under Treasurer, Corporate and Strategic Initiatives, Queensland Treasury (via videoconference)**

**HUNTER, Mrs Rachel, Director-General, Department of State Development, Manufacturing, Infrastructure and Planning (via videoconference)**

**PARKER, Ms Maree, Deputy Director-General, Economic and Infrastructure Strategy, Department of State Development, Manufacturing, Infrastructure and Planning (via videoconference)**

**CHAIR:** In view of the briefing today being broadcast via videoconference and given the absence of nameplates and more limited visual cues, I ask that you please identify yourself by name when speaking, particularly when speaking for the first time or when speaking other than to a direct question. The committee members who are participating via videoconference will also endeavour to ensure they clearly identify themselves when asking questions to minimise any confusion for yourselves and members of the public watching the broadcast as well as to assist Hansard in their transcription of the proceedings.

I would now like to invite each of the departments to make an opening statement, after which committee members will have some questions for you. Normally we emphasise that we would like a brief hearing but, given the complexity and breadth of the issues involved, the committee would appreciate a more fulsome briefing. We will start with representatives from Queensland Treasury before moving to the Department of State Development, Manufacturing, Infrastructure and Planning.

**Mr Carroll:** First of all, I acknowledge the traditional owners of the land on which we meet and pay my respects to elders past, present and emerging. Thank you for the opportunity to brief you today on the Queensland government's economic response to the COVID-19 crisis. Prior to COVID-19 (inaudible) in Australia, the Queensland economy and labour market were in a strong

position, with employment growing solidly and the unemployment rate falling. The latest ABS data shows that trend employment in Queensland increased by 57,800 over the year to March. Ongoing solid jobs growth saw the trend unemployment rate fall to 5.7 per cent in March, the lowest trend unemployment rate for Queensland since May 2012.

Over the year to February 2020 Queensland's seasonally adjusted national retail trade rose 4.8 per cent, easily outstripping national growth of only 1.8 per cent. The latest Queensland state accounts now show a trend: GSP rose 0.5 per cent in the September quarter of 2019. This was the 20th consecutive quarterly increase in Queensland and resulted in annual growth of two per cent—stronger than the 1.7 per cent growth recorded in the rest of the Australia. The Queensland government also entered the crisis in a strong fiscal position, with consecutive state budgets delivering operating surpluses. A surplus was also forecast to be delivered for 2019-20 onwards before the onset of the COVID-19 pandemic.

The 2019-20 MYFER demonstrated the state government's commitment to sound fiscal management, with the operating position forecast to improve strongly across the forward estimates. In early 2020, prior to COVID-19, while national consumption had weakened, with the Commonwealth revising down GST forecasts, state taxes (inaudible) and transfer duties were strong. The government's interest expense had declined from \$2.3 billion in 2014-15 to \$1.5 billion in 2019-20 estimated at the time of MYFER. This reflects that both the lower debt and the new borrowings are being undertaken at historically low rates. The interest rate on the 10-year QTC (inaudible) is currently around 1.5 per cent.

In the last 12 months, the state embarked on a strategy to take advantage of the liquidity in the bond market. This allowed the state to lengthen the maturity (inaudible) at lower rates. The state has also been able to issue bonds with long maturities with strong issuance results for bonds that mature in 2040 and 2041, reducing the state's future refinancing risk.

The government in 2019-20 announced that the Queensland Future Fund will be established. This was part of a strategy to ensure better utilisation of the state balance sheet, allowing cessation of the fund to pay down bonds. Moody's recent credit opinion stated that the Queensland Future Fund will play a material role in managing the state's future debt burdens while ensuring that liabilities remain fully funded. Importantly, Moody's confirmed Queensland's AA1 rating with a stable outlook on 22 April 2020. In terms of the work I just spoke about in relation to the strategy on borrowings, the state will commence the year with the 2020-21 refinancing already funded.

Clearly the international, national and Queensland economic outlook has been substantially impacted by the emergence of COVID-19 in early 2020 and continues to evolve in the context of this crisis. In April, the World Economic Outlook report of the International Monetary Fund substantially downgraded its global economic growth forecast, with global GDP now forecast to decline by three per cent in 2020 compared with a growth of 3.3 per cent forecast in the IMF's January report. This represents an unprecedented downward revision to global growth of 6.3 percentage points over a short period of time. The IMF stated that it was very likely the world economy would experience the worst recession since the Great Depression of the 1930s and a drop in activity way below that of the 2009 global financial crisis, when global GDP fell by 0.1 per cent. The latest report forecasts Australia's economy to contract by 6.7 per cent in 2020 before rebounding by 6.1 per cent in 2021. Taken together, this implies Australia's GDP in 2021 will be one per cent smaller than it was in 2019.

In relation to the Australian economy, the following statements were made by the RBA Governor in a speech on 21 April. He said we are likely to experience 'the biggest contraction in national output and income that we have witnessed since the 1930s'. In particular, the RBA indicated that it expects national output to fall by around 10 per cent over the first half of 2020, with most of the decline taking place in the June quarter. The national unemployment rate is to be around 10 per cent by June and, after a fall of around six per cent in 2020, GDP growth rebounds to around six to seven per cent in 2021.

Queensland Treasury's grim review of the outlook for the Queensland economy in the context of COVID-19 broadly aligns with the overall picture painted by both the IMF and the RBA. While key state and Australian government initiatives, including the JobKeeper subsidy, will help support businesses and workers over the coming months, the most substantial economic impacts of the crisis are expected to be felt in the June and September quarters. The modelling released by the Commonwealth Treasury this week has estimated around 15 per cent of the labour force not working. This is accumulative of JobKeeper and JobSeeker. The impact then felt in Queensland, according to the Commonwealth modelling, suggests that not-working persons could reach more than 290,000 persons as the impact of COVID-19.

Given the modelling by Commonwealth Treasury and the cessation of JobKeeper and JobSeeker in September and in the event economic activity does not return to normal, Queensland will see an increase in unemployment rates for both the June and September quarters. Beyond the initial period of forecasted business closures and more severe restrictions on economic activity, it is likely that many businesses will continue to be impacted as a result of ongoing social distancing measures for a period of time.

The Queensland government's multibillion dollar economic response, as well as key federal initiatives, will help in reducing the economic impact. The Queensland government responded immediately and proactively to the crisis, being one of the first jurisdictions to announce a major support package, when on 18 February it announced its initial \$27.25 million package of measures to support tourism operators, fishery operators and businesses directly impacted by the closure of national borders to Chinese visitors. Subsequently, the Queensland government has announced a package of support measures, including more than \$3.4 billion in measures to support impacted businesses, workers, households and communities as well as \$500 million in concessional loan facilities. The government commitment also includes \$1.2 billion for improved health services in this crisis.

The response by businesses to the Queensland government's key support measures continues to be substantial. As of 6 May, QRIDA had already approved 2,815 applications and \$419.8 million in job support loans with \$298.4 million in loans already paid. Some 8,683 deferrals of payroll tax have been made, and 12,271 payroll tax refunds have been approved, totalling \$421.24 million. Some 10,369 payroll tax refunds have been processed, totalling \$146.74 million. Some 2,587 land tax relief applications relating to 6,366 parcels of land have been approved, totalling \$28.02 million in land tax relief.

Importantly, the state government support measures have been strategically targeted to support a range of key stakeholders directly and indirectly impacted by the crisis. This includes support for businesses, particularly small to medium businesses, across the state; workers; families and households; and broader communities and regional economies. Importantly, immediate and substantial economic response by the Queensland government in the face of the crisis, as well as key Australian government support measures, should help ensure Queensland businesses and workers are more ready to be able to reopen and return to jobs as the economy recovers. As such, Treasury expects the Queensland economy should return to growth in 2021 following the removal of domestic restrictions.

Whether the Queensland economy is in a stronger position at the end of 2021 than it is now will depend on a range of things, including the lifting of restrictions among our trading partners and the strength of the ongoing response from all levels of government, both here in Australia and internationally. Thank you, Chair.

**CHAIR:** Thank you, Mr Carroll. Director-General, do you wish to wish to make an opening statement?

**Mrs Hunter:** Good morning, Chair and members of the committee. Thank you for the opportunity to provide this briefing regarding the Queensland government's economic response to COVID-19. I, too, would like to begin by acknowledging the traditional owners of the land on which we respectively meet and pay my respects to elders past, present and emerging. I have with me two members of the executive group from our department: Maree Parker, Deputy Director-General, Economic and Infrastructure Strategy; and Gerard Coggan, Deputy Director-General, Investment Facilitation and Partnerships.

This is a very good opportunity to give the committee an overview of the work which is being done in response to COVID-19 to support the state economy and to ensure supply of essential goods and services to Queenslanders. The Queensland government has acted swiftly and decisively in response to the COVID-19 health crisis and the substantial economic challenges it has presented.

On 29 January 2020 a public health emergency was declared for all of Queensland in response to the outbreak of COVID19 in China. In response to that declaration, the Premier and Minister for Trade enlivened disaster recovery arrangements. The Economic Functional Recovery Group, which I chair, was stood up soon after, with the first meeting in early February 2020 to coordinate an immediate economic response to COVID-19. Two weeks later, on the back of advice from the Economic Functional Recovery Group, the government's first COVID-19 economic support package of some \$27-plus million was released, aimed at supporting the sectors that had been immediately impacted by the pandemic, notably Queensland's tourism and culture, fishing and international education sectors.

We then welcomed the activation of the national coordination mechanism and the formation of the national cabinet—comprising the Prime Minister, premiers and chief ministers—in March 2020. On 24 March 2020, as detailed by the Under Treasurer, the Queensland government responded with an unprecedented package of support measures. This has included more than \$3.4 billion to support impacted businesses, workers, households and communities, as well as a \$500 million concessional loan facility and \$1.2 billion for improved health services. This package of support measures includes a worker and industry support package for large and regionally significant businesses employing people at scale.

While the economic response to COVID-19 has been a whole-of-government effort, our department has played a strong and unique role throughout the crisis. We have taken steps to secure the supply of essential goods for Queenslanders on two key fronts: seeking to secure personal protective equipment, PPE; and ensuring availability of food and essential supplies, as well as continuing work to support ongoing operations within our vital manufacturing sector.

The global COVID-19 crisis and the necessary health measures have led to significant increases in global demand for particular health supplies, critically that of PPE. Global supply has not been able to keep up with the spike in demand and there has been significant disruption to global supply chains which has further exacerbated the situation. A team led by our department was formed to respond directly to this issue, focusing on ensuring continued supply of key PPE such as disposable masks, face shields, gowns, hand sanitiser and ventilators. I am pleased to advise the committee that Queensland businesses have been very quick to lend a hand and to pivot their operations.

The second issue we have had to face is a significant surge in demand for food and grocery products. Queensland acted quickly and was the first jurisdiction to make urgent amendments to planning legislation to enable supermarkets to operate and restock around the clock. The Queensland government also established the essential goods and supply group to ensure food and grocery supply chains keep flowing into Queensland, particularly to remote, rural and regional communities.

Finally I would like to highlight the ongoing work of my department in supporting Queensland's broader manufacturing sector, particularly with respect to supply chains. Companies seeking supplies are encouraged to register their requirements with our department online. They are then matched to suppliers who may be able to assist them. As at 6 May 2020, my department had received almost 320 inquiries from manufacturing businesses reporting supply chain issues. I am pleased to report that we have been able to provide just over 90 per cent of those businesses with details of potential suppliers.

We have done a lot already to support the Queensland economy through the worst of the crisis, but clearly a lot remains to be done as we continue to transition. Groups across our department have pivoted to support economic response to COVID-19. For example, Economic Development Queensland has continued to deliver its current projects but is working to identify those that can be accelerated to support the state's response.

Queensland's existing disaster management arrangements provide a solid and practised framework for recovery planning, but they could not envisage a disaster of the magnitude and depth of the COVID-19 pandemic. Economic recovery processes are being recalibrated to ensure we remain agile, inclusive and responsive, whilst still remaining absolutely focused on health security in the community.

Queensland acted swiftly and decisively as the global pandemic unfolded at the start of the year. We have played a leadership role as the nation has responded to the COVID-19 crisis and we are well positioned to both plan and deliver Queensland's economic recovery. Thank you for the opportunity to make an opening statement.

**CHAIR:** Thank you very much, Director-General. We now turn to questions from the panel. I note that, although we were in a strengthening position, the IMF and the federal government's position is very sobering and there is an enormous amount to examine. This will be an ongoing process of the committee. We may at some point ask for further briefings. I now ask for questions from the panel.

**Mr STEVENS:** Mr Carroll, in relation to financial support for small business, New South Wales, Victoria, South Australia and Western Australia have all introduced grants of between \$10,000 and \$17,000 for small businesses. Why is Queensland the only state in Australia not distributing relief grants directly to struggling small business?

**Mr Carroll:** The support package (inaudible) announced takes account of all packages available to business at the time of formulation. Treasury advice at the time of the development of the \$4 billion package was that small businesses had access to refunds through the BAS Commonwealth Brisbane

system, originally with a minimum of \$2,000 but increasing to \$10,000, and a maximum of \$25,000 which increased to \$100,000. At all times, (inaudible) economic packages worked in conjunction with Australian government relief. The advice given by Treasury at the time was that an (inaudible) of payroll tax rebate was more effective as it directly related to the relief based on employment. Relief in relation to electricity—up to \$500 per user—for small businesses was also advised at that point in time. Any further decisions on small business grants will be a decision for the government.

**Mr STEVENS:** Are you basically saying that those other states got the grant support package wrong when it could have been done better, like Queensland is doing it?

**CHAIR:** We do have rules about seeking opinions, but I imagine Mr Carroll understands our standing orders.

**Mr STEVENS:** Sure, but the other states' treasurers—Mr Carroll mentioned the federal government package—have set a small business supportive grant as well. Mr Carroll, you have outlined other areas in which the government has supported small business, but are you saying that the way the other treasuries have gone about it—giving businesses grants—was not the most effective?

**CHAIR:** Mr Carroll answered the question in terms of further grants being a position of the government. You have probably answered that question, but is there anything you would like to add, Mr Carroll?

**Mr Carroll:** I cannot speak on behalf of other states; I can only speak on behalf of Queensland. Our advice at the time was that the federal government initiatives for the BAS refund were putting small business in the right place. The ability to refund payroll tax meant that we were regulating an economic benefit on economic employment.

**Ms BOYD:** Thank you for appearing today (inaudible).

**CHAIR:** Sorry, member for Pine Rivers. You are breaking up a bit. Could you repeat the question?

**Ms BOYD:** My question goes to household relief and support. I understand there has been \$300 million provided to people in our community who really are in need at the moment and also in terms of power bill relief. Where do we stand on some of that household relief and support for our communities?

**CHAIR:** Mr Carroll, there was a fair bit of audio break-up. I am not sure how much you heard, but what I heard asked whether you can give an overview of household relief, especially initiatives such as power bill relief. Unfortunately, there was a fair bit of audio break-up during the question.

**Mr Carroll:** Thank you, Chair; that is what I heard as well. The Palaszczuk government's \$4 billion package to support Queensland workers, households and businesses during the COVID-19 pandemic included a \$300 million household utility relief package in addition to the \$100 million asset ownership dividend already announced. In 2020, these measures will provide around two million Queensland households with a total of \$200 off their utility bills. Households will benefit from a further asset ownership dividend of \$50 each in 2020-21 and 2021-22. These payments will go to all households including home owners, tenants, customers who receive an electricity bill from their landlord or body corporate, and customers and communities with card operated meters. Sole traders and small to medium businesses will also receive \$500 off their Queensland bills this year to support Queensland jobs and businesses.

**Ms BOYD:** My next question goes to the interplay with the federal government's stimulus measures. Like many MPs, I am worried about employees who need the JobKeeper payments—for instance, they are employees in the hospitality industry (inaudible) or they are in airline catering—where their employer is in fact foreign owned. I am really concerned about the employees who are in desperate need of payments who may be falling into these pits. While I appreciate that it is a federal fund, are you able to provide us with some detail around what is happening with the JobKeeper payments and, if possible, what the state's response to that could be?

**CHAIR:** Mr Carroll, from what we heard—again there was some audio break-up; we did not quite get the beginning of the question so the member for Pine Rivers might wish to add—it was a question on the role of JobKeeper and the possibility that corporate structures, specifically foreign ownership, left workers in a position where they were not able to participate. That is what I picked up from the question. Member for Pine Rivers, do you want to add anything else to that or did we pick up enough?

**Ms BOYD:** Let us start with that, Chair. I will see if I can fix my audio.

**CHAIR:** Mr Carroll, I have a similar question. I have been approached by people in my electorate who work for one of the large chains that owns pubs and is connected to one of the large supermarkets. They are in a circumstance where, because of the corporate structure, they do not reach the 30 per cent threshold, because the bottle shops and supermarkets are still under the same umbrella, whereas the pubs they are involved in have shut down and there is not any work for them. They do not have the ability to access JobKeeper. That might be something else that you address, because it is a very similar question to the one that I think the member for Pine Rivers was putting.

**Mr Carroll:** In relation to JobKeeper, I first point out that this is a federal government stimulus package. The purpose of JobKeeper was to ensure that employees stayed connected to their employers. In relation to accessing JobKeeper, from my understanding JobKeeper will be paid after the first week in May. The federal government requirements for payment are that employees had to be paid the moneys for JobKeeper prior to the employer claiming the moneys through the ATO system. Employers also had to show a reduction of 30 per cent of trade in relation to a period specified in the six-month period by the federal government. The chair spoke about corporate structures where one part of the business was doing well and another part of the business was not doing well and not being able to access JobKeeper. I am aware of that. I understand that the federal Treasurer has the ability to amend the rules in relation to anomalies which occur in relation to JobKeeper. I am not aware of the federal government amending any of those rules as yet, but I will specify that it is a federal government package.

**CHAIR:** The member for Pine Rivers has changed audio so she might be able to add to her question. If the intention is to keep the employee connected to their workplace, is it of concern to Queensland Treasury if there are these anomalies that break that nexus? If we do recover, that is something that will create economic damage in Queensland as there is a break between the employer and the employee during this temporary period.

**Mr Carroll:** I should specify as well that each of the employees must be connected to the employer for a period of 12 months or more. That is a condition of JobKeeper. In relation to the connection that is required to keep employers and employees together, the JobKeeper package is something that, in conversations with the Commonwealth Treasury, Queensland was very in favour of when the conversation occurred at the bureaucracy level. The idea of keeping employees and employers connected from an economic point of view puts us in a far better position to restart the economy. Studies have shown that where a break in employment occurs it is harder for people to get back into work. It is crucial in this time to try and keep employers and employees connected.

**Ms BOYD:** I understand that today there has been some movement in terms of the JobKeeper allowance at a state level. I was not aware when the first announcement was made that JobKeeper actually counts as income, so for the purposes of tax returns it needs to be claimed as income and tax paid on it. Are you able to elaborate on the measures that the state government has announced in terms of relief in that space?

**Mr Carroll:** The member is right. Today the government announced the payroll tax relief in relation to JobKeeper payments to employers and employees. The state government will not count it as a payroll taxable payment in relation to any JobKeeper made by an employer to an employee. Under the federal government rules, it is counted as taxable income and the JobKeeper payment will be taxed as normal through the taxation system. The fortnightly payment will be taxed by the federal government but not by the state government.

**Mr O'CONNOR:** Local government employees were excluded from the JobKeeper program. Is that because they fall under the state government? Technically through state legislation local government exists, I guess. Is there any support that you are looking at providing them?

**Mr Carroll:** Local government employees are excluded from the JobKeeper payment. In conversations that I had with my colleagues from around the country and with Commonwealth Treasury, we brought this point to the attention of the federal government. The federal government decided not to include local government employees as eligible for JobKeeper payments. The Local Government Association of Queensland has put together what it calls a battle plan of \$608 million to help local governments. We are working collectively with the other parts of the government and the Local Government Association to look at this request to see how effective it will be from an economic point of view.

**Mr O'CONNOR:** I have a few questions about the jobs support loans. Did you say that \$480 million of the \$500 million had been approved?

**Mr Carroll:** It was \$418 million.

**Mr O’CONNOR:** So it was about \$420 million?

**Mr Carroll:** Yes, correct.

**Mr O’CONNOR:** That was the most up-to-date figure we had as of 5 May?

**Mr Carroll:** As of 6 May. There are new figures this morning.

**Mr O’CONNOR:** When did that program close to new applications? From what I hear from businesses in my area, it was around 18 or 19 April.

**Mr Carroll:** I will have to check the exact date. Just bear with me for one second. The QRIDA portal closed on 18 April to new applicants. You are correct.

**Mr O’CONNOR:** Over the weekend of 18 and 19 April it closed to new applicants?

**Mr Carroll:** Yes.

**Mr O’CONNOR:** Do you have any information on how many businesses have attempted to apply for the loan program after that point? My understanding is that they had to have been previously registered and if they were registered they were able to put something in, even after that point. Do you have any data on how many businesses have attempted to apply for a loan after the loans closed?

**Mr Carroll:** If I understand the question correctly, it is about new businesses that were applying for a loan after applications closed. I do not have any—

**Mr O’CONNOR:** Do you have any idea how many have tried?

**CHAIR:** You were talking across each other. Are you clear on the question or do you need it restated?

**Mr Carroll:** No, I am clear on the question. My understanding from the QRIDA process—and I will say that I am not an expert in this area—is that once the portal closed they did not track any new applications that were coming in.

**Mr O’CONNOR:** Was their assessment undertaken on those applications as they came in? That to me seems pretty quick. That is only two or three weeks from when it opened that the whole half a billion dollar fund was expended. Were they assessed that quickly within that time? Is that how QRIDA knew that there was nothing left in the fund, or was it literally the case that if you applied you were pretty much ticked off and given the loan?

**Mr Carroll:** As I understand it, the assessment process was a tiered assessment process in relation to value of loan. The fund which QRIDA opened up was up to a value of \$500 million, with a clear indication that once that fund was exhausted the loan applications would cease to be assessed. They were being assessed on a date received basis.

**CHAIR:** Is part of the design, when you are doing an economic response, to get that \$500 million to businesses with that need in a timely fashion?

**Mr Carroll:** The idea of this was to look at how to get cash to businesses. Getting \$480 million out in a couple of weeks has been a great success by QRIDA. From memory, 85-odd per cent has gone to small businesses—that is, businesses below the payroll tax threshold. The idea is to try to get that money out to those small businesses to try to tide them over in relation to capital required to keep those businesses alive for when the economy reopens. Also understand that this is part of a wider economic package of payroll tax, federal government JobKeeper and federal government BAS statements, so it is much wider than just one stimulus package.

**Ms RICHARDS:** Can I start by thanking you for such comprehensive briefing notes. The information compiled there has been extremely useful. Thank you very much to you and your departments for all of the work you have been doing. I want to talk a little bit about the recovery side of things. We know that economic recovery in these times is going to be extremely complicated given the enormous challenges across so many sectors. It is more than just what a ‘reopening the doors’ strategy looks like. Could you talk a little bit about considerations around consumption and consumer confidence; trade, nationally and globally; and GST in terms of how we kickstart and reinvigorate our economy as we try to navigate and journey through COVID and through this recovery process?

**Mr Carroll:** In relation to the economic recovery, it is probably remiss of me not to state the facts in relation to the financial markets and the economic markets at the moment. To give some background to that, the Australian dollar has fallen by 8.9 per cent since the beginning of the year. The ASX on 4 May was down 20 per cent. The US S&P 500 was down 12 per cent. The UK FTSE was down 23 per cent. The German DAX was down 21 per cent. The Shanghai exchange was down 6.2 per cent. That is the international markets.



Commodity prices also took a hit: iron ore down 9.2 per cent, Brent oil price down 77.2 per cent, aluminium down 19 per cent, copper down 17 per cent, lead down 16 per cent, zinc down 17 per cent, hard coking coal down 22 per cent and thermal coal down 23 per cent.

Consumption in relation to these also saw a hit in the period when restrictions were introduced. Reports by the RBA Governor said that consumption was down 10 per cent. We have seen falls between 15 per cent and 20 per cent in consumption on a year-on-year basis. We have seen spikes in that consumption period for stockpiling of groceries. We are seeing a fall in groceries now in relation to consumption of those stockpiles. We have seen a fall in discretionary spending such as entertainment, down 50 per cent, and fashion, down 50 per cent. Across the board, we are seeing drastic reductions in consumption.

It is very hard to have a plan that will actually deal with this completely. We understand that based on health advice at the current time. I participate with the heads of Treasury in the Commonwealth, states and territories to input the impact of restrictions on the national (inaudible) of those restrictions. We look at various scenarios in relation to these opening and closing of restrictions and the impact that has on the economy.

While the economic impact has been extreme, caution must be used in the reopening of the economy. Opening up too slowly will continue a detrimental impact on our economy. Opening up too fast may cause the economic sawtooth impact—allowing businesses to restock, re-engage employees and spend more in capital in reopening to suddenly be in lockdown again, therefore expending resources and not getting any revenue. This will have a detrimental impact on businesses, and we may not see them reopen after that. There is a fine balance, and we as a nation need to work together to find the right solution (inaudible) going forward.

**CHAIR:** In a recession generally there is a constriction of finance that often affects industries across the board, whereas in this circumstance as we recover, even if we were to open things completely and dramatically, consumers may change their patterns of behaviour. I note you mentioned fashion and entertainment but it also impacts tourism and travel. This is an unusual recession in that, even without government restrictions, it will differentially affect different industries. Is there a commentary about how, at a macro-economic and a micro-economic level, the government deals with those more difficult puzzles than simply injecting funds and confidence?

**Mr Carroll:** It is important to understand that every industry is different in relation to how this has impacted. We saw the tourism industry in Cairns being impacted immediately on the closing of international flights from China. When borders closed down in relation to travel and restrictions on the gathering of people were imposed during this pandemic, we saw economic activity plummet. That is probably the word I am looking for.

The reopening of the economy will have different patterns and different usage by people. We have seen businesses try to adapt, especially cafes and restaurants, to takeaway modes. We have not seen a reopening of entertainment facilities and it is not sure when we will see the reopening of those things. When we see the reopening of tourism from our borders, perhaps domestically and internationally, it will have a huge impact on the economic recovery. In relation to domestic tourism, what we can say is: from the SARS event that we had previously domestic tourism did increase. Currently international tourism is restricted completely. That probably will not reopen until we find a way to actually track this on a global basis.

Businesses will adapt. Businesses will change. Businesses will have to change. Reopening them with current restrictions, which is possibly the four-square-metre rule which we have seen before in the restrictions in the lockdown for cafes and businesses, will have an impact on their turnover and their profitability going forward.

**Mr PURDIE:** In relation to the government's announcements in relation to Public Service hiring freezes and wage freezes, can you provide any more detail around that, particularly on the implementation of both of these freezes? How long will the freezes be in place for? What employee bands will be affected? Will essential workers be included in the hiring freeze?

**Mr Carroll:** At this time in relation to expenditure of resources, everybody would expect the Queensland government to be looking at every expenditure we have and making sure it is expended in the right manner and directed directly toward the economic recovery and the jobs recovery for Queenslanders. Part of that is looking at the Queensland government's expenditure. Queensland Treasury, on behalf of all agencies, is looking across the board in relation to redirection of moneys as required for the recovery and for the cost of this pandemic crisis.

The Premier has announced a pay freeze. That pay freeze amounts to about a \$500 million saving for a financial year in relation to the Public Service. We will look at things such as travel and advertising, as you would expect, and make sure that if we are hiring we are hiring as needed and looking at every hire that we do as efficiently as possible.

**CHAIR:** I have some manufacturers in my area, nearby in Crestmead, that have undertaken new investment to specifically meet needs about supply chains. Mrs Hunter, are there some green shoots in local manufacturing—the Under Treasurer might want to comment as well—that are actually providing jobs during this period?

**Mrs Hunter:** Yes, I think there very definitely are green shoots in the manufacturing sector, particularly when it comes to the agility a number of manufacturers have shown in pivoting their businesses to meet supply gaps in relation to personal protective equipment. We have certainly seen Queensland manufacturers rise to the challenge to meet supply gaps in hand sanitiser. We have seen distilleries turn their manufacturing efforts to the production of ethanol. We have seen great innovation by local companies who are retooling their manufacturing capability to produce things like disposable face masks and face shields and to bridge that gap in terms of other items of PPE including disposable gowns or reusable gowns which are able to be produced at a commensurate cost.

Our manufacturers have shown great initiative. It is a tough time for manufacturing, as you know, and certainly data from the Ai Group's Performance of Manufacturing Index for April shows a significant decline across the country in terms of manufacturing output. Queensland has fared far better in terms of its performance. There was still a slight decline—down two points—but if you compare that decline with the rest of Australia you will see a decline nationally, down 17.8 points, and in Victoria, down 21.3 points. Queensland manufacturing is certainly a green shoot, and the innovation and the willingness to work with us has been commendable.

**CHAIR:** Under Treasurer, this probably relates back to those questions I had before about areas of growth versus areas that have longer term structural issues. Is there any commentary from a Treasury point of view on those issues?

**Mr Carroll:** Let me just speak briefly about both the good side and the bad side of the job market in relation to Queensland. The ABS released the Weekly Payroll Jobs and Wages in Australia data on 5 May. Queensland fared better than the rest of Australia. Since the 100th case, Queensland has had fewer job losses than any other state. Since the 100th case, Queensland has posted an increase in industry jobs (inaudible) than any other state, a 1.6 per cent increase in health care and social assistance employment. Since the 100th case on 14 March, jobs have declined by 6.5 per cent in Queensland, and in Australia they have declined by 7.5 per cent. Over the week from 11 April to 18 April, jobs in Queensland had declined by 0.7 per cent, while jobs in Australia had declined by 1.5 per cent. We are seeing that, since the 100th case on 14 March, job losses in Queensland have been driven by falls in the under-29 and over-70 age groups, echoing the rest of the nation. Our economy is more balanced than New South Wales and Victoria, which are more service orientated economies. The mining, agriculture and pastoral economy is helping that economic platform to build on in the future.

**CHAIR:** That is dramatic about Victoria's manufacturing. Member for Redlands, do you have a question?

**Ms RICHARDS:** Thank you. We know how impacted our airline industry has been and this question (inaudible). In terms of discussions and negotiations at a state and national level, where are we at with Virgin? All of us, except possibly the member for Bonney, would remember what airline prices were like back in the eighties and nineties and the effects on our regional economy particularly. Where are we at with Virgin?

**CHAIR:** There were some audio breakups in that question so let me know if there is anything to add. We understand that state and federal negotiations are ongoing about Virgin that are in receivership and how important they are to the Queensland economy.

**Mr STEVENS:** Administration.

**CHAIR:** Administration, my apologies. Is there an update you can give the committee on the circumstances of those negotiations?

**Mrs Hunter:** I am very happy to respond to that question. We all understand that the impacts on the aviation industry have been significant, and we know how important the aviation industry is to the Queensland economy, particularly in relation to the tourism sector and also the remote communities that rely on prompt delivery of essential goods, including drug supplies. Further, it is acknowledged that a viable industry is of paramount importance in kickstarting the post COVID-19 economy.

The government has introduced a range of support mechanisms that will benefit the aviation sector, such as payroll tax relief, jobs support loans as well as the industry support package. In addition, the government has been at the forefront with Virgin Australia, offering \$200 million for a national support package for the airline prior to it being placed in voluntary administration. That package was conditional on the federal government and other states and territories contributing to a national support package as well as debt restructuring support from shareholders and bond holders. We are adamant that we will work towards ensuring that the airline's headquarters remain in Brisbane and that the airline is able to continue to support regional Queensland. Whilst Virgin Australia have now entered voluntary administration, we have asked them to be absolutely committed to having a second national airline headquartered here in Queensland and we are working hard to achieve that.

**CHAIR:** Under Treasurer, do you have anything to add from a Treasury perspective?

**Mr Carroll:** No. I think the director-general has done a good job there.

**Mr STEVENS:** Mrs Hunter, in relation to the \$200 million financial package offered to Virgin, and I understand the other matters that went with it, what financial investigations were done of the Virgin company, with the \$7 billion worth of debt, before that \$200 million arrangement was proffered?

**Mrs Hunter:** We had been working with Virgin on a due diligence package for some period prior to the airline going into voluntary administration. The \$200 million was conditional on a national effort to ensure we secured the future of a second national airline. In terms of the due diligence, certainly there had been due diligence underway prior to the airline entering VA.

**Mr STEVENS:** Mrs Hunter, can you explain this to me. That was shortly before they went into voluntary administration. When you looked at the financials, if you like, of the airline, you felt that it was worth a package of \$200 million plus the federal assistance to support this ailing airline?

**Mrs Hunter:** I think we are entering into commercial-in-confidence territory, but what I can say is that the \$200 million was contingent on the Commonwealth government coming to the table and other states and territories.

**Mr STEVENS:** Thank you. I will go back to my original question to Mr Carroll. Noting your earlier comments on the government's stated hiring freeze on public servants, can you confirm whether or not former Labor MP Mr Mike Kaiser has reportedly been headhunted to join Treasury? If so, could you give me his position and remuneration package, please? Given the fact that we are not hiring extra public servants, as we are hearing, I would think someone who was working for Treasury would be classified as a public servant.

**CHAIR:** Under Treasurer, it is not in line with the bigger questions we have put about the state's economy, but I welcome you to answer the question.

**Mr Carroll:** As with all contracting and consulting firms, we in Treasury do use them on a time-to-time basis. Additional resources are required from major accounting firms in relation to skills we need boosting at a time of extra work. Mike Kaiser was engaged through KPMG for a short period of time for a piece of work. That work has come to completion. He was engaged under normal standing offer arrangements.

**Ms BOYD:** My question is in relation to tax relief. I am very conscious of the vulnerable in our community in terms of the (inaudible) the Queensland mums and dads who own investment properties.

**CHAIR:** Member for Pine Rivers, could you please restart your question?

**Ms BOYD:** I want to ask a question on tax relief, specifically for landlords and for renters. I would like a breakdown in relation to the land tax relief part for landlords that will be passed on to tenants. Specifically, how many people do you expect will access the payment of \$500 in rental relief? How are you expecting that to (inaudible)?

**CHAIR:** Member for Pine Rivers, could you repeat the last part of the question you put to the Under Treasurer—just the last two sentences?

**Ms BOYD (inaudible).**

**CHAIR:** They were questions about rental support. We picked up quite a lot of your question. The member for Pine Rivers might need to follow up the question if the Under Treasurer is unable to address all of the questions because there were some audio problems. Under Treasurer, do you have enough to give us a briefing on the rental support measures?

**Mr Carroll:** I will try to do my best. I think I have picked up most of the question. I think it was two parts—the land tax relief in relation to landlord relief for commercial tenancies and the rental relief program which was announced in relation to people who were in dire straits and about to become homeless. There is a combination of things happening here, both from the national cabinet point of view and from a state point of view.

In relation to the landlord relief and the land tax, on 9 April the Deputy Premier announced a \$400 million package to provide support for land tax payers and their tenants due to the COVID-19 pandemic. This included a 25 per cent reduction in eligible landowners' land tax liabilities in respect of land for the 2019-20 year, equivalent to a three-month rebate of their land tax, and a three-month deferral of land tax liabilities for the 2020-21 assessment year by delaying the issuance of land tax.

Landowners of tenanted properties were eligible for a 25 per cent rebate where one tenant's ability to pay their normal rent is negatively affected by impacts of the COVID-19 pandemic and the landowners provided relief to affected tenants of an amount at least commensurate to the amount of the land tax rebate. Landowners of untenanted properties were eligible for a 25 per cent rate where the land is available and marked for lease and the land is unable to be tenanted due to the impacts of the COVID-19 pandemic where the landowners require the rebate to meet ongoing financial obligations relating to the property.

In relation to commercial tenancies, the idea of the stimulus package was to give relief to landlords to allow them to pass that relief back on to their tenants, whether it was a commercial tenancy or a residential tenancy, of any land (inaudible). In relation specifically to the rental grant program that was announced I believe on 1 April, the rental relief program was specifically aimed at people in stress who were near or very close to being evicted from their home and relief, from memory, of up to \$2,000 was available to pay rent. Since that has been announced, there has also been a moratorium on the eviction of tenants for a period of six months in relation to residential tenancies.

**CHAIR:** On the intent of this, we heard about the purpose of JobKeeper of keeping employers and employees connected and not creating that economic disruption. Is the purpose of this program to do the same with real estate and keep tenants and landlords connected in productive purpose for a future recovery?

**Mr Carroll:** I think it is a combination of that. It is understanding that breaking the relationship between tenants and the landlord has an impact on the family unit or the individual. It also has an impact on the landlord who is unable to pay their mortgage or repayments due on that commercial property or house they may own. It is also ensuring that we are embedding that the asset value going forward is protected. Nobody wins in the event that we break the link between landlord and tenants. Both the landlord and the tenant suffer in relation to repayments, land asset values and the tenant not having a place to live.

**Mr O'CONNOR:** How many people had the COVID-19 rental grant program been paid out to—the \$2,000 over a month?

**Mr Carroll:** I do not have the details of that because it is administered by the Department of Housing and Public Works, as I understand it.

**Mr O'CONNOR:** Could you take it on notice to find out?

**Mr Carroll:** I am happy to take that on notice and find out.

**CHAIR:** We note that that question has been taken on notice. It might be that at some point in the future we will have Housing and Public Works give us a briefing about these issues in more detail.

**Mr O'CONNOR:** On the QRIDA jobs support loans, are there any plans to recapitalise the \$500 million fund? Is Treasury looking to make more money available to businesses trying to access that fund that obviously got locked out?

**CHAIR:** I remind the member that in general questions of policy are for the administration. The Under Treasurer might have some commentary about that. Unlike normal briefings, I did not state at the beginning that questions of policy are not to be addressed to the public servants. Under Treasurer, is there anything you can add that is not around the issues of policy?

**Mr Carroll:** Chair, I think that is a decision for government and I will await that decision from government.

**Mr O'CONNOR:** When does the hiring freeze come into effect? We heard some media reporting of the Premier's comments on 12 April saying that it came into effect immediately, but today we saw the date of 1 July. Is it 12 months from 1 July?

**Mr Carroll:** What was announced today was a pay freeze. The Public Service pay freeze was announced as per the Premier last month. The freeze will be factored into the forward estimates of 2020-21 and will save the budget around \$500 million.

**Mr O'CONNOR:** How many workers will that impact?

**CHAIR:** Member for Bonney, the Under Treasurer was halfway through a sentence. Under Treasurer, you were stating—

**Mr O'CONNOR:** I am trying to get some questions out.

**Mr STEVENS:** We have plenty of time. We have until 12.30.

**CHAIR:** Under Treasurer, you were responding to the question?

**Mr Carroll:** Yes. The freeze will be factored into the forward estimates for the 2020-21 financial year and will save the budget around \$500 million. I understand the matter that was canvassed in today's media relates to existing arrangements for some workers, including frontline health staff like orderlies, radiographers and lab technicians. We will see the freeze implemented from 1 July, as I understand it. In relation to the commentary in the paper and the letter that was spoken about, I do not have access to that letter and have not seen that letter so I am unable to comment further.

**CHAIR:** I note that you had a further question, member for Bonney. Would you like to put the question?

**Mr O'CONNOR:** Yes. How many workers will that impact? Do you have an idea of the numbers?

**CHAIR:** The future freeze?

**Mr O'CONNOR:** Yes, from 1 July.

**Mr Carroll:** All public servants.

**Ms RICHARDS:** Given the complex nature and the various number of stakeholders and industries that have been affected by COVID-19, how have the stakeholder engagement processes gone in determining stimulus packages and what we have put out economically? Did that come through?

**CHAIR:** We heard it clearly. Under Treasurer, the question was about engaging with stakeholders around the process of rolling out stimulus packages? Is that correct, member for Redlands?

**Ms RICHARDS:** Yes.

**Mr Carroll:** Chair, if it is okay, I think the director-general for DSDMIP would be better placed to answer that question.

**Mrs Hunter:** At the outset I outlined the chronology around the standing up of an economic recovery response. The Economic Functional Recovery Group, which I chair, was stood up in February in response to the immediate impacts of COVID-19 on those fundamental industries of tourism, agriculture and, of course, one of our big export industries: international education. The member for Redlands is correct: it is a very complex process. This is a disaster unlike anything we have seen. Typically with disasters we are very proficient at managing recovery post disaster—disasters like cyclones, bushfires, floods. We are having to concurrently manage this disaster while we look to unlocking economic activity.

Consultation is extensive. We are running a number of industry streams. They include, as I said earlier, agriculture, international education, and tourism and events. We are also looking at the resources sector, arts and culture, small business, the building and construction sector, the infrastructure and development sectors, and manufacturing. We are also having to gather a regional picture, because COVID-19 has impacted differentially across Queensland. This makes for a quite complex interplay between health security and economic activity.

Consultation has been extensive over the last couple of months towards the development of that initial economic response package and the subsequent larger package, but consultation has to continue. As national cabinet set some of the ground rules for unlocking aspects of the economy, we need to understand how that will impact regions right across Queensland, industries across Queensland and sectors within industry across Queensland. The Under Treasurer talked earlier about keeping the skills nexus between an employer and an employee. We know that when there is economic disruption of the order we have seen there can be structural impacts on industries that sees skills displacement. It is really important that we get a very granular picture, and we are building that picture now.

**CHAIR:** I have been approached, and I really appreciate those from various industries talking to me about their piece of economic activity. They all want rules that mean their economic activity is completely safe. They know that it is very valuable to make their industries safe so they will not be wound back or have restrictions put on them. As we engage—area by area—with the economy, will those rules be made by regulation? How will industries—industry by industry—try to set the rules to ensure their industry is safe? How will they communicate to each of their members?

**Mrs Hunter:** I think that plays to the complexity around maintaining health security while providing for uplift in economic opportunity. I understand that there will be protocols that will be agreed, potentially at national cabinet, but they will be heavily informed by public health advice. That advice will need to be particular to industries. As I understand it, that work is underway.

Everyone understands that the worst outcome would be that we stand up industry and stand up economic activity and then subsequently have to impose restrictions again. The way in which we enable the implementation of public health protocols that preserve the health and safety of workers and members of the community as they engage in economic activity and the rigour with which those protocols are implemented will hopefully secure confidence about our ability to keep that activity going.

**CHAIR:** Would you say that getting that right and having the right either self-regulation or regulation that is directly from health advice will also be important in bringing out consumers in order to use these products? This week I have been contacted by people as diverse as nail technicians to people doing open home displays. Both those groups want the right level of health advice so that people feel confident in using those services.

**Mrs Hunter:** Obviously I cannot speak on behalf of the public health officials, but what we know of course is that confidence is fundamental to uplift in economic activity—both consumer confidence and business confidence. Because we are concurrently managing a response to a public health crisis as well as trying to get uplift in economic opportunity, confidence in the application of those public health protocols and provisions will be fundamental. That requires all of us to behave in ways that keep faith with the requirements for social distancing, personal hygiene, hand hygiene et cetera. Of course we will see rigour around the application of those protocols, and I think businesses are absolutely disposed to apply that rigour because they understand the critical interplay between providing that assurance to consumers and uplift in their own business activity.

**CHAIR:** I think businesses are too. They recognise that this recovery is different from general financial based recessionary activity.

**Mr STEVENS:** Mr Carroll, we are all aware that the budget for 2020-21 was due in April but was put off for all the right reasons. From Treasury's perspective, have you given any advice around the budget for 2020-21 coming forward at any particular time? What is Treasury's position on the necessity to have a budget for Queensland for 2020-21?

**Mr Carroll:** As the member would be aware, the Commonwealth was the first to suggest postponing the budget, to 6 October 2020 from memory. New South Wales followed that. The ACT then followed. Then Victoria, the Northern Territory and Queensland followed as well. From speaking to my colleagues around the states and territories I can say that most states and territories are lining up for a budget in October.

The volatility of the economy is not allowing us to provide meaningful forecasts for budgeting at this point in time. The economic recovery and the impact is directly related to restrictions agreed by national cabinet, in line with the health advice. For example, to show you some of the volatility in numbers, the ABS data published this week showed that Queensland mining jobs, despite showing a 10.6 per cent fall in the last fortnight's data, are now only 1.7 per cent down since 14 March. The volatility in relation to that is very hard when looking at a budget.

On 21 April, the Governor of RBA, Philip Lowe, commented that economic forecasting is difficult at the best of times but is even harder at times like this when you are experiencing a once-in-a-lifetime event. Given this, I do not think it makes sense at the moment to focus on forecasts to the nearest decimal point, as we often do. Treasury will be looking for some stabilisation and understanding when the restrictions and what restrictions will be lifted by national cabinet to try to inform what the budget is going to look like. When that starts to occur and we start to get stable information coming out and spending returning to normal, it is only at that time that Treasury will be in a position to advise government on when is the best time for a budget.

**CHAIR:** We are obviously relying not just on the letter of the law or regulation especially around the services industry. How do we model consumer sentiment around how people will react to these changes going forward? It seems we are in quite uncharted territory about how consumers might react to both the withdrawal of regulations and the availability of services?

**Mr Carroll:** Thank you, Chair. I think your question is very apt and is one that has been asked around the Commonwealth by my colleagues as well. In relation to services provided, even for simple things like getting people back on public transport confidence is required by the public to allow us to do that. That will require extra training and social distancing measures need to occur. It is one thing

to look at it from a behavioural economics point of view, but unfortunately there is no baseline to look at this. We have seen China start to reopen. Western Australia relieved some of their restrictions and they saw an influx into their shopping centres last weekend. It is a balance. It is uncertain what the Queensland public will react to. It is a wait and watch situation, and hopefully we will start to see some economic activity.

**Mr STEVENS:** I understand the matters you have raised in terms of the uncertainty. The appropriation bill recently passed in parliament provided for an extra \$4.8 billion for this financial year and next. As I understand it, the government has only announced \$4 billion as part of its COVID-19 response. Can you detail for the committee what the other \$800 million has been appropriated for?

**Mr Carroll:** Just bear with me a second while I get the facts right. The government has committed to \$5 billion of COVID-19 support initiatives. This includes a \$4 billion package announced on 24 March: \$1.2 billion to expand fever clinics, emergency department capacity, acute care services and regional aeromedical services for our remote communities; \$300 million in cost-of-living relief for households which includes \$200 per household, combined with the \$50 asset ownership dividend that has been previously been announced; up to \$500 million in a worker assistance package to help workers find jobs in industries such as health care, agriculture, food production, transport, cleaning and mining; a \$1 billion industry support package to support large businesses to scale back up when economic activity improves; and a \$1 billion support package that includes payroll tax relief, relief for businesses renting government premises, waiver of liquor licensing fees and a \$500 electricity rebate for all sole traders and small and medium sized businesses that consume less than 1,000 kilowatt hours.

Other measures include a jobs support loan facility, interest free for the first 12 months to support businesses; \$400 million in support for retail and commercial tenancies delivered as land tax relief for property owners; the initial \$27.75 million package announced on 18 February to focus on tourism, agriculture and fisheries; \$33.8 million in land rent waivers; \$50 million of tax relief for clubs and pubs through a three-month deferral of gaming machine taxes; and \$54.5 million in support for essential public transport, particularly regional air and bus. Measures that require additional funding—that is, cash flows from government—are incorporated in the appropriation bill, which provided approval for \$4.8 billion across 2018-19 and 2020-21.

**CHAIR:** Under Treasurer, the member for Mermaid Beach is very keen to add to that.

**Mr STEVENS:** Mr Carroll, I was adding all of that up and I got over \$8 billion. Obviously that was not in the appropriation bill that we put through parliament the other day which I think was \$4.8 billion. That was the extra expenditure I was looking at—rather than the \$8 billion you mentioned which I assume is taken from other appropriations last year. That was the particular question I had in mind. There was \$800 million unaccounted for in that particular figure.

**CHAIR:** Member for Mermaid Beach, I am not sure of the question.

**Mr STEVENS:** The question, Mr Chair, is: how is the additional \$4.8 billion, which was appropriated for in the last sitting of parliament, going to be spent? The figures that I have indicate that there is still \$800 million of that extra \$4.8 billion that is unaccounted for—not the \$8 billion that would be carried over from last year's budget. Of that extra \$4.8 billion, where is the \$800 million going to be spent?

**CHAIR:** I did a good job on this in my speech in parliament. Perhaps the Under Treasurer will do an even better job.

**Mr Carroll:** The list that I went through amounts to just under \$5 billion, which was the \$4.8 billion appropriation that was there. Some of these measures were funded internally. The allocation includes things like \$400 million in additional land tax relief for commercial and rental properties. It is a combination of the total package that has been announced by the government which is just under \$5 billion, which accounts for the \$4.8 billion appropriated.

**CHAIR:** Appropriations outside the budget are done as a standard practice every year. In this case we have been more transparent about bringing that forward to show Queenslanders that we are injecting funds into the Queensland economy to give them confidence. Why did we go through that process of bringing this forward?

**Mr Carroll:** The appropriation for the COVID-19 impact had to be appropriated at some point in time in relation to parliament because it was considered additional funding required for government in relation to the COVID-19 pandemic. The idea of government was to bring that forward to make sure it was transparent and everybody was aware of what the \$4.8 billion was being used for.

**Ms BOYD:** My question relates to planning amendments. I understand that the new provisions that were passed in the last sitting of parliament provide for supply and business continuity. (Inaudible) detail on planning, plan making and development assessment and other time frames under the act and how they might be managed. There were some briefing notes, but could you elaborate on those and unpack them a little more?

**CHAIR:** Some might assume that the question was about the roll-out of the NBN to the northern suburbs and its failure! In this case it is a question about the facilitation of the planning process and the economy going forward. I do not know whether we picked up enough of that question. Director-General, did you pick up enough of those issues to answer the question or would you like it restated?

**Mrs Hunter:** I believe so, Chair.

**CHAIR:** Member for Pine Rivers, if the director-general does not answer a part of your question because it was not fully heard and you want to clarify something, we can do that at the end.

**Mrs Hunter:** The Queensland government did act early in progressing amendments to the Planning Act and the Economic Development Act in response to the COVID-19 emergency, particularly around ensuring supply of essential goods for communities across the state. Everyone will remember the footage of panic buying of items which commenced with toilet paper but progressed to a number of other staple goods.

The Planning Act amendments allowed for the minister to decide when an essential business or use should be able to operate 24 hours per day, seven days per week through a declared use under the Planning Act. This has facilitated the timely supply of essential goods to outlets such as retail supermarkets to meet increased community demand. In fact, we set a national first. Other states and jurisdictions have followed Queensland's lead, implementing similar provisions for their own jurisdiction. The Queensland government is also supporting national efforts on supply issues by participating in the Commonwealth government-led COVID-19 food and grocery supply working groups.

In terms of amendments to the Planning Act more broadly, a number of councils had expressed some concern about potential inability to meet statutory time lines. Officers from our department are regularly monitoring councils and consulting with the Local Government Association of Queensland just to ensure that there is great visibility around the amendments under the act but also to monitor whether the majority of councils are able to prioritise the development assessment system as a business (inaudible) progress applications to decision as quickly as possible. Obviously that is critical to unlocking economic opportunity, development and construction opportunities. I trust that answers the question.

**CHAIR:** Member for Pine Rivers, is there anything you wanted to add?

**Ms BOYD:** I think we can leave it there.

**Mr PURDIE:** Mr Carroll, I take you back to my previous question. I appreciate the answer you gave me in relation to the Public Service wage freeze. Turning now to the hiring freeze—they are similar questions—how long do you anticipate that freeze will be in place? Is it across all bands and does it affect essential frontline workers as well?

**CHAIR:** Is this identical to the question that was asked before?

**Mr PURDIE:** Chair, the previous question asked about a hiring freeze and a wage freeze and Mr Carroll diligently answered about the wage freeze. I want to go back and get an answer to the question about the hiring freeze, if that is okay.

**Mr STEVENS:** Hiring public servants.

**CHAIR:** It does seem that we had this question before. I guess there is no problem with the answer being restated. I will have to check the transcript, but I thought this question was put before. I will put this question to the Under Treasurer.

**Mr Carroll:** As I said before, it is twofold. The pay freeze part of the question has already been answered—which is an amount of \$500 million in savings. In terms of the Public Service hire freeze, at all times in this crisis Queenslanders would expect the Queensland government to be looking for savings across the board, including ensuring that we are hiring public servants as required and making sure that they are sufficiently hired.

The costs in relation to that will make sure we are saving as much money as we can in all areas—public servants' pay rises, Public Service hiring, advertising and contractor hiring across the board. We will be looking for savings across the board to try to fund what is required for economic recovery.



**CHAIR:** Before when we talked about this issue you talked about the necessity for pathology workers as part of the COVID-19 response. I thought we had canvassed that. Let us be careful not to go over the same ground again.

**Mr STEVENS:** I have a different question on that matter. I understand there was a bonus issued to public servants of some \$1,250 per public servant—about \$250 million all up to the budget. Has that been paid at this point in time?

**Mr Carroll:** The understanding I have is that the payment was made when the agreements were certified. For any agreements that were certified, the money was paid for those certified agreements.

**Ms RICHARDS:** Mr Carroll and Mrs Hunter, we have touched on how Queensland has fared in comparison to others. Queensland seems to be leading the way and not suffering as badly as the southern states. I am wondering more broadly how the stimulus package for our economy is faring against other states and territories. Do you have any comment on that?

**Mr Carroll:** In relation to the economic stimulus which I detailed earlier, the Queensland government has tried to have a balance in relation to economic stimulus across the board, taking into account the economic stimulus that have been made available by the federal government as well. The Queensland government has announced approximately \$5 billion in economic stimulus packages to try to keep the economy alive, focusing on the small and medium sized businesses and the larger businesses, the people who are at risk, the households that have additional costs coming into their lives and the different industry sectors such as tourism, pubs and clubs and restaurants—the ability to raise money and put money in bank accounts. In relation to the payroll tax rebate that occurred, the (inaudible) very quickly and put money back into bank accounts. The reports that I have from the Office of State Revenue suggest that money requested by businesses was in their bank accounts within 24 hours, at the time that all businesses needed those moneys. I think the stimulus package has been broad. We are now looking to the next stage, which is the economic recovery.

**Mr O'CONNOR:** I think the Jobs Finder online portal was announced or launched on 16 April—that is, [jobsfinder.qld.gov.au](http://jobsfinder.qld.gov.au). The premise of that was to connect Queenslanders with available jobs. I think it also provided a number of online training courses in an attempt to reskill people looking for work. Under Treasurer, do you have any figures on how many Queenslanders have been connected through that online portal and how many may have accessed those online training courses?

**Mr Carroll:** A key part of the worker assistance package which was announced on 16 April was the Jobs Finder Queensland portal. It was a launch which would match jobseekers with new job opportunities, especially in the areas of critical service delivery and high demand. Since the launch of the portal, as at 6 May there were 39,977 portal views and over 4,796 registrations. Registrations are matched with an appropriate recruitment agency based on their skills and industry experience, and I understand that the first job finders have been matched with roles and have commenced work. Later this week we hope to have further numbers on that.

**CHAIR:** In a volatile labour market we are all enthusiastic about matching the jobseeker with the jobs that are perhaps available. As we go forward—and we talked about industries being different—in terms of matching sectors of underemployment with regard to utilising and finding out their skills or adapting their skills, will that be a vital part of the recovery process to match them with areas that are perhaps expanding?

**Mr Carroll:** I will have a commentary on that and I am sure my colleague the director-general will also have a comment to make on this. It is crucial to start matching demand and supply in relation to the job market. In relation to areas that are doing well, we have seen the health and the cleaning areas doing well in relation to all services that are being delivered. Where we have not seen things doing well is pubs and clubs. We have seen instances in the tourism and airlines industry where they have been transferred into jobs for retail trade. This is crucial to make sure our economy is able to, firstly, continue and, secondly, prosper in terms of matching and the skill sets that are required going forward. Micro-credentialing, which has also been announced by the Queensland government, will be crucial at this point in time to make sure we are going forward. The Jobs Finder portal allows you to decide whether you are willing to move to another area (inaudible) relationship as well. It is a crucial thing to make sure that it is.

**CHAIR:** Director-General, do you have anything to add on this vital issue of matching the labour market to where there is a need for employment and especially the skills involved?

**Mrs Hunter:** I just confirm that investment in skills is fundamental to not only economic recovery but also economic performance. We have an opportunity to reshore and develop further our advanced manufacturing capability. We have an opportunity to invest in a skilled workforce that will

be able to contribute to greater levels of productivity within that industry. The jobs that are created within (inaudible) environment are higher (inaudible) in terms of skills requirements. They are secure jobs. They are long-term jobs. If we are to look at an opportunity that arises through this crisis, it absolutely is our ability to continue to invest in a strengthened advanced manufacturing sector.

**Mr STEVENS:** Mrs Hunter, I represent Mermaid Beach, which is on the fabulous Gold Coast. Obviously tourism is one of the hardest hit sectors now and in times to come, particularly given the lockdowns and international lockdowns. Could you advise the committee what specific tourism industry support measures you are proposing through money and programs that State Development can pursue?

**Mrs Hunter:** I certainly acknowledge that tourism has been first hit and hard hit by the impact of COVID, and I know from national cabinet discussions that there is certainly a view that we need to look at opportunities to stimulate domestic tourism as we move towards, ultimately, the unlocking of our national borders. The sentiment seems to be that that is still some way away, notwithstanding the discussions with our colleagues in New Zealand that does present some potential opportunity for international travel.

In terms of all of the announcements around the package of relief—the economic support that has been discussed quite fulsomely this morning—clearly businesses within the tourism sector have access to the assistance offered through those packages. We are working through the Economic Functional Recovery Group with a significant stream around tourism, hospitality and events, and my colleague in the Department of Innovation and Tourism Industry Development is working very closely with stakeholders in the industry. We understand that the challenges are significant, but if we can get domestic tourism operating that probably provides us with the first transition and step towards recovery for the industry.

In terms of other services we are looking to provide how we might pivot some of those services. We have seen, for example, in accommodation services a number of service providers—hotels—offering quarantine services. Clearly that has provided some relief, but we would hope over time our reliance on that aspect of service becomes less as we continue to compress the curve. We are talking with operators within the tourism sector and we are encouraging them and guiding them towards the assistance package that will best fit their need at a point in time.

**Mr STEVENS:** Is there any particular amount or any programs that would be paid for with that extra \$4.8 billion in appropriation that came through? Given that, as you correctly said, our international borders may be closed for quite a while, we will be competing with other states for the domestic tourism dollar for our tourism industry. Are there any particular programs—'holiday in Queensland' type of thing—that you envisage being an answer to the shortage of international tourists?

**CHAIR:** For our many southern viewers, we just want to emphasise that there is no competition in the southern states for tourism attractions!

**Mr STEVENS:** For State of Origin there is, Chair.

**CHAIR:** The question was about specific initiatives in terms of domestic tourism.

**Mrs Hunter:** When we first responded to the impacts of COVID-19 there was an immediate industry recovery package, which included \$7 million for international tourism promotion. Clearly, we are now having to rethink that investment because, as I think the Under Treasurer said earlier, we need to ensure that the investment is right for the time. We also provided specifically \$4.8 million of targeted support for the tropical north and the Gold Coast regions. We looked at a waiving of fees (inaudible) deferral of tourism lease payments. We are also at this point in time working with a number of significant tourism companies seeking support through the industry support package, which is a support package for large businesses that are significant employers. That is a \$1 billion package. I am certainly, like you, seeing reports from national cabinet in the media that say that the emphasis on creating a safe domestic tourism market is seen to be the priority. Again, it comes to the issue of state borders, national borders and how we start to manage those relocations.

**Mr STEVENS:** Mr Carroll, given the measures that Mrs Hunter was talking about, how much additional debt is the state likely to accumulate in its response to COVID-19? There have been reports of \$100 billion, and obviously there will be a big deficit this year. Can you give an idea at this particular point in time where our debt is going?

**Mr Carroll:** In order to get the economy back on track, the government is investing in business and jobs. There have been decisions to refund some payroll tax and land tax to employers who continue to pay employees. The government will be funding initiatives through a variety of measures.

There is a recognition that it means the government will be looking to find savings. A range of examples, including freezing public servant wages and reduced travel expenses, have already been discussed. Like other jurisdictions, there will be a need to consider additional borrowings as part of the funding source. However, government has indicated that the initiatives will be funded through a combination and range of these measures. As I stated earlier to the committee, to try and forecast at this point in time is next to impossible. Until I get a firmer base on what is happening in the economy, I am unlikely to be able to tell the committee the size of the debt and the markets going forward.

**Ms BOYD:** A number of assistance packages for individuals have been introduced by the state government. (Inaudible) risk management activities in relation to the measures?

**CHAIR:** Member for Pine Rivers, can you repeat the last bit—from when you asked whether Treasury is undertaking any measures?

**Ms BOYD:** Is Treasury undertaking any antifraud or risk management activities in relation to these assistance measures?

**Mr Carroll:** In relation to the stimulus packages that have gone out, the idea was to try to get cash out the door as immediately as possible. A part of that is a certification that you are COVID impacted. Through the information in relation specifically to payroll tax, which I can talk to in my own agency, the Office of State Revenue and the commissioner will be following up to make sure that the money has gone to the right place in relation to the conditions that were present at the time of the moneys going out. We will take compliance activities very seriously, and if we find an individual or business (inaudible) are not entitled to we will have enforcement actions against those individuals.

**CHAIR:** There is time for one more question.

**Mr O'CONNOR:** Under Treasurer, Treasury has no projections for where state debt is or is likely to end up?

**CHAIR:** This question has been put. Restating it in a way that the Under Treasurer has not put it just—

**Mr O'CONNOR:** We are just seeking some clarification because we did not really get a figure.

**CHAIR:** I think this is relatively belligerent. I think the Under Treasurer has a clear and unequivocal answer about the fast-moving nature of this. If you wish to give that answer again for the third time, that would be great.

**Mr Carroll:** As I said before, the economics at the moment are moving at such a rapid pace that it is very hard to understand where we are going to end up, from a revenue and a cost base point of view. Until that starts to settle down, it would be irresponsible of me to try to put a number on it.

**CHAIR:** That is also the position of the Commonwealth in terms of its revenue streams and indeed expenditure—that is, how many people might undertake to take up JobKeeper and what income it will get from income tax. The federal government and other states would be in a similar position about giving a transparent projection of both income and expenditure.

**Mr Carroll:** Chair, I think that is right. With regard to the conversations that I have had with my colleagues around the states and territories, they are in exactly the same position; hence, all budgets have been pushed back to October, in relation to what I said earlier. Mr Chair, there was a question taken on notice earlier to which I have an answer, if that is okay.

**CHAIR:** That is great.

**Mr Carroll:** The question was in relation to rental relief for people who are at risk of being homeless. The moneys were paid. Let me clarify that up to \$2,000 can be paid to any rental relief payment. The money is actually paid to the lessor and not to the lessee. At this moment in time 909 lessors are confirming their bank account details and have been approved for application ready for payment.

**CHAIR:** Thank you very much for following up on that detail so quickly. Like many Queenslanders, I am really heartened by the health response that we have made as a community and as a government. I know that with the right support and the right attitude Queenslanders can economically adapt in order to make that recovery, and that is what we as a committee are hoping to aid. I thank the Under Treasurer and the director-general for participating today and giving us and other Queenslanders an oversight of the economic response. That concludes the briefing today. I note that there are now no questions on notice. Thank you very much. A transcript of these proceedings will be available on the committee's parliamentary webpage in due course. I thank Hansard, which has to engage in this process through difficult audio situations. With that, I declare this public briefing closed.

**The committee adjourned at 12.33 pm.**