# *ECONOMICS AND GOVERNANCE COMMITTEE*

**Members present:**

Mr LP Power MP (Chair)
Mr RA Stevens MP (via teleconference)
Mr ST O'Connor MP
Mr TR Watts MP
Ms KE Richards MP
Mr LR McCallum MP

**Staff present:**

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

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

### TRANSCRIPT OF PROCEEDINGS

**MONDAY, 27 JULY 2020**

**Brisbane**

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**The committee met at 10.16 am.**

**CHAIR:** Good morning. I declare this public hearing open. Today's proceedings are being conducted using videoconference and teleconference facilities, so I ask all of our participants and anyone watching the live broadcast to please bear with us if we encounter any technical issues.

I begin today's proceedings by acknowledging the traditional owners of the land on which we participate today and pay my respects to elders past and present. My name is Linus Power, the member for Logan and chair of the committee. Other members of the committee are Ray Stevens MP, the member for Mermaid Beach and deputy chair, who is joining us via teleconference; Lance McCallum MP, the member for Bundamba; Sam O'Connor MP, the member for Bonney; Kim Richards MP, the member for Redlands; and Trevor Watts MP, the member for Toowoomba North.

The purpose of today's hearing is to assist the committee with its inquiry into the Queensland government's economic response to COVID-19. The hearing 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. Providing you are not joining us this morning via videoconference connection on your mobile phone, I ask everyone participating to please turn off your mobile phone or switch it to silent, and that includes all of the committee members. Also, if you can, place microphones on mute when you are not speaking as this will help prevent audio interference and background noise.

### CARROLL, Ms Mary, Chief Executive Officer, Capricorn Enterprise (via videoconference)

### GSCHWIND, Mr Daniel, Chief Executive Officer, Queensland Tourism Industry Council (via videoconference)

### MANNING, Cr Bob, Mayor, Cairns Regional Council (via videoconference)

### MASASSO, Mr Nick, Executive Project Officer, Cairns Regional Council (via videoconference)

**CHAIR:** Good morning. In view of the hearing today being broadcast via videoconference and given the absence of nameplates and more limited visual clues, I ask that you please identify yourself by name when speaking, particularly when speaking for the first time or speaking other than in response to a direct question. Committee members will also endeavour to ensure that they clearly identify themselves when asking questions to minimise any confusion for yourselves and for members of the public watching the broadcast, as well as for Hansard in their transcription of proceedings. I would now like to invite you each to make an opening statement, after which committee members will have some questions for you.

**Mr Gschwind:** I thank the chair and the committee members for the opportunity to appear at this hearing. The Queensland Tourism Industry Council is the state's peak representative body and is a not-for-profit and member owned organisation. We have more than 3,000 regional members. We also include in our membership Queensland's 13 regional tourism organisations and more than a dozen sectoral associations. We have sought feedback on the committee's questions from all our members.

I make some comments on the three areas the committee has indicated an interest in. The first is the extent of the sectoral downturn. In 2019, tourism contributed about $25 billion in expenditure to the Queensland economy, not counting day trips—about $6 billion of that from international visitors and $19 billion from domestic visits. To put it into perspective, that is almost $70 million for every day. Importantly, this revenue tends to stay in the community. It circulates in wages and local suppliers of produce, goods and services—locally produced. I would also add that the sector normally delivers $1.1 billion worth of federal, state and local taxes in Queensland. With COVID-19 from about March, all this came to an almost complete standstill—a loss of $70 million for every day. It is hard to describe the impact without using words like 'catastrophic' and 'devastating'. Behind the eye-watering economic figures are tens of thousands of affected businesses, small and large, and about 240,000 directly and indirectly employed tourism staff. I also must mention the dramatic impact this has had on international education at universities and language schools. While all the revenue stopped for most businesses, the costs did not. Wages, debt and credit repayments, rents, maintenance costs, insurance premiums and more continued and still continue today.

With the opening of travel within Queensland at stage 2, when the easing of restrictions took place some service providers, particularly those close to major population centres, experienced a boost to business activity. In fact, a few are reporting strong bookings and visitations, especially during the recent school holidays. Stage 3 and the opening of the state borders allowed some more benefits to flow to more regional areas, out west and up north. The additional flights from Brisbane and interstate have supported that. Nevertheless, while our industry takes some hope from this, we are a long way from recovery. Occupancy rates in some accommodation providers have improved, but on average we are still at a fraction of normal bookings. We have had additional flights to our regional airports, but they are at 10 per cent to 20 per cent of last year's level. Tour operators, including marine businesses, are either not operating or operating at very reduced capacity. Regions and operators with a high reliance on international visitors are still devastated.

I now turn to the issue of government support for the sector in response to those circumstances. Overall, I can categorically state that without the support packages from state and federal governments our sector would have collapsed and a significantly larger number of jobs would have been lost. Business failures would have been at staggering levels by now. JobKeeper plays a major role, but I will focus on the state government's actions.

In our view, the Queensland government responded in a timely manner to emerging concerns at the very beginning of the crisis. The engagement with the sector, including our organisation, was effective and comprehensive. The situation was unprecedented and the urgency for responses was a great concern to the industry. The gravity of the situation appears to have been recognised by both politicians and public servants, and the focus on quick and effective solutions seemed to override any of the normal bureaucratic obstacles. We experienced an open attitude to suggestions for support raised by us or by individual business operators. A range of engagement mechanisms were either activated or created to ensure a genuine climate of cooperation existed. I would also say that across political divides and levels of government, we have enjoyed seeing a common purpose and a willingness to get things done with a minimum of fuss. The relief from state taxes and charges, lease repayments, reductions and deferrals were delivered in quick response. Similarly, the availability of grant programs for the sector specifically and businesses more generally allowed countless operators to be more confident about the future. The increase of available grant funds in response to the uptake from industry was welcomed. The available loan facilities were also taken up enthusiastically by operators.

Despite all the support, there are some operators and circumstances where support was not made available. Some business structures—the mum-and-dad operators—have limited access to support programs, and some employees—casual and seasonal workers, for instance—cannot be supported with the current measures. As the crisis continues, these specific issues need to be considered. There has also been some criticism of the length of time between applications for loans and grants and government confirmation of granting such funds.

Finally now I turn to proposals for the recovery of the sector moving forward. Tourism can and must play an important part in the recovery of our regional economies. The path to recovery will be long and uneven for different parts of the sector. An ongoing partnership with and support from government is essential if we want to make the most of tourism potentially in the long term. Notwithstanding the current downturn, $19 billion of domestic tourism spend is potentially in play for Queensland, as is more than $50 billion in national expenditure for overseas holidays in 2019. That amount will not go overseas anytime soon. It is a greater amount than international visitors normally spend in Australia, by the way. Every million of tourism dollars spent in Queensland creates nine jobs.

Before listing some priority measures, I would like to make the observation that the most alarming forecast in the federal Treasurer's recent economic outlook concerns business investment over the next two years. Non-mining business investment is expected to reduce by nine per cent next year and 19.5 per cent the year after. This threatens to stall any timely recovery, including tourism, so that is where the focus has to be.

For Queensland to be in a strong and competitive position, I therefore suggest we need to continue financial support measures beyond September to help businesses to maintain functional integrity. That includes all the relief that the state government has offered businesses so far and possibly more. Secondly, we need to encourage and incentivise business investment to upgrade and improve facilities, create new opportunities, and adapt businesses for new consumer markets. This must be achieved through a supportive regulatory framework and financial incentive. Thirdly, we need targeted public investment in catalytic public infrastructure including transport, water amenities and national park infrastructure, amongst others.

Fourthly, we need a sector-specific business capability program to assist in the restructure and adaptation efforts of individual businesses. That can be coordinated through industry bodies. Next, we need to address the significant labour market challenges to ensure a recovery can be supported by retained or newly recruited staff with the necessary skills. It is already emerging as a challenge for some businesses. We want to rebuild and expand now but they cannot find staff. Finally, we need investment incentives to support tourism's move towards greater sustainability, including reliance on renewable energy. That would offer a timely opportunity to improve our international competitiveness long term. All public spending on these proposals is an investment in the future. It will generate ample returns in jobs, regional economic activity and a stronger and more resilient Queensland. Thank you.

**Mayor Manning:** Firstly, we want to thank the Queensland government for their responses so far to the crisis and for the range of economic measures that have been implemented in response to our current situation. It is not often that a city the size of Cairns can stand up and say that it is leading the nation on a per capita basis, but that is our case. We are leading the nation in terms of our employment levels and the impact upon our tourism industry. In terms of JobKeeper stats, we rate No. 5 in Australia. Using postcodes, we are the highest in Queensland and we are the fifth highest in Australia outside two postcodes in Melbourne and two in Sydney. The situation for us has been dire.

We are seeing at the moment some pick-up in aviation, but we are still at about 25 per cent to 30 per cent of our normal movements domestically and, of course, there are no international operations. It is not likely that there will be international operations for at least 12 months into the future. I really cannot see that anything will happen with international operations outside of maybe some bubble that we start to exploit with New Zealand. It may be possible somewhere in the future with Japan, although they are still having their trials and tribulations. It may also be a case with Korea, and there may be somebody else. At the moment, international operations are a long way into the future. One-third of our tourists are international tourists. They have a longer stay and a bigger spend and therefore give the best yield, compared to domestic tourism numbers.

From November through to March we will enter our traditional wet season low. In terms of the little bit of a kick-along that we are getting at the moment—when I say ‘a little bit of a kick-along’ it is marvellous—when you are getting nothing and all of a sudden you get something you feel like it is a lot, but very quickly you realise that what we are getting at the moment is enough to keep some of us alive but we have a lot more tough times that we will be going through. We have lost about 8,000 jobs. Our forecast unemployment rate as at June was 12.3 per cent. Leading into COVID, we were operating with an unemployment rate of 4.3 per cent. We were below the state average and below the national average.

Our reliance upon aviation, given our location, is huge. The ratio of passenger movements to population for Cairns is about 31 to one. It has been as high as 34 to one. The ratio of passenger movements to population for Brisbane, Sydney or Melbourne would be something in the order of six, seven or eight. The comparison is 31 to one versus seven or eight to one. You can see why aviation is so important to us. We love grey nomads and we love Australians who travel north, particularly Victorians, but at the moment it is only us and New South Wales that seem to be engaging with each other.

Over the past few months we have put together a pathway document to assist us in going forward. That document has been prepared broadly within the community. It has been done on a regional basis, including the City of Cairns. In terms of the survival aspects, it is a struggle to get very far from this but, looking at stimulation—I think that is the area we need to be concentrating on more and more now, to seek to stimulate our economy—we desperately go into this current period with a desire to broaden, diversify and deepen our economy. A lot of people have the view that Cairns is totally dependent upon tourism, but that is far from the case. Tourism makes up about 18 per cent of our economy. Our economy really is quite diversified in many ways, but we need to look at some of those opportunities to diversify and to seize those at this time, because now is the time to do that so that we will get the best return on money spent.

Projects which are currently underway but which need to be fast-tracked include the expansion and modernisation of the Cairns Convention Centre, a project being done by the state government worth $176 million. There is a need to push on with that more quickly. That project is lagging. We are going into a new basketball season. We have a national basketball league team, the Taipans, that made the play-offs last year. They will miss a good part of the start of the season in terms of their home games. Everybody was aware of what that season was, but for some reason we allowed ourselves to fall off the pace and we will not have the Taipans playing in Cairns in the early parts of the new season.

The Bruce Highway upgrade and the Wangetti Trail projects need to be pushed along. In terms of the marine precinct investment and the seaport master plan—the master plan is the child of Ports North—is also lagging. That should be on the table now and able to be used as some sort of a baseline document that takes us forward into the future. The opportunities for the port and the marine precinct to be part of that broadening and deepening of our economy are significant. This council has been pushing a gallery precinct with the state and federal governments for three years now. This has been business plan tested by Arts Queensland. It has a glowing reference in that respect. In terms of the opportunity to get ourselves more into the arts scene—that is where Cairns is firmly trying to position itself at the moment—it is very hard to understand why this project is not getting over the hurdle.

In terms of the Cairns Hospital investment, I know that projects are listed for the emergency department. We became aware a few weeks ago about a renal unit that was to go from PA to Cairns Base. That is now being redirected to Townsville. We did an analysis of this with some of the Indigenous communities. The figures indicate quite clearly that that renal unit needs to be in Cairns for one reason and one reason only. This is where the demand is mostly—and on the cape. We are making a big mistake if we let that be repositioned to somewhere else.

The Northern Beaches Leisure Trail, another government project, is one of the trails that needs to continue to be pursued by the state government. There is a proposal for a new Central Queensland University campus to be positioned in the inner city of Cairns. This council has indicated its full support for that and will back it with real money. We will have the Prime Minister and the Deputy Prime Minister in Cairns towards the end of next month, so we are expecting maybe some indication from the Prime Minister about that. I mention something with which Danny Gschwind is reasonably familiar—that is, tourism funding and the need to move to another form of funding tourism by way of a tourism levy which the industry itself has some control over and responsibility for.

**Ms Carroll:** We are one of the 13 official regional tourism organisations in Queensland as recognised by the state government. We enjoy a very positive and collaborative relationship with the Queensland Tourism Industry Council, tourism minister Kate Jones, her department of tourism, Tourism and Events Queensland and, of course, our fellow RTO network. COVID-19, as we all know, has been incredibly challenging, particularly for the travel and tourism industry. As a regional tourism organisation and economic development organisation, we represent a very diverse range of local business and industry sectors right across the region, from the Central Highlands to the Keppel Islands—a very large footprint of CQ—and from accommodation providers and food services to civil engineers and professionals.

As a regional tourism organisation and regional economic development organisation we were really at the coalface, as were our colleagues across the state. We have had firsthand, regular opportunities to work closely with the government on this unprecedented situation whilst also working closely with industry. Our knowledge of both the unique and the common issues facing the tourism industry particularly, which is what this section of the inquiry is about, and other industries across our region has given us a really strong base for working with the Queensland government to achieve economic support for our community.

I have to say on the record, as I did in my submission, that working with the tourism minister and her department was absolutely critical and greatly appreciated. Having regular telephone hook-ups among all of the bodies I mentioned previously gave us a direct line of communication and we were able to discuss challenges on a daily basis. The roles of regional tourism organisations during COVID, it is fair to say, doubled. Whilst as an organisation we normally focus on destination marketing, business support, investment attraction and visitor servicing—and we certainly are not immune to natural disasters in this wonderful state of ours—COVID took us to a whole new level. It really articulated the fact that the regional tourism organisations and the work that we do at the grassroots level with industry was absolutely critical in helping the state government understand what those issues were and assisted, hopefully, in being able to react.

A few examples that I outlined in our submission of which the industry were most grateful, apart from that regular communication and response time to our very specific queries, included the relief of payroll tax. As an RTO, we really pushed for that very early in the piece. We sent out an industry survey very early in this crisis, and payroll tax was a big one that came through. We very quickly got that articulated up the chain, as did other people. The reaction by the state government in terms of payroll tax relief was incredible.

The land tax relief was another issue that came up very early in the COVID crisis from particularly island lessees. As a result, of course, I think it was $33.8 million in state land rent to help support businesses both on islands and on the mainland was enacted. That was incredibly well received by industry. The small business adaptation grants were also very well received and the first round, as you know, was oversubscribed. We encouraged a lot of our operators to apply for that. The announcement of the second round of the small business adaptation grants was extremely welcome. I know that the regional bucket of money has not been fully subscribed yet, so I and my colleagues around the state are encouraging our operators to apply for that funding.

The exclusion of sole traders from that grant, though, did mean that a large proportion of small tourism business owner-operators were ineligible to apply. Those operators continue to face considerable difficulties in the recovering economy. Whilst JobKeeper has been probably the single most lifesaver, if you like, to businesses, particularly in tourism, that ineligibility of sole traders for other grants gave them a little bit more stress and heartache.

In terms of the importance of two airlines, we raised that issue on one of our telephone conferences with our colleagues and when Virgin, of course, was announcing their challenges. We all know that aviation plays a critical role in tourism business and connecting communities. Making a commitment to services in rural and regional areas is necessary. That obviously has played out now, but we felt that that issue being raised again from the grassroots is where really the focus started to lie on that very important issue.

The differences of opinion on school and border closures caused uncertainty and stress for some Queenslanders and Queensland businesses. We all appreciate that, as I said before, this has been an unprecedented time, and by and large the reactions of both the federal and the state government in Queensland have been extremely positive and supported, but obviously we live in a world that is not perfect so there were some challenges with receiving different advice through the media from the federal Chief Medical Officer and the state and territory chief medical officers, particularly in relation to schools and borders. However, as I said before, we have all worked together and collaboration has been king during this crisis. It is not helpful when people throw stones at governments, whatever colour they are. Lobbying is one thing and supporting our industry and getting the issues across, but doing that in a constructive manner is what we have felt has worked extremely well.

Risk is managed, not eradicated. I think that is a key issue that businesses and organisations like ours have tried to constantly reflect to government at all levels. Just as businesses face risks on a daily basis and manage them accordingly, managing the risks of a pandemic in theory is no different. Until a vaccine for COVID is found, our lives and businesses must continue, understanding that in the event of an outbreak that outbreak will be managed by the health authorities.

In closing, I would like to reiterate how impressed I and my colleagues have been in the collaborative approach that we have maintained in the tourism sector by regular communication. We all know that communication is king. Capricorn Enterprise also submitted to the federal government inquiry, and the two biggest things that we praised the federal government for were forming the national cabinet between the premiers and chief ministers and then announcing that that national cabinet would be permanent—the broader business community thought that was brilliant—and, of course, JobKeeper. There have been other initiatives, obviously, at the federal level that have affected us all as well, but today is all about the state. We feel that the Queensland government, with its industry-specific support, support for businesses and support for workers, has been very good. Thank you.

**CHAIR:** Thank you and thank you to all the participants. I speak for all the committee members in that we welcome input especially from people in regional areas and in specific industries. Deputy Chair, do you have any questions?

**Mr STEVENS:** Yes, Chair. My question is to Mr Daniel Gschwind. How have the state border closures affected tourism in Queensland and has the opening of the borders helped the tourism economy recover to any degree?

**Mr Gschwind:** On the first question, yes, the closing of the borders has obviously had a very dramatic impact on our tourism industry. Some of our destinations have a significant reliance on interstate travel as well as intrastate travel. When the borders opened as per the road map on 10 July, that led to an almost instantaneous spike in both inquiries and bookings, and we had a stream of people, particularly during the New South Wales holidays, coming into Queensland as a result. The benefit initially was particularly in the south-east corner—not surprisingly, because it can be reached from northern New South Wales by car. The outback benefited substantially from the annual caravan of grey nomads streaming into the state which has now led to the breaking of the tourism drought out west. That was very positive. Mary can speak to the Rockhampton and Capricorn areas, but certainly there were additional flights into Cairns and the Whitsundays and that has helped, but, as I said in my statement, it is still at a fraction of its pre-COVID levels, particularly during the winter, when interstate travel is relatively more important for Queensland than any other quarter of the year.

**Mr STEVENS:** Ms Carroll, page 3 of the Capricorn Enterprise submission highlights the ineligibility of sole traders to apply for a small business adaptation grant—and I have had the same complaints here on the Gold Coast—which provides small and micro business with funding to help them adapt and sustain the operations. Do you consider sole traders should have been eligible to apply for such grants and are you aware of how the sole traders are managing without access to that scheme?

**Ms Carroll:** Yes, I do believe that sole traders, in the tourism sector particularly, should have been eligible for the grants. I guess the challenge with any grant program is making sure that those who need it most receive it. Not having all the guidelines in front of me, I can only represent the views of my operators. I did have a handful of sole traders who do not employ anyone, for example a small boutique boat operator, who were not eligible.

To the second part of your question as to how they have fared, as I mentioned in my introduction, JobKeeper has really been the saviour for those businesses—and, I should say, the relief from a number of taxes and charges that the state government provided. It is not just land tax relief, for example, for island operators and mainland operators; there was a swathe of support for businesses that I listed at the back of my submission that did help all businesses, with the waiving of various charges. I think, in short, for tourism it would have been nice to have sole traders included in that grant program.

**Ms RICHARDS:** Following on with the border issue, we have seen the devastation that is occurring in Victoria with the second wave. Could each of you speak to what it would mean, particularly for the tourism sector, if we saw that outbreak by not managing our borders as strongly as we have? What would that have meant for businesses on the Capricorn Coast and in Cairns and, more broadly, for the tourism industry?

**Ms Carroll:** Yes. As I said before, my region goes from the Capricorn Coast and the Keppel islands all the way up to Carnarvon Gorge and the Sapphire Gemfields and, as Daniel touched on, winter is our peak season in Queensland for tourism. I have 27 commercial caravan parks just in my region. Particularly the market that escape the cold and come up to winter, they are here for the long haul and they stay here for months. Since the borders were opened, excluding Victoria—we all agree that was the right decision—it has certainly had a positive impact on our industry.

In answer to your question, I think if the borders were not opened we would have a tourism industry on its knees, regardless of all the government support packages at both state and federal level. As I said in my submission, until a cure is found for this disease we just—as a country, as a state and as an industry—need to manage that risk because it cannot be eradicated. I think what the health departments are doing, both in Queensland and in every other state—, and the governments are working with them—is all that anyone can do.

In terms of the responsibility for being COVID safe, the onus is not just on the businesses; it is on the individuals. Some of the things that all of us have seen in the news and social media where people are defying police officers trying to do their jobs and people are being rude to people in stores who are just trying to do their jobs—those individuals need to be fined incredibly high fines to stop this nonsense because we are all responsible, not just businesses.

**Mayor Manning:** We are a fair way from Brisbane, and we love it that way, but we feel most comfortable when we see Brisbane working together. Mary made reference to the national cabinet, where we see the state and the feds working together. As people who live in regional areas, we rely tremendously upon the goodwill and the cooperation intrastate, with the states and with the federal government. That gives us a lot more confidence. That gives us a lot more heart.

I am sure that the Queensland success has a lot to do with the way things have been run, but I also suspect that we have just been a little bit lucky, too, and that could run out tomorrow or the day after. This is, to some extent, unpredictable. I have my fingers crossed that that will not be the case. You were asking what would happen to us if we were to go into close-down again. I dread the thought of it. I could not see how Cairns businesses or tourism people would survive. This would be the end. I do not know which of the cartoon characters used to say, 'This is the end of the world.' Well, I think it would be.

Going down to the marina on pretty much a daily basis and seeing all the vessels that are tied up there, knowing that we have no international aviation at all—it will be 2021 before we have anything international. Mary made reference to this before: until there is a level of management of the virus in other countries, nobody will be coming into Australia. We are in for a long, hard war. As I said, one-third of our tourism is directly international; two-thirds is domestic. Of course, the yield—the length of stay, the spend—is much greater with our international tourists than with our domestic tourists. I am sure that over the next little while we will start to see some dividends from our domestic marketing, but pretty much what we get we will be stealing from somebody else in Australia. It is going to be us against them. The cake does not get that much bigger. We will be sharing amongst ourselves. We really do appeal to governments in Brisbane, Sydney, Melbourne and Canberra—wherever—to work together.

**Ms RICHARDS:** Would it be fair to say that council has changed its position? In your submission you were calling for interstate travel restrictions to be removed immediately. There has been a bit of a change in position now, given where Victoria is at.

**Mayor Manning:** Nobody expected Victoria to be where they are at. It looks like it will be pretty hard to turn this thing around now. Like anything in life, you need to be light-footed and flexible. If you just stand in one position and say, ‘Well, that's it. We are going to fight it like this,’ you may well, but, as Victoria has demonstrated, you can also get yourself into a big mess. Did we know four or five weeks ago that this is where we were going to be? No, we did not.

**Ms RICHARDS:** I guess that is why we rely on the advice of our medical experts.

**Mayor Manning:** I am not arguing the point. I am just saying that this thing is dynamic.

**Mr Gschwind:** To the question from the member for Redlands—my member, by the way—nobody could argue that the health aspect of this crisis was not well managed and with an effective and positive outcome in Queensland. There can be no debate about that. As we look forward and with the additional terrifying scenario playing out in Victoria, we all, I think, recognise that managing the health aspect remains a top priority, but we hope and we are confident that there are measures that the Queensland government and other governments can implement that are more targeted and textured than just going back to a complete border shutdown at one end of the spectrum and a complete opening at the other end of the spectrum. As Mary said, we will need to manage the potential outbreak of clusters that we might see in the coming months and possibly years. We hope that in the future there will be measures in place that can contain and manage this in a less drastic way than a complete shutdown, because a second shutdown, like we are seeing in Victoria, would just break our spirit and our economy.

**Mr WATTS:** Daniel, earlier you mentioned the $50 billion that would normally be spent overseas. What advice would you—

**Mr Gschwind:** On holidays alone.

**Mr WATTS:** Yes. What advice would you have for those people in Queensland who would like to see some of that money come here? Is it about destination marketing? Is it about infrastructure? What are the things that would lead us to get a bigger slice of that pie than other states?

**Mr Gschwind:** It is all of the above. It is telling the story of what our destinations have to offer. We are blessed in Queensland with a huge diversity of regions and experiences right across the state, so we have to tell that story. I have to say, we have to remind Queenslanders and other Australians of the depth of product that we have. Often what is nearest to you is least appreciated. Many Australians, many Queenslanders and many people in South-East Queensland do not appreciate what is beyond the horizon to explore right here. We have to tell that story—that is marketing in every sense of the word—but we also have to deliver the product. In some cases that means upgrading, updating, improving our facilities and adding new experiences to that. That was one of my main points. We need to see that business investment. It will not be forthcoming without a rethink of the some of the regulatory framework that facilitates such investment, and it will not be forthcoming unless there are some financial incentives, whether these are tax breaks, fee relief or actual co-investment. We need to focus on that. It is an absolute must for state and federal governments to spend money now to boost, facilitate and encourage business investment.

**Ms Carroll:** Prior to COVID, the biggest competitors to Queensland were destinations like Bali, Indonesia, Fiji and Hawaii. Why? Because the airlines have cheaper flights to go overseas and outbound than to travel within this country. That is a big issue that no-one has been able to crack. The other challenge we have is that, as Daniel said, product development in Queensland is critical. The tourism industry is successful because of three things: product, management and marketing. Product development is very expensive in this country and in this state. The cost of delivering high-end new tourism product is not just in the products that you use or need to build that infrastructure but also in our wages. No-one is complaining that our wages are good in Australia, but that does not give us that competitive edge over Third World countries like the Indonesias, where labour is cheap and it is very cheap to open up a new six-star resort.

If we come out of COVID—because we will—and governments, industry and airlines together do not learn from those challenges, we are going to go right back to where we were and, before we know it, we will have all of the Aussies going overseas. Of course we all want to travel the globe—we are human beings; we want to explore—but for Queensland to remain competitive post COVID we need government assistance in enabling major infrastructure for the tourism industry. Bob rattled off a whole heap of examples up to the north, but here in my patch Great Keppel Island needs huge government enabling infrastructure to get the resort off the ground to complement the budget accommodation we have there. That is just one example. The convention centre is another example that we have coming in Yeppoon.

The capacity building that Daniel mentioned in his intro—that capacity building of our businesses, which is the management part of my product/management/marketing theory—needs to be delivered at the regional level in partnership with the state. There is too much top-down funding, not just in tourism but also across a whole lot of industries or departments in Queensland and other states—and federally, for that matter. We have to get back to grassroots. If there is going to be more funding in programs and capacity building, it has to be delivered at the regional and local level.

Marketing, to be honest, is the easiest of the three. If you get your product right and you have the capacity building and your sector humming in understanding what they need to do—if those two are right, the marketing is the easiest of the three.

At regional level in tourism, every single day a third of my job would be investment attraction and product development, another third would be capacity building and holding the hands of the industry, for which they are very grateful, and a third of my time would be spent in marketing. I just wanted to add that to give some context from a regional and local perspective.

**CHAIR:** Thank you very much. I know that members could continue asking questions, because we are very passionate about regional Queensland and the tourism industry, but we have a lot of people wanting to contribute. I encourage any and all of you to make further contributions through submissions. We are not averse to receiving updated submissions, because we recognise that this is a changing environment. I note that there are no questions taken on notice. Thank you.

## CHERRY, Mr John, Head of Advocacy, Goodstart Early Learning (via videoconference)

## DENT, Ms Georgie, Campaign Director, The Parenthood (via videoconference)

## FLUCKIGER, Associate Professor Beverley, Early Childhood Australia (via videoconference)

**CHAIR:** Good morning. Thank you for joining us today. Just before we start with opening statements, when you start speaking please identify yourself, particularly when speaking for the first time. Committee members will also endeavour to clearly identify themselves for the assistance of those listening to the broadcast and also to assist our Hansard reporters. I invite you all to make an opening statement, after which committee members will have some questions for you.

**Prof. Fluckiger:** Good morning, everyone. My name is Bev Fluckiger. Thank you for the opportunity for Early Childhood Australia, Queensland to address the committee. Its members include early childhood organisations, services, professionals, parents and policymakers across the state. The mission of Early Childhood Australia, Queensland branch is to be a voice for children from zero to eight years and to champion their rights to thrive and learn at home, in the community, within early learning settings and through the early years of school. Queensland's branch is run by an executive committee comprised of a small group of dedicated volunteers. It offers information, professional learning opportunities, resources and services to its members. The information provided this morning has been given by members to the committee. Please note that a formal survey of members around these issues has not yet been conducted. That is something that we will be doing over the next few months, and we would be happy to provide further information to you then.

First, our members have responded to their designated role as providing an essential service, and where possible services and centres have continued to operate as normal. Many of our educators and teacher members have been fearful of doing so as it is impossible to socially distance oneself when caring for babies and young children. Where possible, increased safety and hygiene measures have been put in place to protect staff and children in their care. As a body, early childhood educators should be commended for their supportive and responsive problem-solving and decision-making along with their work in continuing to offer high-quality early childhood education and care in oftentimes difficult situations.

Secondly, our members are very grateful for the support they have received from the Queensland government and wish to convey their thanks for the support they have received to date. This includes continuity of kindergarten funding during the free childcare period and the information provided for services and families, particularly that translated into a variety of languages, and wellbeing resources.

Thirdly, members have let us know that some children have enjoyed rich and rewarding social and learning experiences with their families during this time. However, this has not been the case for all, with many children missing out on opportunities for playful, extended two-way conversations with family members and being engaged in stimulating positive and creative learning experiences. Some members also report that our most vulnerable and disadvantaged children have accessed child care through the free childcare period. However, many of these children are not remaining in the centres now that there is a payment to be made by parents.

Our members have also become aware of increased stress and anxiety in some children and their parents. They have described the important role they play in providing a safe and caring environment for children as well as offering emotional support to parents. Coping with such situations and the consequential behaviour of children experiencing stress and anxiety is an added toll on our educators and teachers.

The increased diversity of experience amongst children is thought to likely impact on their transition to school experiences, particularly their social, emotional competencies like resilience and self-esteem in dealing with conflict and change along with disparity in early learning knowledge and skills. Finally, many of our pre-service teachers and educators graduating in 2020 will not have the same professional experience commensurate with graduates in other years. They may have less experience in centres and need additional support. What can be done?

It would be helpful if the government could provide some tangible support in recognition of the crucial and additional work that ECEC professionals are providing at this time. What would be most helpful to centres is if more funding could be made available for vulnerable and disadvantaged children to ensure they continue to engage with early childhood education. Some thought needs to be given to how a positive transition to school can be assured for all children starting school in 2021, acknowledging the increased diversity and unevenness of experiences amongst children in their kindergarten year or year before school. This means that schools should be prepared and ready to support the diversity of children and learning experiences rather than viewing some children as not ready for school. A focus on building the strengths and resources that children bring to school is needed rather than seeing them as somehow lacking or deficient.

There is also the possibility that there may be some parents wanting their children to repeat kindergarten next year. Therefore, additional support in the way of funding for community kindergartens to provide this additional year may be needed where capacity in kindergartens exists.

Finally, graduate teachers and educators will need additional support as they commence their careers next year, perhaps in the form of mentoring, to make up for the reduced time in centres during their professional experience and perhaps in additional funding for professional learning opportunities ongoing next year.

**Mr Cherry:** Goodstart Early Learning is Australia's and Queensland's largest early learning and care provider. We have 670 centres nationally including 230 in Queensland. We are a not-for-profit social enterprise with a head office here in Brisbane. We employ 5,000 Queenslanders and care for 22,000 children and 18,000 families across the state.

The childcare sector was recognised as an essential service during the pandemic and all of our services remained open during the pandemic, providing care to the children of essential services workers and disadvantaged families. The pandemic wreaked havoc on our sector. When the country went into lockdown in March, attendances fell by as much as 40 per cent. As our funding model was based on daily attendances, revenue fell as well. The federal government responded with an emergency relief package on 2 April which made child care free, underpinned by JobKeeper with a 50 per cent relief payment to stabilise the sector and supporting 99 per cent of services to stay open. When that ended on 13 July, the federal government moved us back to the Child Care Subsidy system, with JobKeeper replaced by a 25 per cent transitional payment through to the end of September.

Our families and educators have had a very difficult four months. A survey of our families in May found that 54 per cent of our families said they had suffered a loss of work or income since the pandemic, 24 per cent were receiving JobKeeper and just half expected their income or activity was likely to return to normal by September.

Access to child care will play an important part in Queensland's economic recovery. Affordability of care was increasingly an issue for Queensland families before the pandemic. With incomes squeezed, it will be very much an issue moving forward. Last week's Treasurer's economic update noted that the employment-to-population ratio and the participation rate declined more significantly for women than men in the June quarter. Childcare affordability is a key part of addressing that. The Grattan Institute did a report last month on a recovery plan for Australia which said making child care more affordable would add about $16 billion to the nation's GDP. The ACTU had put making child care more affordable at the top of its recovery plan released two weeks ago, businesses lent their support and the small business ombudsman, Kate Carnell, has called for making child care more affordable to support women in business.

Queensland can also play a role in that. While childcare subsidies are largely a federal responsibility, Queensland provides fee subsidy top-ups for children to attend preschool in the year before school, effectively reducing the out-of-pocket costs for some families. These subsidies could and should be extended to a wider group of families and to support children in the two years before school, which would have the added benefit of better preparing children to attend school.

Queensland Health should be commended on their response to COVID. Our head office at Murarrie was closed on 15 March due to a COVID case, and the response at Queensland Health could not have been more supportive. Queensland Health has been very forthcoming in providing advice on raising hygiene and safety levels and protecting our staff across the state.

We have had enhanced cleaning and hygiene rules in our centres since March which have added to our costs. The Victorian government provides cleaning money to all ECEC services to help cover that cost, but to date the Queensland and New South Wales governments have not. As a larger employer, keeping our employees safe is an important responsibility, but as this pandemic drags on the costs of doing so are mounting and our revenue stream is a lot less than it was. We do not want educators coming to work sick or our families sending children to our centres sick because they have to work. When employees have exhausted their leave entitlements, governments, state and federal, do need to step in because the public health benefit of sick children and sick workers staying home is very substantial.

Finally, I would encourage this committee to acknowledge the vitally important role that early childhood educators performed as an essential service during the pandemic. They worked all the way through the pandemic so that essential workers could go to work and do their important jobs as well. Theirs is a poorly paid and underappreciated profession and yet the pandemic has highlighted like never before how vitally important our sector is to the functioning of the economy and preparing children to embrace learning and life.

**Ms Dent:** I am the executive director of The Parenthood. The Parenthood welcomes the opportunity to participate in this public hearing with specific reference to child care and the early learning sector. The Parenthood was launched in 2013 with the ambition to create a movement for Australian parents working together to create a better world for children and families. Since then, with the support of our long-term partners, supporters and collaborators, we have built a community of more than 68,000 mums, dads and carers united in the effort to ensure the voices of Australian parents are heard on the issues that matter to them. The Parenthood seeks to amplify parents' voices on these issues at a local, state and national level.

Affordability, access and quality of early childhood education and care, ECEC, has always been a central focus of The Parenthood and its members. The COVID pandemic has revealed the extent to which our communities, our families and our economy depend on ECEC. Without these services, parents cannot go to work, which is why it was designated as an essential service from the beginning of the shutdowns that were necessitated by the coronavirus.

The Parenthood would like to formally acknowledge and applaud the extraordinary efforts of the ECEC workforce during this health crisis. This cohort of workers have continued to work—not without risk and not without significant instability and even personal financial hardship—so that children remain cared for and educated and so their parents can go to work. It is work that is vitally important and valuable yet remains very poorly paid. The Parenthood would like to extend our sincere thanks and gratitude to every person employed in the ECEC sector in Queensland.

The impact of COVID-19 very quickly exacerbated and highlighted the difficulties that families face when it comes to the affordability of ECEC. Notwithstanding the issues that presented for the sector, the federal government's rescue package, the decision to make ECEC free for parents from early April until the middle of July, alleviated the financial pressure families were facing in trying to afford early education and care in the wake of unemployment and income losses incurred since February. The Parenthood urged the federal government not to snap back to the old subsidy model on the basis that, despite the relative containment of the health risk, a significant proportion of families were no longer in a position to afford the same out-of-pocket fees for care and education they could pre COVID.

In late May we surveyed 2,200 families nationally who used ECEC, and a quarter of those responses came from Queensland families. Some of the key findings included: 42 per cent of families had at least one parent who was earning less as a result of COVID; 16 per cent of those families reported that both parents had seen their income reduced; 34 per cent of families reported that they would need to reduce the number of days or remove their children altogether when out-of-pocket fees came back to what they were pre COVID; 63 per cent of parents who had lost income would be forced to reduce the days or remove their children altogether upon fees returning. For those families who will need to reduce the number of days their children are in care, 60 per cent reported that at least one parent would need to reduce work because of that, and in 68 per cent of cases it was going to be the woman who would reduce or stop her work. As well, 66 per cent of those families reported that even before COVID the out-of-pocket costs for child care were too expensive and put significant pressure on their household budget.

The early education sector is vital for the education and social benefits it delivers children as well as the paid work it facilitates parents to engage in. Families being unable to afford early education and care would threaten the viability of individual services within the sector, with implications for the job security then of early educators and all of those employed in the sector. Family budgets are fundamentally different now to what they were before COVID. By global standards, Australian families spend a significantly higher proportion of their household income on ECEC. The OECD average is 11 per cent, whereas in Australia it is as high as 27 per cent. In a growth economy with relatively low unemployment, families were able to manage, albeit constrained with the high costs of ECEC, but widespread job and income losses changed that. Without being addressed, it potentially compromises Australia's capacity to rebuild the economy.

The ability of parents to return to paid work is critical, but it is reduced without access to affordable ECEC. Prior to COVID, the high cost of ECEC was recognised as a significant barrier to women's workforce participation. Women remain significantly under-utilised in our economy with regard to labour force participation and productivity. Despite some gains in recent years, Australia still lags the OECD average for women's workforce participation by 10 per cent. Boosting women's participation in the workforce, even marginally, would translate to billions of dollars in additional GDP.

The case for addressing the high cost of ECEC was compelling even before this pandemic but is now more urgent as a result. The implications for families, children, businesses and the economy of failing to ensure the stability of a thriving ECEC sector are significant. Families have been emotionally and financially exhausted by the circumstances this pandemic has presented. The Parenthood recommends the Queensland government considers measures to address the affordability of ECEC for families as well as measures to ensure the stability and security of the sector.

**CHAIR:** I thank you all for your input. We certainly have become very aware of the role of child care in the economy during this time, as John Cherry said. I now turn to the deputy chair for questions.

**Mr STEVENS:** Mr Cherry, the committee has heard evidence from some submitters suggesting that increased investment in childcare subsidies or support for the sector would deliver greater economic returns than some of the other planned investment or industry support strategies that governments are exploring or have implemented. How could the Queensland state government facilitate this investment?

**Mr Cherry:** I pointed to the kindergarten subsidies which are currently paid by the Queensland government and which are probably its biggest investment in the early childhood sector. Currently, the Queensland government pays additional fee subsidies both to community kindergartens and to long day care kindergarten programs for addressing out-of-pocket costs for families with health care cards. What I suggested in my statement is that one of the things that could be looked at is broadening those fee subsidies to a broader category of families, for example to family payment recipients or to the second year before school, to three-year-olds. This is what the Victorian and New South Wales governments are now doing. We in Queensland are at risk of an achievement gap opening up between us and New South Wales and Victoria, because both of those governments are now investing heavily in making access to preschool programs for three-year-olds more affordable. A lot more families will be able to attend those. That is one of the things which Queensland increasingly will be missing out on.

That has a double benefit. The benefit is there for children in terms of access to enriched early learning in their years before starting school, but the benefit is also to families. This is pointed out by a research report done by the Front Project in Melbourne. It showed that there is a huge workforce participation benefit that comes from children attending preschool. That is the place I would focus on most.

There are other areas where the Queensland government could be investing. It could invest in more quality not-for-profit services being opened up across the state, because we know that families get a good deal out of those. Queensland invests a lot less in building not-for-profit services than, for example, the Victorian government does. Even the New South Wales government is investing in new preschools across the state at the moment. There are other things the Queensland government could be investing in as well.

**Mr STEVENS:** Does Professor Fluckiger consider that children from low-income families may have been more negatively impacted by COVID-19 and the associated health restrictions than children from some of the higher income families? If that is the case, how could the Queensland government financially help those children?

**Prof. Fluckiger:** Our members are reporting to us that, yes, the most vulnerable and disadvantaged children are perhaps more adversely affected than some of the other children in our care and that the free subsidy provided opportunity for these children to attend centres and receive early childhood education that they may not have done before or not accessed regularly before. Now that parents have to make a payment again, they now are not attending these centres. The idea of broadening subsidies so that these children can continue to receive free child care or their parents pay less would be gratefully received to ensure they still can participate in an early childhood education program.

**Ms RICHARDS:** Mr Cherry, obviously the federal government subsidies in child care were very well received during the height of the pandemic. Now that that has been removed, have you done any modelling? Do you understand what demand for services might look like as we head into the next six months?

**Mr Cherry:** It is a question we are asked a lot at the moment. We are only at week two in the return to childcare subsidy. We know that typically it takes families about three or four billing cycles to really sort through their budgets to work out what they can and cannot afford. We know that in the first week or two we saw a small drop in our overall attendances—not huge. It was probably in the order of around three percent. It was a bit bigger in Victoria obviously because of the particular circumstances in Victoria. It will probably take a while for that to settle down to work out what is happening. Within that, we suspect there are some strange things happening. We will have to dig deeper on that. We suspect that a lot of families reduced their attendances or dropped out completely but were replaced by other families who were returning to work at the end of parental leave and those sorts of things. Trying to get the balance of exactly what happened on the margin to families and whether there was a change in the composition of families from lower income families to higher income families is something we have not quite got a handle on yet.

There is another thing we are not sure about which is really important. The federal government did two things when it returned to childcare subsidy last week. One, it eased the activity test. Childcare subsidy is dependent on a family being able to show that they are active in the workforce. The government eased that for families impacted by COVID. Again, we do not know how many families picked that up. The government also eased the evidence requirements to access additional childcare subsidy if families lost a job or lost income. We do not know how many families were able to get through the thicket of Centrelink to successfully claim those payments. We have a lot of unpacking to do over the next couple of weeks, but we are happy to provide the committee with an update on that in a few weeks when we know a bit more.

**Mr O'CONNOR:** Ms Dent has written about the potential for higher out-of-pocket fees. I think the figure was that about a quarter of families could potentially pay more than they were paying pre pandemic. Can anyone comment on that and go into more detail on where that information is from?

**Ms Dent:** That was based on the activity test that applies to families which helps determine what subsidy they are entitled to. If the activity test had not been eased, there would have been families potentially paying more because their loss of work would have meant that they fell below the threshold level to receive the same subsidy. The Parenthood welcomes the federal government's decision to ease that barrier. As Mr Cherry said, we are also speaking to our members at the moment and looking to do a formal survey in another couple of weeks about exactly what they have determined to do, but we are interested to know the extent to which the additional childcare subsidy has been available to parents, because it is certainly something that the federal government has encouraged families to look into if they are in that category of having lost employment or income, which we know is happening in a significant number of households. We will be checking the extent to which that has been available, because we know that historically accessing that additional subsidy has been very difficult. We have certainly heard from some parents in the last week that they have faced a number of hurdles in accessing that. We have not yet heard from enough people to make a verifiable statement about how that is playing out.

**Mr O'CONNOR:** It is essentially the case that the lower the household income the more subsidy they get? That is working okay so far?

**Ms Dent:** I would say that in some areas that does work well, but for a lot of households on even middle incomes the out-of-pocket costs of child care are very significant. They represent a significant proportion of household income. We know that that has served as a deterrent, particularly for women working more, which we know presents difficulties for the economy because it compromises the productivity of individual women participating in the economy and creates problems in household budgets as much as anything. The subsidy model we have is very complex. When the federal government stepped in to intervene in early April, one reason it effectively turned off the subsidy model was that it is very complex. There are complex equations that determine what any family is entitled to at any given point in time. For some households that works appropriately, but we know that in global terms Australian families spend a lot on early education and care and it does deter families from working more.

**Mr O'CONNOR:** Mr Cherry, how are the COVID-safe plans going within your centres? I guess it is similar to a school situation in that kids are in very close proximity. Are there any issues with those or have they all been pretty good?

**Mr Cherry:** We have sat down and had a lot of discussions with our unions. We developed a six-point plan on heightened safety. We have to do deeper cleaning every week. We have to try to ensure that our educators socially distance. We have just introduced into Victoria and New South Wales temperature testing of children at the door. We are also trying to avoid congestion at pick-up and drop-off in a small space with educators. All these things are things we are working through.

The real challenge, as I said, is trying to ensure that children who are sick do not come into the centre and that educators who are sick do not come into the centre. Whilst we do not have massive COVID outbreaks in Queensland at the moment and, touch wood, it stays that way, certainly in New

South Wales, where we are seeing isolated instances opening up at the moment, these do create real challenges. Just last week one of our centres was shut—at Anna Bay in Port Stephens. In that instance, it was simply one family. They had a child at the high school, a child at the state school and a child at our centre. All three institutions were taken out for a period of time.

The challenge is making sure that, if that happens in Queensland with a second wave, the track and trace capability of Queensland Health is there and ready to run. As I said, in the past when we have had to deal with Queensland Health they were just outstanding. Let’s hope we do not have a second wave up here where we have to test their mettle again. I note that there are higher costs with doing additional cleaning. I did mention that in my statement. We encourage the committee to have a think about what means. We currently receive no additional support from any government to do additional cleaning and we are doing that from a reduced revenue base.

**Mr O’CONNOR:** How much? Do you have any specifics on what it would be for an individual centre?

**Mr Cherry:** It is not huge. We have had to upgrade our cleaning products as well as do additional cleaning. The other challenge for us with cleaning is that our educators have to include a lot more cleaning activities in their day. That then obviously becomes a labour cost. It is a combination of the formal cleaning and the additional labour costs associated with maintaining higher safety and hygiene measures. Our whole sector is based on legislated labour requirements. We are certainly finding that we are having to run additional labour just to keep our centres safe.

**Mr McCALLUM:** This question is for everyone but initially perhaps Mr Cherry would like to respond. How has demand for child care been over the last six months compared to previous years—last year ahead of that—and how do you see demand going over the next six months?

**Mr Cherry:** If you have a crystal ball, we would love to borrow it. I would say that up until February we were looking at our best year ever. Our 10th year was a good start and we were looking at record attendances and record occupancy, setting up for a wonderful year. It kind of went to pot after that, didn't it? At the moment in Queensland our numbers are probably better than they are in other states, but they are certainly below where they were last year. We are nervous about what will happen come September obviously when JobKeeper goes down the next rung. Because our attendances tend to build over the course of a year, we are looking at the second half of the year being much more constrained compared with last year and that then becomes a base on which we have to build for next year, so we are looking at constrained numbers going into next year as well. I think it is going to be a very difficult year this financial year for the entire sector and we are going to see our numbers quite constrained indeed.

**CHAIR:** Does anyone else have a crystal ball?

**Ms Dent:** I do not have a crystal ball, but we would say from the survey we did of our members we are certainly concerned that demand for services will drop. We know that even with fee relief the average attendance across the sector nationally was 74 per cent. Mr Cherry could speak to this in more detail, but that is 74 per cent of pre COVID, so that is a significant decline on what it was the year before. With the (portion of audio missing) in the weekend papers here in Sydney yesterday of services already seeing a drop in attendances of about five per cent, but, as Mr Cherry said, for a lot of services the full extent of reductions or withdrawals will not actually be seen for another couple of weeks—and there has been at least two billing cycles with the return of fees—but we would be expecting, from what we have heard from our members, that there will be a reduction in attendances and that will then potentially put pressure on a number of services, because attendance rates below 74 per cent are not particularly viable. Of course that is an average, so that is also going to expose some bigger problems because some services will be able to remain open and thriving because they obviously will have a higher proportion of attendances which will mean their revenue base is better, but a lot of services will have considerably less than 74 per cent which will threaten their viability.

**Mr Cherry:** I should have also mentioned the impact of working from home on access to child care and early learning. We do not have that crystal ball, which I really need, in terms of trying to get a sense of the impact the changes in work patterns will have on longer term care, because that will be interesting, but this is probably being felt most emphatically at the moment in the after-school care sector where they are seeing significant changes in patterns of bookings in before- and after-school care for children. It is less so in our sector because, obviously, people working from home cannot really have a little one running around their feet if they are trying to do seven Zoom meetings in a row. Certainly with the after-school care sector we are seeing significant changes in patterns of demand in that area.

**Ms RICHARDS:** I am keen to hear all of your comments with regard to where we sit. We know that participation and productivity are going to be key imperatives to driving economic recovery. Do you think now is the time for a review at all levels of government in terms of child care? Mr Cherry, you spoke earlier about the complexities that some of your clients may not be aware of in terms of Department of Social Services and what levers can be pulled there. Is it time for a deeper review of how we apply child care in Australia?

**Mr Cherry:** I will speak first. I am sure that Georgie will have a view on this, but absolutely. One of the small positives—you never waste a crisis, I suppose—is that—

**Ms RICHARDS:** True. I think Winston Churchill said that.

**Mr Cherry:**—a real number of significant reviews have been done. I mentioned the Grattan Institute, which released its pathway to recovery. Investing in early learning and making child care more affordable is one of the key things it identified for getting Australia on to a sustainable recovery. The ACTU did the same thing with its report. Kate Carnell, the small business ombudsman, is in that space. KPMG released a report on Friday saying the same thing. Chief Executive Women has been talking about it. Right across we are seeing lots of think tanks identifying that this is a space the government needs to think about.

In response to Mr O'Connor's comment earlier, Australia's out-of-pocket costs for access to early learning and care are some of the highest in the OECD for parents. That is something which I think is constraining our female workforce participation rate and something we need to think about moving forward, because we have one of the lower female participation rates in the OECD. That is holding back our economy in terms of the capability of the workforce. There are things we can do in that space. I also mentioned the issue about three-year-olds and access to preschool programs. Australia is well behind the rest of the world in terms of giving children access to early learning opportunities in the years before school and Queensland is now falling behind the rest of Australia in that regard because New South Wales and Victoria are now investing big dollars in trying to address the participation rates of three-year-olds in early learning. There is a lot that needs to be done. There are lots of people talking about it and I think it is not going to go away as an issue over the next six months.

**Ms Dent:** This health crisis has obviously revealed a number of vulnerabilities across the economy, but I think this has been particularly pronounced. Australia has quite a peculiar pattern when it comes to women's workforce participation. Australia has been the No. 1 country in the world for female educational attainment for over a decade. It is fair to say that in Australia we educate girls and women at a higher rate and at a better rate than any other country in the world but, as Mr Cherry just said, we have one of the lower female workforce participation rates, particularly among OECD and developed countries. There are a number of reasons for that, but one of them that has been very clearly identified is the high cost of early education and care and the lack of access to affordable early education. That is, we know that having affordable, accessible, high-quality early education facilitates women working more, which is good for the economy.

At this point in time, given where the economy is and where we need it to arguably be, it is obvious that this is an investment that would pay dividends in terms of women's workforce participation but also critically in terms of what children get out of having access to high-quality early learning. Research conducted by the Front Project last year showed that for every dollar the federal government invests in pre-primary education in the year before school you get $2 in return for that money, and that return comes in the form of the additional productivity that you get from parents working but also because of the benefits the children themselves derive from that early education.

We know that when children who have not attended pre-primary education arrive at school they are at a significant disadvantage, and that is most pronounced when they come from a background where there is unemployment at home. Given the unemployment figures that we are looking at for the foreseeable future, I think it is worth considering that now it is more imperative than ever before that we invest in ensuring as many children as possible have access to high-quality early education. It is one of the most compelling investments we can make in our recovery from here, not just because of what it will enable parents to do to return to work but also in terms of what it will deliver to children. Regardless of what the next six, 12 or 18 months look like, we know that making this investment is going to give our children a much better shot at their own livelihoods and workforce participation and their own economic independence. I think this is a time where we absolutely need to look at the bigger picture and look at what Australia currently does and how we might improve access to early education.

**CHAIR:** Thank you very much. We might wind up this session, but I want to encourage any of the participants or any of the groups that they represent that if they have a further submission that can help with our process as we go forward to submit it. Although we made a call for submissions and set a date, we welcome any further submissions because this is obviously an emerging event. I thank you very much for your participation.

**HOJ, Professor Peter, Vice-Chancellor and President, University of Queensland**

**SHEIL, Professor Margaret, Vice-Chancellor and President, Queensland University of Technology**

**CHAIR:** Good morning, Professors. Thank you for joining us today. I invite you to make an opening statement, after which committee members will have some questions for you.

**Prof. Sheil:** Thank you for the opportunity to speak to you today. I do not have too much to say by way of an opening statement, other than to say that you would be aware that COVID-19 and the subsequent travel restrictions have had a major impact on the university sector, in particular the international education side of our business in our sector, in addition to the challenges that we faced alongside all Queensland businesses in the first half of the year when there were more severe social and physical distancing requirements. We have been pleased with the response of the Queensland government to the international education challenges, in particular through the international student hardship fund, and the level of engagement around the potential for a secure corridor for international student return. That remains a very high priority for us in the event of the prospect of piloting international student returns. Ultimately, returning international students to Queensland remains the way in which the Queensland government can do the most to help the sector.

We have been grateful for the payroll tax relief that we have had to date. Obviously always more relief would be welcomed. I know that as a sector we are facing challenges, but there are also many other areas of the economy that are also facing challenges. We have been pleased with the level of engagement with the Chief Health Officer around a return of students to campus, and the pragmatism demonstrated there has put us in a reasonably good position relative to other states.

You will have seen in the press and through various announcements that QUT, along with other universities, has announced a significant revenue loss. In our case it is $100 million for this year and it will be worse next year. Obviously that will have an impact on the broader Queensland economy not only because of jobs under threat at QUT but also because we have pulled back from capital works which then has a spin-off into the broader economy. We have also pulled back from activities where we as a university have contributed to other activities within the state in partnership.

That is an assessment of where we are at. We have more work to do. Again, just to reiterate, when the opportunity is there to do so, when the health requirements and the political situation justifies it, having a secure corridor to return international students is a very high priority for us.

**Prof. Hoj:** Thank you for the opportunity to be heard today. First and foremost, we have made a short submission to your inquiry. Secondly, I endorse the words of my great colleague Margaret Sheil. We have been very pleased with the commitment that the Queensland government has shown towards our university sector to try to understand what the impact on the sector is and what can be done to reduce that impact. Indeed, we have seen financial contributions in terms of a reduction in payroll tax for two months. We are grateful for that. We have put to government that, while we are very grateful, more would be slightly better for us.

The reasons we should be very interested in the impact on universities are several. First of all, the higher education sector, and international education exports more generally, contributes in the order of $40 billion to the Australian economy. An enormous amount of that expenditure happens outside the university sector. I am told that some 39 per cent of what we would call broadly tourism expenditure in Queensland is related to the activities directly and indirectly associated with international education.

As I pointed out in my submission, we had London Economics do an independent study of the importance of the University of Queensland to the state’s economy. While the state economy generates in the order of $400 billion in gross state product, it is estimated that UQ’s contribution to the economy is about $9 billion per annum. If that study had been done of all Queensland’s fine universities, that figure would be even more impressive.

I think the task ahead of us as a state is to realise that all universities will be negatively impacted by this. In absolute terms we will be taking a step backwards. The task for us is, in relative terms, to move up the pecking order because we have managed it so well in collaboration with the state government.

I think there is a huge opportunity for us to think about how we can further transform our economy not only to rely on traditional extractive industries but also to use some of the proceeds from those to mine what is above ground. I will be happy to talk more about that. Clearly, speaking from a somewhat selfish perspective, the University of Queensland is home to the Gardasil vaccine, which was developed by Ian Frazer and Jian Zhou. It sold more than 230 million doses globally, to the tune of $20 billion in sales. Many hundreds of millions of dollars have come back into the economy through royalties.

More recently, through the very strong co-investment by the Queensland government, we now have what I would say is one of the top 10 best vaccine prospects in the world through the University of Queensland's COVID-19 vaccine. I think we need to build on that to create new industries that are fuelled and made profitable by being at the leading edge of innovation. The University of Queensland, QUT and other universities are well placed to do that. After those comments, I am very much looking forward to answering questions and responding to commentary from the committee.

**Mr STEVENS:** Professor Sheil, we have a health crisis and separately an economic crisis. The education sector has been severely affected economically. Have the health measures imposed by the Queensland government exacerbated your economic crisis? What financial measures could the Queensland government have brought about to ease your economic crisis?

**Prof. Sheil:** The economic crisis relates more to the federal government's measures in stopping, quite appropriately, international travel. The bulk of our economic crisis arises from the fact that we do not have international students. We were disproportionately affected by the fact that the first travel bans came in at Chinese New Year. For those of us who had Chinese students who were enrolled but abroad, that has been the major impact initially, as opposed to state government measures in relation to the health restrictions on campus. The predominant concern remains the international student flows, in my view, rather than any state-specific measures.

**Mr STEVENS:** Should there have been a supportive package from the Queensland government for international students in the Queensland tertiary system caught out by their inability to access JobSeeker or JobKeeper to assist with their living and study costs?

**Prof. Hoj:** It would be fair to say that the decision by the federal government to exclude universities from the JobKeeper arrangement was a disappointment to us, but we are where we are. It is the federal government's prerogative to do that. I think you will see that many universities have announced that they will have to put in place cost reductions in the order of hundreds of millions of dollars per annum. That will lead to job losses. Similarly, I can talk about my university in that we have also had to reduce our capital expenditure for the year. This year we had a capital expenditure budget of $495 million. Immediately upon this crisis coming in, we reduced it by $210 million by not starting some very large projects. That reduction in capital expenditure is in the longer term impacting on the university and its students but in the immediate term by the very large numbers of people from the trades and the construction industries who no longer turn up to campus because we felt it prudent to preserve cash to get through the next three years.

If we think about how the government could assist universities, one of the things to think about is how they can assist universities and, through that, assist many of the other professions that are also very heavily impacted by COVID-19. That is where I think some consideration of capital programs which are ready to go—certainly in our case we have things ready to go—would be worth thinking about if you want to stimulate and reboot the economy.

**Mr STEVENS:** My question was really about the students. I had quite a few students who had part-time jobs supporting their studies and their living costs who were unable to get money in at all because the businesses were not eligible for JobKeeper or JobSeeker.

**Prof. Hoj:** Sorry, I saw that far too much through my own lens and I missed that intention in your question. You are absolutely correct. This is an issue. You will find, first of all, that the government did put out, from memory, a $10 million package to support students. You will also find that most universities have put in place a student hardship fund. That is open to students to apply for funds. Many senior staff in particular at universities have also made salary sacrifices during COVID. For example, my salary sacrifice is 20 per cent and that of my senior colleagues is 10 per cent. All of that money goes into a student hardship fund which gets matched by the university. We raised close to $2 million to assist students in genuine hardship. I think it is a very important component, particularly for students who do not have families in Brisbane and who rely on income to support their living costs if they come from regional and remote areas. This is where the government could possibly do more.

**Ms RICHARDS:** It would be fair to say that JobKeeper would have been extremely useful in the university context?

**Prof. Hoj:** Yes, it would have been very useful.

**Ms RICHARDS:** Obviously in this new COVID world digital technology is playing a huge role in everyday lives. From a university perspective, how has that gone for you, transitioning to online learning? What does investment look like and what does the future of digital learning look like for university campuses?

**Prof. Sheil:** Obviously, we had been preparing for what we call blended learning for some time. A proportion of material has been available online to students for some time. What COVID did in terms of shutting down campuses in the first semester accelerated that transition for our staff and our students, and that required additional investment beyond what we would normally have invested in that. The first thing I want to say is that it is not cheaper to put material online; in fact, it is more expensive.

The second point is that we know now—and we knew this prior to this—that there is a social aspect to education that cannot be replicated online, particularly for undergraduates and particularly in their first year. They really missed the interactions they would have normally had on campus. Also, there are some disciplines that were more disrupted than others, such as those that required practical placements in hospitals and schools. I guess one of the learnings from rapidly going to online as we did is a really much more nuanced understanding more quickly about what aspects of education are appropriately done online and what are best done on campus. That is the first element.

The second is that we did not completely close our campuses. We kept a small number of computer labs and areas open with appropriate social distancing because we know that there are areas of the state where the broadband and access to the internet is not sufficient to enable the kind of bandwidth that you needed to study online. We did see that with our exams which were predominantly done online, but we did provide that students could come to campus as well. As part of the hardship package, we also provided internet dongles and so on to students who were not able to come to campus and who needed them. There is an element of online education that is not accessible to a small proportion of our students so we need to be cognisant of that. Unlike many other businesses as they transition to online, we actually have a very big fixed cost base so it is no economic panacea for education. That is the other comment I would make.

**Prof. Hoj:** Online has been exceedingly important for us because it has enabled us to give young people an opportunity to educate themselves without losing essentially a year of their life to—I would not say idleness, but, to be honest, there was not a lot they could have done other than stay at home doing things. It has become very important. I think one of the challenges for us as universities is to never shrink back to what we were before but to actually take all the learnings that we have been forced to accelerate this year to deliver better products for students. That is an important component.

Financially, it has also become very important for us because, much to our surprise, many students who had signed up to come and study with us in 2020 from overseas have actually stuck with us online in the hope that this COVID crisis will abate and they can come and study with us in 2021. We have in the order of 3,000 international students studying with us online and staying with us. Again, I think we will see that our business model will change a lot going forward.

Margaret talked about the social needs of students, and it is still my view that students who are school leavers and who are still forming themselves as individuals will very much benefit from a campus based but online enhanced education. On the other hand, people who have their first degree—which many overseas students have—might find it financially advantageous to study with us online and come with us for short intense bursts. Through that, we will be able to further increase the revenue flows which are so significant to our institutions but also to our state through what we contribute to the state. It might not be well known to you, but an organisation such as mine has a salary bill of $1.2 billion per annum. In payroll tax alone, that is about $55 million or $60 million but, more importantly, it is people who have a job and who contribute to the economy.

**Ms RICHARDS:** There is an opportunity, with physical borders remaining closed internationally, for you to pivot somewhat to use the digital experience as an opportunity to maintain the relationships with international students and continue to grow some aspects of university life.

**Prof. Hoj:** Absolutely, and for lifelong learning as well it is really important. Where we have some challenges and what we have to provide for is that many of the students who study with us study for accredited professions. If you do economics, you might actually be able to do an online degree fully, but if you want to be a civil engineer or work in the allied health sciences you have some practical components to fulfil, so it is not an open-ended licence to just have students online. We have to find a way to hopefully get them here to do that catch-up in an intensive mode or to find other ways of providing that overseas, which is a little bit more complicated.

**Mr WATTS:** I am interested in a couple of things. The first is the impact on the ability to deliver domestic education to domestic students because of the financial impact of the international students. Secondly, could you comment on the proposed safe corridors to get those international students here and also the ability for those international students to stay and work here for a period of time after graduation, albeit that our unemployment rate is obviously going up? There are several factors there, but what I am really trying to understand is the international market's impact on domestic delivery and what levers we can pull to get that international market in the country and spending money here.

**Prof. Sheil:** Clearly, you understand from your question that the overall experience for domestic students is enhanced by the international student market. We would not have the facilities, the research capability or the quality of academics that we have in our institutions had we not had international students and that revenue. If there is not a return to the international student market at the levels we have seen previously, we will see a diminution of things that we invest in, like capital and quality staff.

Your question also alludes to the proposition that international education in Australia is not just about the high-quality education; it is about the lifestyle and the employment opportunities available while students are studying and afterwards. That varies by country and by different markets. Some countries are much more sensitive to issues such as post-study work rights and others are not. By and large, the mainland Chinese student market is less sensitive to that, and the Indian subcontinent is more sensitive to post-study work rights. That affects different international student markets.

As I said at the outset, the prospect of having a safe corridor to bring international students into Australia at the appropriate time is a very high priority for all of us. We know these are students who can invest the time in quarantine. We know who they are. We have relationships with them. As Professor Hoj indicated, we have a number still studying online and it is a high priority for us to have them return either to do their practical components or to complete their education. If you had to ask me, I would say that anything the state can do to support that prospect of international students being returned under appropriate quarantine arrangements at the appropriate time would be the highest priority for us.

**Prof. Hoj:** If I can add to that, in the longer term under the current business model, not only for Australian universities but for Australia to run a country with good universities—that business model is entirely dependent on international students. There comes a time, say, in 20 years time, if we have not had any opportunity to invest in capital, then future students will be educated in almost Dickensian conditions. We have to grapple with that and know what the choices are. Of course those choices are getting interacted with by strained geopolitical conditions, which I do not want to comment on. That is just an observation.

We used to have a $4 billion fund for capital infrastructure investment that the government had established at the suggestion of Julie Bishop when she was education minister, but that fund has been discontinued. Short of finding other ways of capitalising universities, it is very important for people to realise that international students in the long run do enhance the domestic student experience, not only in a cultural sense but also in a real fiscal sense.

**Mr McCALLUM:** Professor Hoj, in your submission you make mention of the potential for renewable energy to assist with the economic recovery here in Queensland. You also mention hydrogen and the potential that has to support domestic manufacturing. Could you expand on that, please?

**Prof. Hoj:** The first statement I should make is that we at the University of Queensland are very clear that the world will increasingly need more energy than it currently consumes and therefore there will be a place for many forms of energy going forward, whether they are traditional energy sources or renewable energy sources. My view is this, and I will try to exemplify it. At the University of Queensland, our electricity bill is slightly over $20 million per annum. We have calculated that, with our investment in solar generation capacity—and we currently have 70 megawatts of that—within a 10-year time frame we would have paid back those investments based on the savings and we have an asset that will generate more or less free energy for us for an additional 20 years.

There are real returns to be had from deploying cheap renewable energy generation. I think the most exciting thing is that, once you have as much energy as we can have and it does not matter if it is a little bit variable, you can generate new industries that will be very competitive. Not only do we believe that there is opportunity for us to harvest the enormous amount of sun that hits Queensland—and we have lots of land on which to harvest it; if it proves economically feasible to produce hydrogen at about US$2 per kilogram, we could be the key supplier to economies such as

Japan and South Korea who have declared that they want to become hydrogen economies. There is a huge research effort in that that we intend to take part in, and we will be producing hydrogen at UQ in the next year or two. We have already made the decision to do that.

Secondly, it might be well known to you that a very small country in size, like the Netherlands, is one of the most prominent food exporters in the world. It is because they have very intensified protective cropping where glass houses, in which the water use is 10 per cent relative to non-protective cropping, can be used to fine-tune production of various food sources that international markets will have. We have an enormous opportunity, with all this renewable energy, to really up our production of foodstuffs which now, through international airline supply chains, can be supplied to markets that do not have that luxury. They are absolute guaranteed that what they eat is safely produced in a sustainable fashion in Queensland. They are just two of the areas in which I think there is a huge opportunity. We also know that if you have enough cheap energy you will always have enough water, because you can desalinate to drive some of those production systems. That is at the core of my thinking.

**Mr O'CONNOR:** Professor Hoj, something you touched on in your submission and in your comments briefly was the idea of a national vaccine institute being established in Queensland. Could you provide some more detail on that, particularly what involvement the state government could have with that?

**Prof. Hoj:** The observation is that we have a track record with the Gardasil cervical cancer vaccine. We believe that will mean that, for all intents and purposes, Australia will see no cervical cancers by 2035, and that will go for many other countries as well. One, our track record should give investors an opportunity to look at us and say, 'We should invest in those.'

Secondly, if we are fortunate enough—you always have to be careful about predicting whether a medical innovation will make it through all the approval gates—we will have used Queensland IP to produce a COVID-19 vaccine for which we already contractually have an arrangement with an Australian company called CSL to produce. We are quite confident that that can be produced in the hundreds of millions of doses. We think that the world, after this COVID-19 scare, will be much more alert to this being able to happen again and would invest in such capability.

Furthermore, we also have technology, which is currently in a fairly large startup company called Vaxxas, which goes for needle-free vaccinations. We have just seen Merck invest $18 million in that technology, because they believe that needle-free vaccination, which is also developed at UQ, is one of the future ways of distributing vaccines, particularly to countries where there is no cold chain because the vaccines are very stable. We are bringing together these elements. I also know that QUT have very strong relationships with people who are involved in biomedical manufacturing. I really think there is an opportunity to build on the strong investment that Queensland has made in innovation now for several decades. That is where I see the opportunity.

**Mr O'CONNOR:** What would it look like as a formalised structure? Is it a team of researchers who are there keeping an eye on particular outbreaks, ready to respond quickly, or is some of that proactive research?

**Prof. Hoj:** It would be proactive research, but it would have to have buy-in from global pharma, in my view. If they did not say, 'We want to be part of this in some way,' you would be justified in thinking, 'Oh, it is just the university dreaming without any market signals.' I think it would be securing a national investment in that activity, but you would have to see it partnered with companies who wanted to take an interest in it because they could see that this is really one of the places where rapid responses to global pandemics are very feasible.

**Ms RICHARDS:** To both of the professors, I thank you, on behalf of all Queenslanders, for the work you are doing in developing the vaccine. I think it is a world first and it is really shining a spotlight on Queensland's stage. Both QUT and UQ are at the Redlands Research Centre doing fantastic work with our hydrogen pilot plant, which is really exciting, as well as the agriculture and robotics side of things. Congratulations to both universities for all you are doing for all Queenslanders.

**Prof. Sheil:** Thank you.

**CHAIR:** We all look with great hope at the university sector to provide us with both the economic and the health tools to help us recover. Your work is very important. I certainly encourage the university sector, if they make any more submissions to the federal or state governments or have something to add to this process, to make late or further submissions. Thank you very much for appearing to assist the committee today.

**PRATT, Mr Ian, Director, Lexis English, Queensland English Language Schools Collective (via videoconference)**

**CHAIR:** Thank you for joining us today. I now invite you to make an opening statement, after which the committee members will have some questions for you.

**Mr Pratt:** My name is Ian Pratt and I am the director of Lexis English. It would probably be helpful to start with a little bit of background on the ELICOS sector and a little bit about my company. Our story is very similar to other schools here in Queensland. Lexis opened in Noosa in 2004 and we have since expanded to multiple sites across Queensland, regionally and in Brisbane, and in New South Wales and Western Australia. In 2011 we opened our first school internationally, and we now operate in Korea and Japan as well. Last year we welcomed about 12,000 students to our schools from 107 different countries, though I imagine this year it will be substantially fewer. We remain a family business, which is very typical of our sector, and we employ about 300 people.

Most importantly, I am not here today to talk about Lexis; I represent a large group of private English language providers operating throughout Queensland. In 2018 there were around 180,000 international students in this country. In this state they were mostly in Brisbane, but a significant proportion of them were in regional areas as well. Private providers supplied about 40 per cent of this capacity. Nationally, the English market is worth about $2.35 billion per annum in direct spend. To put some perspective on that, around 30 per cent of international visitation expenditure in Queensland is from international students. That figure excludes the very substantial spend from visiting friends and family. The flow-on from that is huge.

In terms of study pathways, the high school group of students who are not in Browns English on the Gold Coast this year are not in a state government school next year; the students who are not studying with Ueli at Cairns College of English this year do not progress to James Cook University next year; and the students who are not doing IELTs preparation at Lexis Maroochydore this year do not proceed to TAFE next year. Just as importantly, these students are not hiring campervans for a month in the Daintree, they are not heading up the coast for surf weekends, they are not buying their coffees at local cafes and they are not paying room and board with local homestay families. The flow-on effect of losing the students from our schools is absolutely huge.

Our problem is this: we are an innovative and dynamic industry. We operate in an incredibly competitive space. Queensland providers have carved out a share of the market from competitors all over the world and domestically. We cannot innovate our way out of this COVID problem. Our entire business model is predicated on bringing international students from their country to ours. With the borders closed, our entire customer base has been denied to us. Most providers are now reporting a downturn of at least 80 per cent year on year, and it is worsening by the day. You could make a very strong argument that no industry sector has been affected by COVID as much as ours.

I guess it is now a question of what we need. Firstly, I acknowledge the support of the state government in areas such as student welfare to this point. It has been invaluable. The efforts of Shannon and her team at Study Queensland need to be highlighted. They have been incredibly supportive of us in what has been a ridiculously fast-moving situation. Our support with payroll tax and similar has been deeply appreciated by providers.

Looking forward from here, we are a highly regulated industry. Among other things, we need to meet ratios of students to teachers, and we have restrictions on the number of students per the number of square metres in our campuses. As a result of these things we are saddled with huge fixed costs, and many of these we have to meet whether we are training or not. JobKeeper has been a really welcome parachute for us—it has ensured we can maintain engagement with our staff—but this will be reduced in October and again in January, and I do not think there is any serious suggestion that the borders will be open and we will be training again in that time.

To many of the providers I spoke to, the biggest concern is our campuses. These are, by necessity, very large and the rental costs are huge. We need to look at ways in which we can extend the existing tenancies protection legislation or look at a way of arranging direct government support. Many competitor countries are receiving very substantial rental support and this is something we have to look at as a priority. It is not possible for us to dip in and out of leases and it is not possible for us to hibernate this space. It looms as a huge issue for us.

We are not just looking for handouts. It is a point that every provider I spoke to made: we want to trade our way out of this. Many ELICOS schools, for example, also provide vocational training to international students. Again, this is highly regulated and very competitive, and the quality in most cases is very high. It now appears that there will be substantial government funding paid into the vocational sector as a way of training COVID-affected Queenslanders. Many international providers are ideally located to work within this space. Unfortunately, the way the government funding application model is set up, there is no realistic way in which these providers can pivot for the domestic funding space for at least two years. This is an area where the government can facilitate access for international providers to this domestic funding to provide a really substantial win-win, and that is especially the case in regional areas. Allowing access to this funding and perhaps providing funding to facilitate registration would be an ideal way for the government to tide the industry over until such time as the borders are open and we can get back on our feet.

The final point I would like to make in my opening statement is the obvious one: we need to get our students back. There have been various discussions about corridors for international student arrivals, and I would urge the government to not give up on this. Also, find a way that ELICOS providers are given equal access to any of the opportunities this might provide. There is a huge scope for government support in this space, and it would be really welcome as a key input for getting us through this horrible period and then ultimately back on our feet.

**Mr STEVENS:** Mr Pratt, on page 3 of your submission you suggest that the Queensland government could further support the international education industry by helping to fund or subsidise the accommodation costs of quarantining international students in Brisbane, Gold Coast and regional centres. Do you have any estimates of what that support might cost and how it would be achieved operationally?

**Mr Pratt:** There have been all sorts of figures bandied about, including sort of a user-pay system on quarantine. I have heard everything from around $3,000 per person to around $8,000. We are probably not immediately in a position to give an accurate number on that. I think it would depend on a huge number of factors. Certainly, providing suitable space in places such as the Gold Coast or the Sunshine Coast would be a very practical measure that the government could take once again to tide us through this period until the borders are fully open.

**Ms RICHARDS:** You talk about the 10 signatories to your submission. What sorts of numbers are we looking at in terms of international students as a collective within your cohort?

**Mr Pratt:** This is a very disparate industry. The schools that signed off on this were: Langports Language College, operating in Brisbane and the Gold Coast; Impact English College, in Queensland operating in Brisbane; Inforum Education on the Gold Coast; Cairns College of English and Business in Cairns; ourselves, operating in Queensland in Brisbane, Noosa and Maroochydore; EC in Brisbane and Gold Coast; HI Brisbane, operating in Brisbane; ILSC in Brisbane; Browns English Language School, operating in Brisbane and Gold Coast; and Shaftston International College in Brisbane. There are many thousands of students across that. I think with Lexis we would be fairly typical in our numbers. In Queensland we would have around 7,000 students per year through the school.

**Ms RICHARDS:** We have just heard from both QUT and UQ in terms of some of the transitional arrangements they have been able to engage in in terms of online and digital learning. Have any of the signatories to this looked at online in terms of maintaining engagement with students and continuing to receive some form of revenue flow as a result of online learning?

**Mr Pratt:** Yes, we all immediately pivoted online back in March with varying degrees of success. As a stopgap measure it was satisfactory. It kept us in contact with our students and it kept us providing, I hope, a high level of English training for them. Ultimately, it is not an answer for us. Students come to Australia for the classroom experience as much as the education. They want to be here and they want to be part of the group. They are very unlikely to consider Australian providers for a purely online experience, and there are a number of reasons for this. We do not have a particular competitive advantage technologically to competitor countries such as the United States, England, Canada, the Philippines, South Africa et cetera. We are also dealing with what is probably the highest wages environment in the world for English language teaching. Our teachers are paid by award at almost double the rate of many of our competitor countries, and that is extremely limiting our ability to compete in the online space as an ongoing thing. While it was a good stopgap, for those reasons plus, of course, our regulatory requirement to provide 20 hours face-to-face tuition per week, it is difficult and possibly impossible longer term to invest heavily in that area.

**CHAIR:** As a former overseas English teacher myself, I understand people wanting to experience face-to-face English tuition. On top of that, we imagine that there is going to be a process where people have to come into quarantine. If you are not doing a three- or four-year course at a university, that quarantine period is something that students are going to want to take advantage of. Would there be a process where you engage in intensive English language instruction while they are in quarantine?

**Mr Pratt:** Yes, that would be a very attractive option for us. It is certainly possible. We obviously have serious concerns over the expense related to quarantine. The point you raised is a very good one. If you are coming in to do a four-year university course, a few thousand dollars at the start for quarantine is unattractive but it is something you will live with. If you are coming in to do 20 weeks of English language training, then extended quarantine and the expense attached to that is probably going to be something people are unprepared to accept, particularly in an environment where our competitor countries are open and trading through that. Yes, there is probably potential to deliver within that space. I think, more importantly, we need to look at ways in which, if we are dealing with quarantine, we can facilitate it in a cost-effective manner which does not disadvantage us compared to all of the other countries to which the students could be travelling.

**Mr O'CONNOR:** In your submission you talked about JobKeeper. I guess last week's announcement was welcomed, but three months after the borders reopen was the general idea that you were thinking would help your members get through?

**Mr Pratt:** Yes, I appreciate the question. Probably more broadly speaking I think we need to look at industry-specific support with regard to JobKeeper. If I was running a cafe, for example—which I am, because in Perth there is one attached to our school—I could move away from relying on our students and attract local people to good coffee. There is an opportunity there to gradually rebuild. Within the space we are operating the borders are open, so gradually reducing JobKeeper is really just a slow death for us. We cannot build our revenues in other ways. Our business relies on those borders being open. Yes, I think JobKeeper in a targeted, industry-specific manner certainly leading up to the borders opening, and ideally for a short period afterwards, would be absolutely critical to us, as would some form of tenancies protection, as these are the two costs that will ultimately genuinely bring most of the providers in this industry down whilst we are waiting for those borders.

**Mr O'CONNOR:** What was the cafe name and location? Give it a plug for all the people watching at home.

**Mr Pratt:** Scarborough Beach, Perth.

**Mr O'CONNOR:** That is a bit far for us.

**CHAIR:** Thank you very much, Mr Pratt. We really appreciate your time here today representing the industry. We really value the feedback you have given us. Because this situation does change, we encourage you, if you want to give us any further submissions and feedback that would help with this process, especially if you are preparing it for other committees, to ensure that you feed it through to us as well. Thank you very much for your participation today.

**Proceedings suspended from 12.54 pm to 1.11 pm.**

**CHAIR:** For those who may have just joined us, my name is Linus Power, the member for Logan and chair of the committee. The other members of the committee are: Ray Stevens, the member for Mermaid Beach and deputy chair, who is on the phone; Lance McCallum MP, the member for Bundamba; Trevor Watts MP, the member for Toowoomba North; Kim Richards MP, the member for Redlands; and Sam O'Connor MP, the member for Bonney.

**BALK, Mr Michael, Queensland Equity President, Media, Entertainment and Arts Alliance (via videoconference)**

**CHESHER, Mr Matthew, Director of Legal and Policy, Media, Entertainment and Arts Alliance (via videoconference)**

**FOSTER, Mr Stephen, President, Stage Queensland (via videoconference)**

**MAXWELL, Ms Fiona, Chief Executive Officer, Brisbane Powerhouse (via videoconference)**

**RAE, Ms Michelle, Queensland Regional Director, Media, Entertainment and Arts Alliance (via videoconference)**

**SAMUT, Ms Angela, Chief Executive Officer, QMusic (via videoconference)**

**STEWART, Mr Kris, Artistic Director, Brisbane Powerhouse (via videoconference)**

**WARD, Ms Jenna, Home of the Arts Casual Technical Staff Delegate, Media, Entertainment and Arts Alliance (via videoconference)**

**WILLIAMS, Ms Suzan, Executive Officer, Stage Queensland (via videoconference)**

**CHAIR:** Noting that we have quite a number of participants in the videoconference panel session, I ask that you please identify yourselves by name when speaking, particularly when speaking for the first time or when speaking other than in response to a direct question. Committee members will also be endeavouring to clearly introduce themselves when asking questions to minimise any confusion for members of the public watching the broadcast and also to assist Hansard in their transcription of proceedings. I now invite a representative from each of the organisations to make an opening statement of up to five minutes, after which the committee members will have some questions for you.

**Mr Chesher:** Good afternoon, Chair and committee. Thank you for the opportunity to make a contribution to your proceedings this afternoon. By our estimate, Queensland employs about one in five of Australia's creative workers in the industries in which MEAA has members. That amounts to roughly 15,000 employees. It is a big and growing sector; that is, it was until relatively recently. Pre COVID, Queensland was booming across hundreds of production businesses, but since March the arts and entertainment sector has been savaged by the coronavirus. Tools went down at that time, four or five months ago, and very few have been picked up since.

A good reflection of what has happened to the arts and entertainment sector can be found in the now rolling data provided by the Australian Bureau of Statistics. In May, the ABS revealed that 28 per cent of all payroll jobs in motion picture and sound recording had been lost, while losses in creative and performing arts were just under 30 per cent, at 29.5 per cent. If you compare those figures of 28 per cent and 30 per cent with the job losses across all sectors at that time—they amounted to under six per cent—the heavy, if not disproportionate, impact on the creative sector Australia wide and in Queensland is self-evident.

As committee members and other participants would be aware, film sets and television productions are now effectively closed or are making the earliest steps back under the strictest health protocols. Some of those are easy to accommodate and others are much more challenging, in an environment where people have to collaborate and sometimes operate within close proximity to one another. I am based in Sydney, but I anticipate that the experience in Queensland is much the same across orchestras and theatre companies, ballet and the like. Live music performances have ground to a halt. There would be some nascent activity in Queensland entertainment venues but it would be a fraction of what persisted before February and March this year. Cinemas are slowly awakening but, as we all know, this sector, equal with any other, I would submit, is effectively hostage to the virus. While that threat persists, many thousands of skilled Queenslanders in our sector will be without employment and adequate income support.

It is also the case—and this is something we stress—that it is not simply a matter of having the right protocols and the right safety approaches for the resumption of work on any scale. In the environment we are now in, especially with the second wave apparently surging in other parts of Australia, audiences will be incredibly apprehensive about coming together to pay for tickets, to turn up to events and to watch the artists who are engaged to present performances to them. That is a natural element of human nature, but it is one that will take many months to overcome.

Deloitte Access Economics did estimate around six or eight weeks ago that the arts and entertainment industry would be one of the very last to recover from COVID-19. On their estimates, they did not foresee a resumption of pre-February-March 2020 activity until sometime in the second half of 2025. It stands to reason that if the virus takes hold in a more ongoing way across Australia that estimate will be delayed once again. The consequences of that, which I have already pointed to, in terms of job availability and income support will increase the hardship for the sector at large.

The primary issue for MEAA since the virus threat emerged has been the question of income support. Our view, based on member interaction and surveys, is that roughly only half of our membership is or has been entitled to JobKeeper. The JobKeeper arrangement has been inflexible with respect to the work practices that are evident in the arts and entertainment sector. Consequently, I would estimate that half of our members have been making do on JobSeeker which, as you know, is substantially less than the JobKeeper allowance and is shortly to become subject to mutual obligation requirements where members are compelled to search for jobs, week in and week out, that we know do not exist. It is a somewhat perverse shift in the dynamics that this virus has created and the federal government's response to it. We have been profoundly disappointed that JobKeeper has been as constrained and inflexible as it is. I will say no more about it. I know that we have our Queensland director, Michelle, and we have Jenna and Michael present today who can talk about this and broader aspects of what has happened to our industry, but those are MEAA's opening remarks.

**CHAIR:** Thank you very much. MEAA is the union I would join if I had any talent, but, unfortunately, you will not have any membership from me due to my lack of talents!

**Ms Williams:** Stage Queensland is the industry association for performing arts centres. Our membership includes all the major performing arts centres, schools with theatres, producing companies and suppliers. I would like to start by highlighting the economic impacts of the pandemic and the associated restrictions on the sector.

The Queensland arts industry has suffered deeply from restrictions, business closures and the pandemic. For the period March to the end of June 2020, data from 25 performing arts centres across Queensland demonstrates the economic toll of COVID-19 on the sector. There has been a loss of over $10 million in revenue—and that excludes the figures from QPAC, which would add countless millions more. Over 2,000 performances and events have been cancelled or postponed, affecting communities across the state and impacting the employment of artists and crew. Over 1,200 venue staff have been stood down or redeployed, including casuals, part-time and full-time staff with expertise in technical live production, marketing, ticketing, programming, front of house and hospitality. These staff are not eligible for JobKeeper because the venues are all owned by government. This lost workforce capacity will make it incredibly difficult to get back to normal.

Performing arts centres rely on commercial and community hires of their facility to underwrite the delivery of artistic programs each year. These revenue streams have been lost during the shutdown period and well into 2021 as hirers cannot commit to an event where the capacity of the venue and thus their ability to sell tickets will be compromised by social distancing. Queensland has a number of arts exporters such as Circa and Queensland Ballet who generate a significant amount of their income from international sources. Helping exporters reconnect with their global markets when travel and borders are open will be vital.

The Regional Arts Services Network reports cancellation or postponement of more than 81 arts projects across the state, impacting the income of over 330 artists. Thirteen new Playing Queensland funded tours were suspended, which affects almost 116,000 regional attendees and participants. Cancellation of arts and cultural events has flow-on effects to Queensland's economy through a significant decrease in direct expenditure by venues as well as expenditure from audience members.

The second point we would like to respond to is the government's approach to imposing restrictions and providing economic support to businesses and workers. The lockdown was handled swiftly by the Queensland government, and the sector responded immediately without issue. This swift action from all parts of the state and industry has helped to put Queensland in a good position, considering national and international comparisons.

The road map to easing Queensland's restrictions provides clear guidelines for performing arts throughout stages 1, 2 and 3. Critical to venues being able to schedule viable events is what the next stages will look like. Under the Queensland government's direction, performing arts venues are restricted businesses. Stage 3 allows venues to open at 50 per cent of capacity, or one person per four square metres, whichever is greater. However, if you apply the 1.5-metre rule inside the theatre, audiences cannot get anywhere close to 50 per cent capacity. It is within a range of 15 per cent to 25 per cent capacity, depending on the size of the venue. With the extra cleaning and staffing costs also an issue, it means that, whilst venues are permitted to open, the current restrictions do not make it viable for most facilities.

Stage Queensland's interaction with the Queensland government has been through Arts Queensland, with whom we worked closely to develop an industry COVID-safe plan for live performance venues/theatres. Arts Queensland has been accessible and responsive, facilitating extensive consultation with different sector stakeholders. It has been a helpful conduit to Queensland Health throughout the development of the industry plan.

A challenge for the sector has been the complex interactions of various COVID-safe frameworks, safe-event plans and industry plans. Performing arts centres typically include food and beverage and general office set-ups and perform specific requirements that come under different plans. Navigating the interaction and differences between the plans has been onerous and taken up valuable staff energy and time at a time when venues are under-resourced. I will share my five minutes with the President of Stage Queensland, Stephen Foster, to provide our views on the Queensland government's economic response to COVID-19, including its interaction with the federal government's response.

**Mr Foster:** As highlighted, local government and statutory bodies were ineligible for JobKeeper for their employees. We were very appreciative of the state government advocating on behalf of our sector to the federal government to extend JobKeeper to our sector of the industry. We are still looking for a solution in that regard. This needs to be addressed as soon as possible. The state government, through Arts Queensland, responded swiftly again with support for the sector, with an initial \$10.5 million in rapid response. That \$10.5 million really supported already funded organisations, boosted some of the funds that were available at the time and offered extensions and repurposing of funded projects.

A range of new funding opportunities are available now as part of a \$22.5 million package. Again, I understand that other funds associated with that recovery package will be coming out shortly. We are hoping that those funding packages can be more tailored and focused for performing arts centres as at this stage those funding allocations are very much focused on artists and artists to create work. Without stages, artists will find it very hard to present that work and, vice versa, without the artists creating that work we will find it very hard to present work ourselves in the industry.

The state government, again through Arts Queensland, offered \$200,000 to six performing arts venues across Queensland to do a pilot program for work under the stage 3 road map guidelines. We are halfway through that program now. We are getting lots of learnings from those centres engaged in that program. By mid-August we should be able to report back to the state government to educate the state on our needs as a sector.

We appreciate the speed of the grants getting out and the money available to the sector; however, this is going to be a long, long runway. We would like to see a long-term process for getting venues up and running at full capacity. Venues will need flexibility with grants programs and grant timelines to seek funding opportunities over the next one to two years to help us recover.

Although a range of arts funded packages have been made available by the state and federal governments, as mentioned, many are geared towards restarting arts and the funding of artists. There are limited funding mechanisms available for performing arts centres to recover losses, retain staff or fund the resumptions of our businesses. The funding programs which might provide support are competitive and sector wide, meaning that performing arts centres are often competing with unemployed and particularly vulnerable artists and producers. The funding available is insufficient in light of the long-term financial impact faced by our industry.

The overhead for the performing arts sector is upwards of $100,000 a month to run and operate our venues. In terms of proposals for the recovery and the health of the sector moving forward, with the support of the Queensland government, local government owned and operated arts cultural facilities across the state can continue to remain central to our communities' wellbeing and be essential to our social, economic and creative recovery once this pandemic has abated.

Stage Queensland urges the Queensland government to support local governments to prevent the further redeployment or reduction in live performances and performance staff levels during the pandemic—that is, once again, a JobKeeper designed program to support performing arts centre staff. We need to limit the impact to venue operation and program budgets when local governments are assessing the financial implications of COVID-19 across the board.

Some of our ideas from the performing arts sector and from Stage Queensland for funds moving forward is a presenters fund, underwritten by a guarantee against loss. While restrictions are in place and limiting the number of attendees and audiences in our venues, we need to have a safety net moving forward to guarantee those losses at the box office. That way we can safely program our venues with these restrictions in place. We can safely employ staff and artists with these restrictions in place and we can start reconnecting and rebuilding our industry. An events contingency fund can be tied to that for future events if a second or third wave of COVID hits. That way we can program into the future and start that journey of resilience.

The government has stepped forward with the live music industry by providing a Live Music Venue Support program. This is a sensational initiative, albeit an early, much needed initiative. We too in the performing arts sector would like to see the same type of initiative focused on performing arts centres that are not just dedicated to running live music programs but also dedicated across the board, running multiple disciplines. We very much support the live music sector and our sector as well, but we see the need to also extend the program to performing arts centres.

**CHAIR:** We might hear from Angela Samut from QMusic. We have lost Angela. We will see whether we can get Angela back. In the meantime we will move on to the Powerhouse. We have Fiona Maxwell and Kris Stewart. Would either of you like to give some brief introductory remarks?

**Mr Stewart:** Firstly, on behalf of Brisbane Powerhouse's board and staff, we would like to acknowledge the funding efforts of Arts Queensland and the Queensland government to address the critical financial issues we face. Like Stephen mentioned earlier, we have been fortunate enough to receive some support recently that allowed us to reopen last Thursday with performances of a Brisbane company to Brisbane audiences again. We thank them for that.

We have faced some very critical issues over the last few months. We are probably a good case study in what Stephen mentioned about issues that surrounded JobKeeper within this sector. We are an organisation with a single shareholder—that is, Brisbane City Council—but we are independently operated and we have an independent board, staff and management.

Even though we were unable to receive JobKeeper and we twice submitted hoping to have that addressed and because of that have faced quite significant hardship in our ability to support our staff through this period, there were 131 days between our last day of trading and our first—last week. Because of that, we are forecasting to sell 55,000 tickets in 2021 compared to 140,000 last year. Our income will fall from about $11.45 million last year to a projection of $7.7 million in 2020-21.

As Suzan mentioned earlier, the reason we are seeing such a large impact is that arts centres are reasonably complicated businesses. They have multiple ways of making income but quite often they will all rise and fall—

**CHAIR:** Everyone has frozen. Kris, are you there? What we might do for those listening online is briefly pause the broadcast while we resolve the technical difficulties. Thank you for bearing with us. Kris, are we back?

**Mr Stewart:** Yes. You have me still. Did you hear the last bit that I said?

**CHAIR:** No.

**Mr O'CONNOR:** You dropped out for about 20 or 30 seconds.

**Mr Stewart:** Should I begin again?

**CHAIR:** You were talking about the number of tickets that you had sold this year as opposed to previously. Straight after that you cut out.

**Mr Stewart:** We are forecasting 55,000 tickets this year compared to 140,000 last year. We are forecasting an income of $7.7 million this year compared to $11.45 million last year. As Suzan mentioned before, arts centres are reasonably complex in the multiple ways we earn incomes. Sadly, they quite often rise and fall together. As well as seeing reductions in ticketing income, we will see reductions in sponsorship income, food and beverage income, commercial hires of our venue functions and events income. There are multiple impacts that happen due to COVID. Equally, rolling out a COVID-safe plan within our venues, as Suzan mentioned, is especially complex because at the same time we are a functions space, we are an events space, we are a restaurant and we are a performance venue—all of which have different COVID-safe processes and plans that are in place across the wider community.

We are anticipating a $1.9 million financial loss as a result of COVID and the ongoing restrictions. As a result, our full-time workforce is currently working at three days a week. We have had obvious and drastic impacts on our casual workforce. We made seven roles redundant recently in order to keep operating. That being said, as I raised earlier, the recent financial support from the state government has had a direct positive effect on our ongoing and future viability as a business.

One of the learnings we would offer as an individual organisation that sits within organisations such as Stage Queensland is that the support that exists now—the $22.5 million—we would say is very strong and positive. We are seeing a lot of ways that will be able to help. It took a little while in order to land. Perhaps a point could be made that a good plan that happens swiftly has more positive influence than an excellent plan that takes a while. Stephen mentioned that the first stage of support that was offered by the state government attempted to utilise existing funding models such as QASP and supportive existing companies. That perhaps had less success than the $22.5 million that is in place now. We are strongly supportive of how proactive Arts Queensland and the arts minister's office has been recently in putting that in place. We will anticipate some strong, positive outcomes coming from that support, especially, as Stephen has raised, the ongoing support that we were anticipating for the wider arts community. We have already had announcements of how that can affect music venues. We are anticipating that that will flow on to arts venues and performing arts venues such as ours.

**CHAIR:** Thank you very much. We will return now to QMusic and Angela Samut to give some introductory remarks.

**Ms Samut:** Sorry about before. I hope I do not drop out again. Thank you, Chair and committee. For those of you who are not familiar with QMusic, we are a not-for-profit, membership based organisation in Fortitude Valley and we are the music industry development association. We look after the development of the state—the statewide music sector. That entails from the artists to all the professionals and workers who work within the ecosystem.

I believe that 15 March—I could be a few days out—was the date of the lockdown, when our whole industry was brought to its knees; some would argue it face planted. Most of our artists rely on live performance for about 80 per cent of their income. The whole ecosystem around the artists relies on them earning money. It has been devastating, as it has been for many industries. For the music industry it has been an absolute financial crisis, which is also leading to a huge mental health crisis that we are seeing within our industry.

We are a gig economy. We are a casualised workforce. As we are all seeing in Victoria, it makes it hard when not turning up to a shift or doing something means that you are not going to be able to put food on your table. That makes it very difficult in these COVID times. A lot of our industry missed out on JobKeeper, so there has been a lot of destitution in our sector.

We have been working closely with Arts Queensland. I must say that we have felt incredibly supported and heard by Arts Queensland. From the get-go we spoke to them about the live music space, which ordinarily has not been something—it is very different from Stage Queensland, your QPACs and your Powerhouses et cetera. We have argued, as we do, that even a venue in Fortitude Valley is like one of those stages. It is where artists go to garner audiences and earn money. Basically, they are the backbone of the entire industry.

With live music having to shut their doors and now with trading at not 100 per cent, it is really putting stress on the whole industry. Not having tours and festivals—all of that is making it quite impossible for an artist and hence the whole industry to survive. We do argue, as we rightfully do, that live music trickles down to many different sectors including hospitality and tourism. It is also critical in regional areas for the livability of the regions, keeping young people in the regions and stopping them from having to move to Brisbane or bigger cities down south, God forbid. We see that as a huge risk. We are going to have a massive brain drain for our industry where people will, by virtue of numbers, have to go to Melbourne or Sydney once this is all over because the work has dried up, as has the money.

We forecast huge issues when JobKeeper does end. We see that it will take at least another 12 months for this industry to get back on its feet. There is a latent period where we have not even seen the worst of it yet with royalties et cetera that artists would usually get from touring and what is played on radios et cetera. That is all going to roll out at the end of the year.

Going back to live music venues and other businesses, if they have to go back to paying full rent, the maths is just not going to work out for many of them. When we talk about our contemporary live music venues, we are looking at about 120 in the state. These are the ones that we know are going to be taking up the offer that is being rolled out—the $22.5 million package which the state government kindly dealt us. It did a lot in pulling together live music venue support and we were very pleased with that. There were also the playing local programming grants et cetera.

I have advised Arts Queensland that where that may come undone is that we at QMusic are preparing a COVID plan for live music venues in Queensland, but we have not had that signed off on yet. We are still working through that with the health department. They want it to be more compliant with what is presently allowed, but we are trying to come to a position in our COVID-safe plan where we know that live music venues will be able to trade. On the current specifications, essentially the one-in-four-square-metre rule, we have surveyed our venues across the state and over 40 per cent of them will need to close. That is a significant number. We have to really keep working with Health. We know that Health is No. 1 in working through what we will be laying down to now a live music plan. When you look at places like the Powerhouse—yes, they will have a few different plans they will opt in to. We would hope that they can opt in to ours and have viable outcomes for supporting live music.

We also were the delivery partner for the stART grant, which was a very welcome relief that the state government did for the music industry. We had 485 applications, which was a lot. Only 54 received funding and 36 of those were in the regions. We know that those quick response grants make a big difference, which is great. That is probably about it in a nutshell for us in the music game here.

**CHAIR:** Thank you all for making statements. I know it is a trying time for the arts and performance industry.

**Mr WATTS:** I declare a family interest in this: I am also a big fan of Bigsound. Angela, I am interested to understand what compromises have had to be made to get Bigsound to operate. I am also trying to understand what else you think should or could be done for artists who really have had their income reduced to basically almost nothing and who find themselves not eligible for various types of support.

**Ms Samut:** Thank you for the question. (Inaudible). I do not think any of us are sleeping! We are forging ahead with the event, but, again by virtue of how many people are allowed in venues, it will be a third of the size. It will not be Bigsound as we know it. Rather than the four days and four nights, we are doing two days and two nights. I have had a lot of people say that we are crazy for doing it this year with all the planning that is involved, but we see it as very important, especially for confidence in the industry, especially as a forum for industry to come together again.

For those people who are not familiar with Bigsound, we are recognised as the largest music industry and new music conference in the Southern Hemisphere. We receive support from the Australia Council for the Arts and also the state government. With that comes great responsibility. We are responsible to the whole industry. The main topics we want to discuss at Bigsound are the sustainability of our industry in that, with the live sector going, it totally wipes out the whole industry. Again, it is going to be bringing together all the brilliant minds and talking about how artists in particular can diversify their income streams and just a whole new way. We said that we want to recover but, better than that, we want to rebuild better than before.

We also have a theme running through about looking after our First Nation music community. When COVID hit, our First Nation music community was already at a disadvantage, so they are at more of a disadvantage now with what is happening to the whole pie for the whole industry. All we want for Bigsound this year is that artists who apply to play get the opportunity, whether that is live or whether we are all in lockdown, or if people cannot travel or we cannot have people here that we have Bigsound satellite events. We have Bigsound Toowoomba. These are all things that we have to work out. We are working with streaming partners like YouTube, where we can get their music to an end buyer, with the ultimate goal of Bigsound doing business for artists. Whether that is international or national business, they get exposed and get business. But we are very much in the red; I will be open about that. We rely on sponsorships as well as funding. As I am sure a lot of people here who work in the sponsorship space would know, sponsorship dollars have dried up. We are going ahead with Bigsound and we just hope that that will then lead to business opportunities for those artists involved. I hope that answered your question.

**CHAIR:** I think it did. As someone who has interstate friends who come up for Bigsound, I know that it is always a really impressive showcase. I hope that you can continue that showcase. I think it is vital that we have those discussions in this atmosphere.

**Ms RICHARDS:** I also declare a family conflict: my son is a TV post-production editor down in Sydney, so I absolutely understand the complexities that JobKeeper has presented. I have had for some time my own personal concern within the industry itself around the casualisation of the workforce and short-term rolling contracts. I would be keen to hear from Matthew from the entertainment and arts alliance on some of the things we could look at to provide more stability within the overall arts workforce. What are those things that government can look at that will help support a more sustainable industry going forward? The casualisation that occurs in this particular industry is probably similar to the tourism industry, but there is an ever-revolving door between different production houses depending on workflows and schedules. I am keen to hear your thoughts on how we can assist.

**Ms Rae:** I am actually going to ask Jenna and Michael to answer this one for you. Jenna, who works casually for an arts centre, can talk to you about the impact for her as an individual who is employed casually. That is our industry: a lot of people are casual. Michael works in Queensland contract to contract in television as a performer. I might start with Jenna, who can talk about what it has been like for her and in particular what it means for casuals, because our arts centres, our venues, were not able to get JobKeeper.

**Ms RICHARDS:** JobKeeper was interesting too in terms of its time frame for trigger. I know that, although they were working on the same show, some people in my son's office were eligible for JobKeeper and some were not. It was quite an interesting situation.

**Ms Ward:** As mentioned, I am a casual technician. I work at one of the larger venues here on the Gold Coast. For me personally, it has definitely been a huge financial hit. Unfortunately, as a casual I was one of the first to be stood down as soon as COVID hit, to preserve the company financially. I know with our venue, in our technical department a very large chunk are casuals. Only our heads of departments are full-timers, so that makes about six on the ground as full-timers. The rest were casuals. We were stood down pretty quickly and swiftly on about 20 March. We were told that was kind of it. We needed to close doors and obviously continue to work from home if possible. Obviously, we casuals were not able to as most of our work is in venue.

We have all been out of work for about four or five months now. I know a lot of us, myself included, have had to look in other industries to supplement our income. We are ineligible for JobKeeper as the venue is owned by our local council, so we had to look at JobSeeker. I know that some of us were ineligible for that as well, so that was definitely a double blow. I was very lucky to get JobSeeker, but it is definitely less than what I would be getting if I was able to work. Having to readjust my finances was quite a shock, an awakening. I am definitely struggling to get through. That is one of the main reasons I have had to look into other industries to supplement that, to be able to live. I was talking to a lot of other casuals within my department and they have done the same thing, which definitely makes it a worry for the future when we are able to open up whether we will have the staff to continue putting on the shows, events, conferences and whatever else is being brought into venues. As casuals and people we need to be able to still live, and we are going to go where the money is, unfortunately.

**Ms Rae:** The Gold Coast Arts Centre has also had to stand down permanent staff through this process by virtue of not being able to get JobKeeper, which is a real issue for us. Between QPAC and the Gold Coast Arts Centre, over 700 casuals have been stood down, so that is 700 Queenslanders not getting any money through JobKeeper and who are possibly going to be lost to our industry with very specific skill sets. People like Jenna are not people you can just get off the street, because of the skill set they bring. In Victoria, one of the ways they kept those people and covered the JobKeeper issue was that they made sure their permanent staff who were public servants or to a venue—that the money would come forward through the state government, and then they created a JobKeeper for casuals because they understood that need of skill sets that comes from the world of the technicians. Michael is going to talk from a TV sense. Michael will tell you his story at the start of COVID and what that has meant for him.

**Mr Balk:** I would like to thank the member for Redlands for her question. I am the president of Queensland Equity. I am also the vice-president of the Actors' & Entertainers' Benevolent Fund of Queensland, delegate to the National Performers' Committee and delegate to the Australasian

Alliance of Performing Arts Benevolent Funds. As Michelle alluded to, I was unemployed as a result of COVID-19 causing shutdowns in the workplace in March. I have spent the last 20 years working in Australian theatre and television. Due to operational limitations, the Nine Entertainment Co. sought to minimise expenditure by deploying all of their casual and contract workers. Unfortunately, due to the restrictions around JobKeeper, the team in Queensland was unable to receive that benefit.

I would like to support Jenna's note on the huge risk to skills loss in television in Queensland. There is no way that the industry can survive without some form of support for workers without skills and talent leaving the industry on a permanent basis. Queensland obviously has Screen Queensland, and we do recognise the efforts by the Queensland government through their support package, but at the end of the day the money is not making it to the workers on the ground. As we are casually employed, we are contract to contract. It is an enormously difficult industry to survive in, and with venue closures and forced closures at the studios it is going to make it almost impossible for workers to withstand this crisis without government intervention.

To offer some suggestions to the member for Redlands, support that makes it direct to casualised workforces and contract-to-contract employees would be very beneficial, and understanding the much nuanced ecosystem of the arts sector in Queensland is paramount. The people who work as performers in the subsidised venues and the government owned venues are not just the performers; they are often also the staff who work in the food and beverage business, front of house and ticketing.

For every dollar that is spent in supporting venues and project development there are hundreds, if not thousands, of workers across Queensland who do not see any benefit at this stage. Until venues can return to full capacity and studios can return to full operation, the majority of the workforce is going to be left in a position where financially things will be very difficult.

In Queensland the Actors' and Entertainers' Benevolent Fund has seen an increase in requests for crisis assistance of 3,600 per cent since March. Due to our modelling, we expect that 5,000 casual or contract workers across the state will find themselves in financial difficulty between now and the end of this crisis, whenever that might be. Essentially, there is an urgent need for government support, whether it is direct to the casual workforce or to the organisations who can re-employ them. We would be very grateful for that support.

**Ms Ward:** I want to also mention as a response to the member for Redlands that maybe looking at alternative ways of being able to go back to work—for example, being able to fund the venues that could look at live theatre streaming their shows—would allow them to employ casuals as well as full-timers back into their positions in a technical sense.

**Mr Balk:** I might also add that it is not a matter of a crisis for employees in the state of Queensland. I would like to recognise the immense output that our arts sector has on a national and an international level. As someone who has worked in Queensland for the last two decades, I can say that our state represents an incredibly valuable breeding ground for both work and arts practitioners. If we cannot maintain some form of buoyancy across this industry and this state, nationally we will lose an enormous resource, from children's television, an emerging sector, and the independent sector. The people who create work and work in Queensland go on to become very important figures across the industry on a national and an international level. Culturally, we also need to acknowledge that what is at stake here is very great.

**Mr O'CONNOR:** Michelle, you mentioned that over 700 workers statewide fall under state or local governments and are therefore ineligible for JobKeeper. In terms of the Victorian program you were talking about where the state government picked that up and supported their workers, were there discussions with the Queensland government about taking that up or suggestions from yourself to the Queensland government to do that?

**Ms Rae:** Just to let you know, that figure of 700 is the number of casuals employed between QPAC and the Home of the Arts, previously known as the Gold Coast Arts Centre. There are far more casuals employed across Queensland in the live theatre sector. There has been communication with the Queensland government in relation to it. We also spoke to the employers about it to see where it would be. Obviously in the Queensland government responses we have seen lots of great initiatives, and Stage Queensland, Angela and Powerhouse have spoken to those. The small to medium sector has had lots of support, which is amazing.

In terms of the venue centres, the large centres, small to medium work is imperative to have new work and creative work and to keep our industry's creative juices flowing. What we need to see is our venues being able to survive and continue to move forward. A lot of the response has been bringing 2020-21 funding forward to help. As Kris alluded to when he was talking about the difference in ticket sales, most of our venues are not heavily funded by government; they actually are creators of capital. Through their programs and their ticket sales they fund themselves for the most part.

The Powerhouse has talked about nearly 100,000 fewer tickets being sold. That is a really big impact on their income. What we see then is by bringing forward the 2020-21 funding, that is great; that has kept them able to employ permanents but not casuals in some of the venues. However, it means that we are going to be in this crisis next year because we will still have reduced ticket sales and not have our 2020-21 funding available. That is why we think we need to start looking at how we support the venues that are needed for the work to go to. That way we can have our music programs and live theatre; we can look at all the different ways we create those to make revenue when for quite some time they are going to be at 50 per cent ticket sale revenue.

**Mr O'CONNOR:** I have a very quick follow-up for Stage Queensland. On that topic, do you have any estimate for when overseas or interstate touring productions will be able return to Queensland?

**Mr Foster:** We are just following the media on that front as to when a COVID vaccine could possibly come into play. The dialogue out there has been mid-2021. That is certainly not our focus at the moment. Our focus is trying to put local Queensland artists on stage to support the Queensland industry. We are all a bit gun-shy to book anyone outside of Queensland at the moment because of the restrictions and what is happening in other states. It is very nerve-racking with border closures. Our safe bet is trying to navigate a Queensland-only program and focus on that at the moment.

**CHAIR:** Thank you very much. There is a lot of uncertainty about yours and other industries. We thank everyone for their participation today. As things progress, if there is information that would be useful for the committee in their deliberations, or if you are doing this for other bodies, feel free to give us further submissions that we can take into account in our report. We really appreciate your appearance and thank you for your participation and submissions.

## LAMB, Ms Dominique, Chief Executive Officer, National Retail Association (via videoconference)

## ROGUT, Mr Jeff, Chief Executive Officer, Australasian Association of Convenience Stores Ltd (via videoconference)

**CHAIR:** Good afternoon. Thank you for joining us today. As with other witnesses, please identify yourself when speaking, particularly when speaking for the first time or when speaking other than in response to a direct question. Committee members will attempt to do the same. I now invite each of you to make an opening statement, after which the committee members will have some questions for you.

**Ms Lamb:** From our perspective, we rely on the submissions that we have put forward. Obviously for us, it has been quite a very difficult time within retail. At the moment we know that in Queensland alone our retailers lost over $400 million in the month of March. We know they have been coming back slowly, but certainly we are seeing them not open in many of our centres around the state.

Predominantly the CBD area seems to be the biggest affected. Whilst there has been lots of assistance coming out of both state and federal governments, for these businesses the concern now is what will happen as that progressively ends, as well as some of the other issues that have arisen as a result of COVID including increasing crime. For instance, we have seen a 100 per cent spike in retail theft in many locations across the state. Our retail crime insights platform is also telling us that there has been a 17 per cent increase in violence against retail workers, which of course is of great concern as well as its cost to the industry.

Aside from that, ultimately retailers work very intrinsically with a lot of other sectors such as hospitality, restaurants, tourism and even property. We have a great interest in seeing those particular industries prosper at this time because we need to have customers driven to the locations that we are opening. What we also need to see is certainty that the discretionary spend is there, so the unemployment rate is also of great concern to us. We as an industry are very interested to make sure we get as many people as possible into employment. Unfortunately, we know that only one per cent of our retailers are telling us that they are looking to rehire at this time. We are really seeking to give them more confidence so they do start to do that, because we are the largest employer of youth in the country and we know that youth have absolutely been affected during the coronavirus.

**Mr Rogut:** With your indulgence, I might read a short statement that I have prepared so it is at least in some logical sequence. First of all, I would like to thank the committee for inviting me to attend this afternoon. It is greatly appreciated. Our industry was established in 1990. We are the peak body for the Australasian convenience stores.

When we started down the road of COVID-19, when all of this happened, we worked very closely with governments, both state and federal, to ensure we were deemed an essential service. Because of the nature of our products, particularly the fuel side of the business, we were given the dispensation, if I can call it that, and our retailers have traded right throughout the period. What we have found, as has just been said by the previous speaker, is that retail has been incredibly tough for the business operators, their staff and suppliers to the industry. As a result of that we developed a 10-point plan that we believed would help our industry and indeed potentially other retailers not only survive but also thrive in the future post COVID-19.

I will not go through all of the 10 points but I will focus on three of them, if I may, because they do have some relevance to our industry. To some degree they are, dare I say, contentious because of the nature of the products. I will touch on the industry as a whole. We are an industry of $8.8 billion. If you add petrol on top of that, we are an industry of over $35 billion. Nationally we employ well over 40,000 people. Queensland represents around a quarter of our industry, so it is a vital part of all of convenience.

The three areas that I would like to focus on to some degree require federal intervention as well, but certainly there is a great deal that states can do. The first one is the moratorium on further tobacco excise increases but, more importantly, greater law enforcement and greater street level enforcement of the illegal tobacco trade. This is a major issue not only in Queensland but also around the country.

In 2019, according to the latest KPMG report, illicit tobacco accounted for about 20 per cent of the overall market. It is being sold, particularly in Queensland, absolutely brazenly by irresponsible retailers. I have here something that was sent to me only recently. This is how it is being sold and promoted. I hope you can see that. It is just a poly bag with a business card—no plain packaging, no country of origin—and is available to be sold and bought by anyone of any age. Certainly Border Force do a terrific job at the border, but at street level there is a huge amount of leakage. To give you some idea of the growth in some areas of Queensland, in 2019 Brisbane was up 15.6 per cent from 7.5 per cent the previous year; Gold Coast 12.5 per cent, up from 9.2 per cent; and Cairns 17.2 per cent, up from 10.6 per cent. Nationally it is a big issue, robbing responsible retailers and certainly governments of revenue.

The second issue is allowing convenience stores the ability to sell alcohol in their stores. Yes, we are certainly aware of the social issues but, like tobacco, alcohol is a legal product. It is being sold by many supermarkets. Indeed, supermarkets control about 75 per cent of that market. To be clear, we do not propose to sell alcohol, given the ability, 24 hours a day. We would be in line with anybody else in those local areas. Our staff would be fully trained in the responsible service of alcohol. We have offered to make separate spaces available within stores. Many of the major chains are selling alcohol. As I say, the major supermarkets control about 75 per cent of that market. Home-delivered alcohol is growing rapidly. There is a shift occurring in alcohol in terms of the way people are drinking, certainly amongst younger consumers. We have also found through our research that people do want to shop local and they do want to be in smaller areas with less crowds, certainly as a result of COVID-19. Importantly, this would create jobs within our industry. It is a new category for both our retailers and potentially suppliers.

The third point that I touch on is the regulation of the legal sale of e-cigarettes through convenience stores. You may ask, 'Why is this an issue for the future and for growth?' Public health in the UK has shown a number of times that e-cigarettes are about 95 per cent 'safer' than traditional tobacco. Many Australian consumers are looking for these products. What is happening, as with illegal tobacco, is: it is either being imported illegally, as nicotine is a banned substance, or being bought through criminal enterprises. We see this not only as a commercial opportunity but, from a health perspective, we believe it has merits and certainly could also benefit those consumers seeking to cease smoking.

From our point of view, our submission, which you have—all 10 points—certainly does not seek to dwell on the past. We are looking at the future. We are looking at supporting both the federal and the state governments wherever we can through the many stores and people that we have. Thank you again for the consideration of the submission and your invitation this afternoon.

**Mr STEVENS:** My question is in relation to the smaller convenience areas. In relation to the 10-point plan, which I think is fantastic, I note in point 6 that you would like to sell packaged alcohol and those sorts of things, which I think is a great idea to level the playing field. The majors, who own most of the bottle shops et cetera around the place in the big cities, not so much the smaller towns, have about 200,000 union employees in the shop assistants union. Is your voice not being heard impartially, do you believe, in terms of seeking dot point 6, the sale of alcohol for convenience stores in the COVID recovery?

**Mr Rogut:** That is a good question. We have spoken to many people, and this largely rests with government. We have no opposition through the unions or through any of the other alcohol related associations. I will be quite frank: when we talk to many politicians, one-on-one they all agree that commercially it makes sense. When we say, 'Will you support us in this initiative?,' the first answer we get is, 'No.' When we ask, 'Why?,' the second answer we normally get is simply, 'There are no votes in it.' What is precluding our industry from selling alcohol, particularly beer and wine—and we are not looking to become full-blown bottle shops. It certainly will not extend the market. What it will do is increase competition and allow those people who want to buy a beer on the way home or a bottle of wine on the way to a party to do so more conveniently than through one of the majors. We really have had no opposition from any large groups. It is primarily government that has been the stumbling block.

**CHAIR:** I imagine in small towns in Queensland pubs are doing it quite hard and have possibly had to lay off workers. You would then, therefore, as a response to COVID and the business difficulties that small-town pub had encountered, seek to introduce more competition that perhaps might send that small-town pub broke?

**Mr Rogut:** That is a good point. The point I would make is: we do not see alcohol necessarily being sold in every convenience store. They may not have the size, they may not have the demographic and they may not be in an area where it may be desirable—I will be quite open—socially to increase the availability of alcohol.

**CHAIR:** When a business has an existing regulation and it is struggling post COVID, it would seem like a really inopportune time to introduce extra competition that might really hurt it.

**Mr Rogut:** It is a valid point. It is not stopping Coles and Woolies expanding, it is not stopping home delivery and it is not stopping many of the other channels to market around alcohol. We would just be part of that playing field. Obviously, the operator would need to make a commercial decision as to whether or not it would be viable for them. We are not discounters, so it is not as though we would go into the town and undercut everybody. We would compete on a level playing field if that situation arose.

**Mr WATTS:** As someone who at one stage worked for Queensland Wine, could I get your view on only Queensland manufactured products being able to be sold at local convenience stores as a specialty item in terms of locally produced, small-scale production?

**Mr Rogut:** That is a terrific idea. We floated such ideas in some of the other states. They did not gain a lot of traction, but certainly that has a lot of appeal (a) it supports the state and (b) it gives us the opportunity to pilot such a scheme and prove that it can be done responsibly and commercially. Certainly there would be no objection to that.

**Mr McCALLUM:** My question is to the National Retail Association. Your submission mentions women who work in the retail sector being particularly adversely affected by of the impact of COVID. Are there any ways that the Queensland government could mitigate those kinds of effects? Are there any other groups of retail workers who are particularly impacted?

**Ms Lamb:** At this time, the workers that have been most affected are young workers or female workers—women in particular, usually due to the fact that the majority of the particular women we are talking about would have children in their care. On many occasions they are the primary carer. That has meant that if there has not been child care available they have taken time off work to look after their children, to homeschool their children while we have not had our school system open and things like that. In saying that, in terms of what the Queensland government could do in order to assist them through this period—what we see in retail is that 55 per cent of the people we employ, out of 1.2 million across the nation, are female, and they are young women. We know that less than eight per cent of those are at a CEO level. The reason for that is that we seem to have a gap in relation to the skill sets that are required in order to get them into the leadership positions. Whilst there have been many attempts, via traineeships and things like that, to assist women in going from the shop floor through to other roles, they have been unsuccessful in getting those numbers up.

In terms of what we would like to see happen, we think there is a huge opportunity in relation to micro-credentialing and being able to provide them with those additional skills. We know from looking at surveys of women that the reason why they stay in the workforce, why they take new jobs, why they do not take promotions or why they do not put their hand up for promotions is usually that they require additional support in the transition from one particular role to a more senior role. We think that is precisely where we could see additional help being provided to them, especially through mentoring and just giving them other skills that potentially they do not think they have or they do not think are fully formed in order to make those applications or to put their hand up for that particular role.

When it comes to young people, I think that right now Skilling Queenslanders for Work has done a great job in terms of getting unemployed youth back into the workforce, particularly given that we are a great entry-level workforce. However, I think we are going to now see young people who have skills who have lost their jobs and who potentially need to reskill into different areas or be given skills that are transferrable into different industries—whether that is around resilience, whether it is around safety or whether it is simply around customer service and those basic skills they could use in any of the industries. I think that is what we would see now. Our suggestion for unemployment and utilising the numbers that potentially we would have within this sector would be really to invest in young people who have now recently lost their job as a result of COVID, to get them back into the workforce and to give them the skills that would transfer into other industries that may be doing well when others are not.

**Mr McCALLUM:** Zeroing in on the impact of women, we have heard from several other submitters regarding childcare subsidies—that if those subsidies were maintained or increased going forward there would be significant economic uplift across our economy in the many millions of dollars. Does your association have any particular view in relation to that? Would you agree with that suggestion? Do you have a position in relation to childcare subsidies?

**Ms Lamb:** Certainly in terms of childcare subsidies, I think any way of providing women with another option in terms of looking after their children, giving them the option to go back to work or to work longer hours, would obviously go a long way in assisting them to do it. The trick, of course, would be to ensure that those subsidies were sufficient so that they were not working in either casual or part-time roles where their pay was then taken up by the amount they are paying to child care. I think it is something that we would have to carefully look at, but certainly we would be in support of childcare subsidies.

**Mr O'CONNOR:** Dominique, you mentioned in your submission a prolonged payroll tax discount. How long would you like to see that go for? Try to resist saying 'permanently'.

**Ms Lamb:** It is a hard one. For us, trying to calculate a recovery period has been quite difficult. At this stage the prediction is two to three years in terms of recovery for our Queensland retailers post this particular event. We would say that there should be a graduated approach over that two-year period, at least initially, to see obviously how we are going post that. Hopefully we do not have further outbreaks or anything that would lead us to go back into lockdown, which potentially would make recovery a longer time. I would say two years would be the period in which we would be looking to get something like that implemented.

**Ms RICHARDS:** Dominique, with regard to the national code of conduct for commercial tenancies, do you have any anecdotal information to provide on how your retailers are going in terms of their negotiations with landlords?

**Ms Lamb:** It certainly has been very difficult. I think the code announced by the Prime Minister was announced with good intention, and of course we have seen Queensland implement that. The issue we have had is the period of time it took to get that particular code implemented, because there were a few things that we had to change from a legislative perspective amongst other things. Now that that has occurred, the biggest problem we have is that large landlords in particular have been quite quick to come to the code and participate as the code has been intended. We saw some statistics out of Shopping Centre Council of Australia that 6½ thousand arrangements had been made throughout their membership.

The problem we have had, certainly from our membership anecdotally, is that now outgoings have increased for the next year, particularly around cleaning and security, but also those smaller family investment, super fund type landlords have not been as quick to make those negotiations or have those conversations and in some cases simply are not financially able to provide the waivers or deferrals that have been part of that code. Another concern we have with those smaller landlords is that—the difficulty is that, from a retail perspective, they need to enter into an arrangement with these businesses so that they continue to survive, particularly where they have not been able to trade. However, where we have had the small investment landlords, the problem has been that they have had significant write-offs. Within our membership, many retailers are also landlords. I know at least two who have written off over $8 million over the last three months in unpaid rent and now they have deferred rentals on their books. Those deferred rentals, they believe, they will never get back. In order to do that, that is where we see the increase in outgoings or, alternatively, we see those centres fail. Where the centres fail or where they lose an anchor tenant, it then becomes the problem of the retailer. It is quite circular in nature.

I understand that the Small Business Commissioner has been doing a great job in terms of getting information out to retailers and also negotiating any of those difficult matters that are coming before her, but at this time we still have not seen the numbers for our retailers that they have been looking for through the code.

**CHAIR:** Thank you very much, for your submissions and for your feedback in questioning today. I encourage you to submit any further submissions. We know that COVID is changing rapidly, so if there are any further submissions that you think would be useful for the committee in their deliberations, please do not hesitate to put them in and we will take them into account.

As this was the last session of today's proceedings, that concludes today's hearing. I thank all our witnesses for all of the information they have provided. Thank you especially to our Hansard reporters and to the parliamentary broadcast staff for their assistance. A transcript of these proceedings will be available on the committee's parliamentary webpage in due course. I declare this public hearing closed.

**The committee adjourned at 2.32 pm.**