

The McKell Institute

Discussion Paper

Reopening Queensland after COVID-19

Recommendations from McKell Institute's
'Reopening Queensland' Roundtable Discussion

June 2020

Compiled by *Liliana Tai & Edward Cavanough*

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Summary

McKell Queensland was pleased to host an economic roundtable focused on Re-opening the Queensland Economy on June 12.

The roundtable brought together key economic leaders from around the state, including major corporations employing many thousands of people across a range of sectors, unions representing private and public sector workers, industry peaks and leading company directors.

Queensland economic leaders pivoted quickly to the COVID-19 environment with remarkable success. As we worked through the restricted environment, thinking across sectors has turned not just to how to transition back to business as usual but to what kind of Queensland economy we want to build in the future.

This period of reflection creates an opportunity for corporatist, cooperative leadership.

The Queensland themes were notably different from those raised in other states. Here, the economy remains regionalised and diversified ; with established traditional strengths in resources and agriculture having survived the crisis well while others, notably the higher education sector, having experienced significant disruption and transitioned rapidly to digital delivery modes which will now likely become a permanent fixture.

Tourism and hospitality have suffered significant harm. Industry leaders in these sectors are now hopeful that government initiatives like JobKeeper will be sustained as a domestic economic reopening takes place.

The following report draws together the key points of consensus raised in the Queensland discussion.

Participants

	Name	Title	Organisation
1	Judy Bertram	Deputy CEO	Queensland Resources Council
2	Paul Brennan	Chief Economist	Suncorp
3	Isaac Cavanagh	Senior Political Organiser	United Workers' Union
4	Dr Georgina Davis	CEO	QFF
5	Dr Jessica Gallagher	PVC Engagement	University of Queensland
6	Greg Hallam AM PSM	CEO	Local Government Association
7	Alex Hannant	Professor of Practice & Co-Director of The Yunus Centre	Griffith University
8	The Hon. Paul Lucas		
9	Graham Moloney	Secretary	QTU
10	Beth Mohle	Secretary	QNMU
11	Bruce Morton	Director Public and Environmental Health	West Moreton Health
12	Gaven Nicholls	General Manager	Telstra
13	Giri Sivaraman	Head of Queensland Employment and Industrial Law Practice	Maurice Blackburn
14	Michael Todd	Government Relations Manager	Arrow Energy
15	Jacqui Walters	Chair	CleanCo Queensland

Facilitators

	The Hon. Rachel Nolan	Executive Chair	McKell Institute Queensland
1	Nolan	Executive Chair	McKell Institute Queensland
2	Edward Cavanough	Manager of Policy	McKell Institute

Observer

1	Danielle Asciak	Head of External Relations	McKell Institute
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About this Report

The McKell Institute hosted a digital round-table discussion on Tuesday, June, inviting 15 stakeholders representing a broad cross-section of the Queensland economy and civil society to discuss ideas regarding the safe re-opening of the Queensland economy.

Participants included representatives from trade unions, and major Queensland industries such as resources, agriculture, education, and telecommunications, as well as representatives from the legal profession.

The round-table discussion commenced with an expert update on the health situation facing Queensland, as well as a detailed snapshot of the COVID-19 health crisis globally. Participants being asked to share ideas that were cognisant of the ongoing health challenges facing Queensland.

The McKell Institute emphasises that, while not every participant in this exercise endorses every idea put forward in this report, there were key areas of consensus around moving forward, or where participants did not cite any concerns with the ideas. It is these broader areas of consensus that have been highlighted in the following recommendations.

The recommendations advanced in this report have also been assessed by health experts prior to the release of this discussion paper.

The ideas outlined in this report should not be viewed as the formal positions of any individuals who participated, nor the formal positions of their organisations.

This discussion paper is the second of three such projects. This first paper explored the safe re-opening of NSW's economy, with a subsequent paper that will focus on Victoria's economy.

Recommendations in Brief

Consensus Area 1: A Focus on the Regions

Recommendation 1: Maintain an understanding in future policy making that Queensland is the most regionalised state in the country and that much of its economic prosperity derives from its regional demographic and economic diversity

Recommendation 2: Fast-track an infrastructure program focused on regional development.

Recommendation 3: Consider regional hubs for local PPE manufacturing capacity.

Consensus Area 2: Embracing the digital gains made during the pandemic

Recommendation 4: Work with the health system to continue the momentum in digital health made during the COVID-19 crisis.

Recommendation 5: Work with the University sector to build upon the advances in digital education made during COVID-19

Recommendation 6: Consider how Queensland can work with other states and territories to strengthen digital literacy and education in the national curriculum

Recommendation 7: Note that the pandemic exposed existing inequities in digital inclusion. Look at ways in which this gap can be closed so existing economic equalities are not exacerbated by the continuing move to a digital economy and to digital modes of government service delivery

Consensus Area 3: Ensuring the Recovery is Green

Recommendation 8: Roll out an infrastructure program that expedites a clean, affordable energy transition

Consensus Area 4: Making Sure Work is Safe & Fair, and Ensuring an Equitable Recovery

Recommendation 9: Develop industry specific guidelines for a safe return to work

Recommendation 10: Note that the the people who were economically disadvantaged by the pandemic were those in low paid and insecure work. Ensure that policy

development during the recovery serves to increase protections for those workers, not further casualise vulnerable workers

Recommendation 11: Ensure the recovery has a 'gender lens'

Consensus Area 5: Enhancing Queensland's Economic Self-Reliance

Recommendation 12: Note that Australian supply chains held up extremely well despite the highly globalised nature of the economy and that calls for greater economic nationalism and self-reliance must therefore be strategically targeted

Recommendation 13: Work with industry to onshore the production of critical goods, such as PPE, to mitigate against the risk of just-in-time supply chains

Recommendation 14: Consider how the Queensland Government could work with various industries to develop strategic stockpiles of key materials – not just in PPE, but in other essential areas of the economy

Recommendation 15 : Work towards expediting major project decision making to further encourage investment into Queensland

Recommendation 16: Ensure a more sovereign Queensland continues to embrace global partnerships and collaborations, particularly in its key institutions.

1. COVID-19 in QLD as of June 16, 2020.

Key Points

- QLD's COVID-19 cases have stabilised, but the virus is still there.
- QLD recently announced plans to open up borders to interstate travel as early as July.
- Over three quarters of the cases in QLD still have overseas origins, with just over one fifth of cases sourced from interstate.

As of 16 June, there have been 1065 confirmed cases, 6 deaths and 1051 recovered cases in QLD.¹ Within Australia, QLD has the third highest number of confirmed cases behind NSW and Victoria.

Since April 10, there has not been more than 13 new cases per day in QLD. This is a huge reduction in the spread of the virus. In late March, there was a record high of 78 cases in one day but this number has since gradually reduced.

Within QLD, the five suburbs with the highest number of confirmed cases are in Metro North (317), Metro South (266), Gold Coast (196), Sunshine Coast (94) and Darling Downs (42).²

The majority of diagnoses in QLD have come from Australians returning from overseas, with this making up 77.5% of confirmed cases.³

<i>Confirmed Cases</i>	1065
<i>Deaths</i>	6
<i>Recovered</i>	1051
<i>Active Cases</i>	5
<i>Tests Conducted</i>	254,554
<i>Tests Per 100,000 Persons</i>	4,636
<i>Percent Positive</i>	0.4
<i>Current Hospitalisation</i>	1
<i>Current ICU</i>	1

Table 1.1: COVID-19 status in QLD as of June 16. Source: QLD Government.

Source of COVID-19 cases diagnosed in QLD

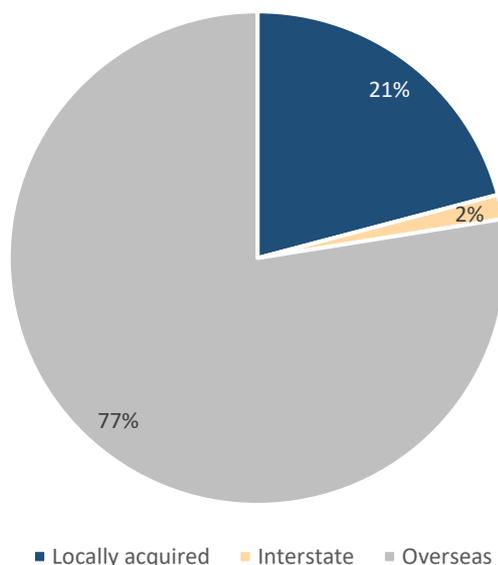


Figure 1.1: Sources of COVID-19 cases in QLD as of June 16, 2020. Source: QLD Government.

In QLD, 249,627 tests have been conducted with a 0.4 per cent positive result rate. Around 4.9 per cent of QLD’s population has been tested.⁴

In response to the health crisis, the QLD Government implemented a number of restrictions including banning meals at cafes and restaurants, public gatherings with more than 2 people, and implementing tough limits on how many people can attend weddings and funerals. However, easing of these restrictions began in May and June, with many of these restrictions expected to be significantly reduced in July. QLD is one of the last states to lift interstate border restrictions. The QLD Government has announced July 10 as a tentative reopening date, stating this date will be contingent on case numbers. This date is also set to see 100 people allowed at public gatherings and stadiums will be allowed to operate at quarter capacity.

The data shows an effective flattening of the growth in COVID-19 cases, but any plan to reopen QLD’s economy has to be aware of the real risks that the virus will re-emerge and achieve transmission rates seen early during the pandemic. The recommendations put forward in this discussion paper are cognisant of this reality.

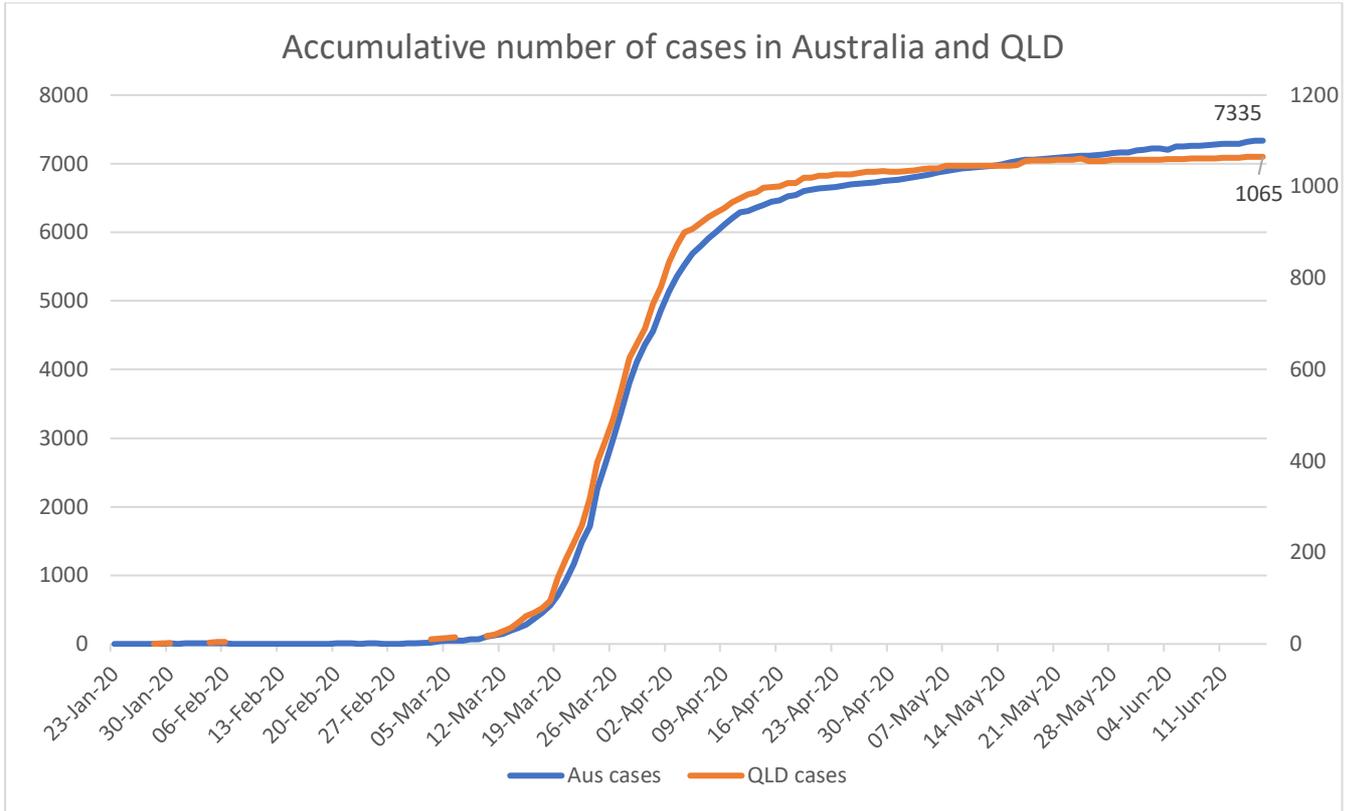


Figure 1.2: Total cases in Australia and QLD as of June 16, 2020. Source: Covid19 Esri Australia

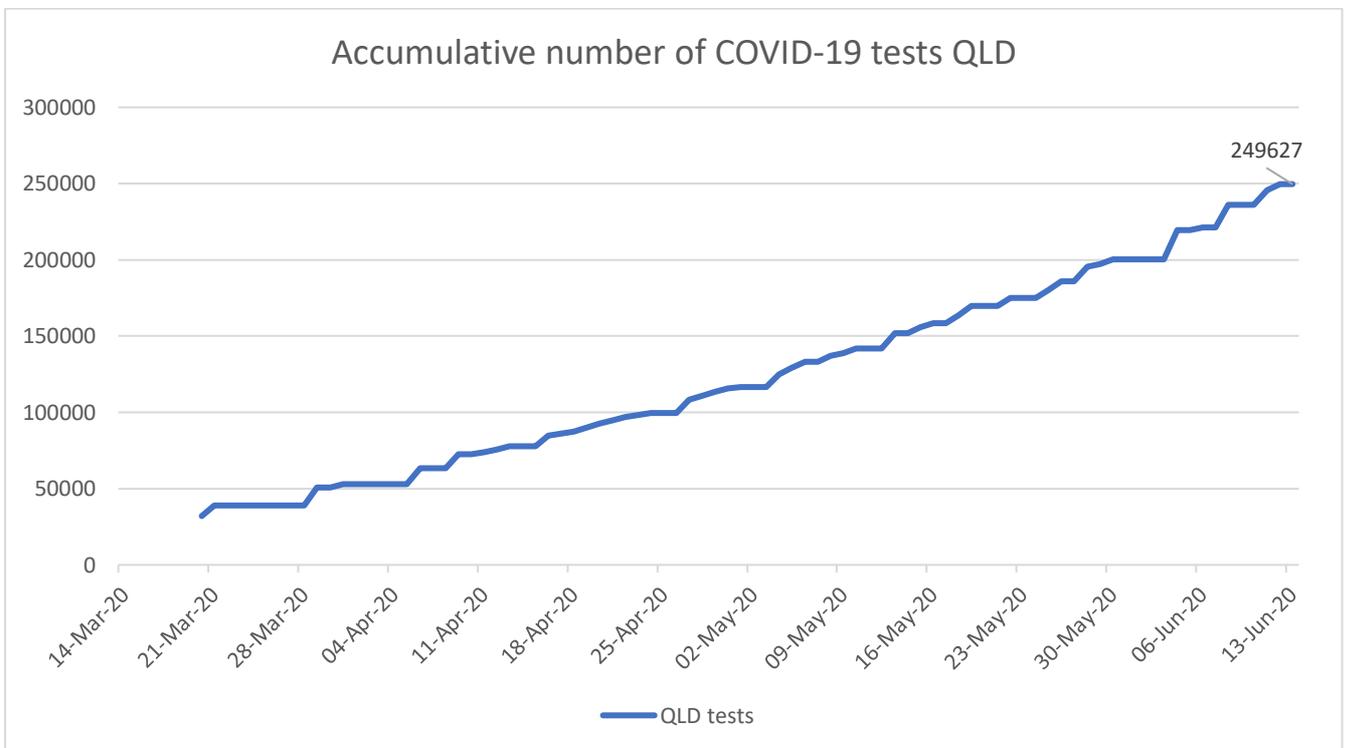


Figure 1.3: Accumulative number of COVID-19 tests and deaths in QLD as of June 13, 2020. Source: Covid19 Esri Australia

2. The Economic Impact on Queensland

Key Points

- The QLD economy has been significantly impacted by the COVID-19 downturn.
- Over 170,000 jobs have been lost in Queensland, and the economy is expected to contract significantly as a result of COVID-19.
- The QLD Government has committed more than \$6b in stimulus, in addition to Federal Government support through JobKeeper and other stimuli.

Change in payroll jobs since week ending 14 March in QLD, 2 May 2020

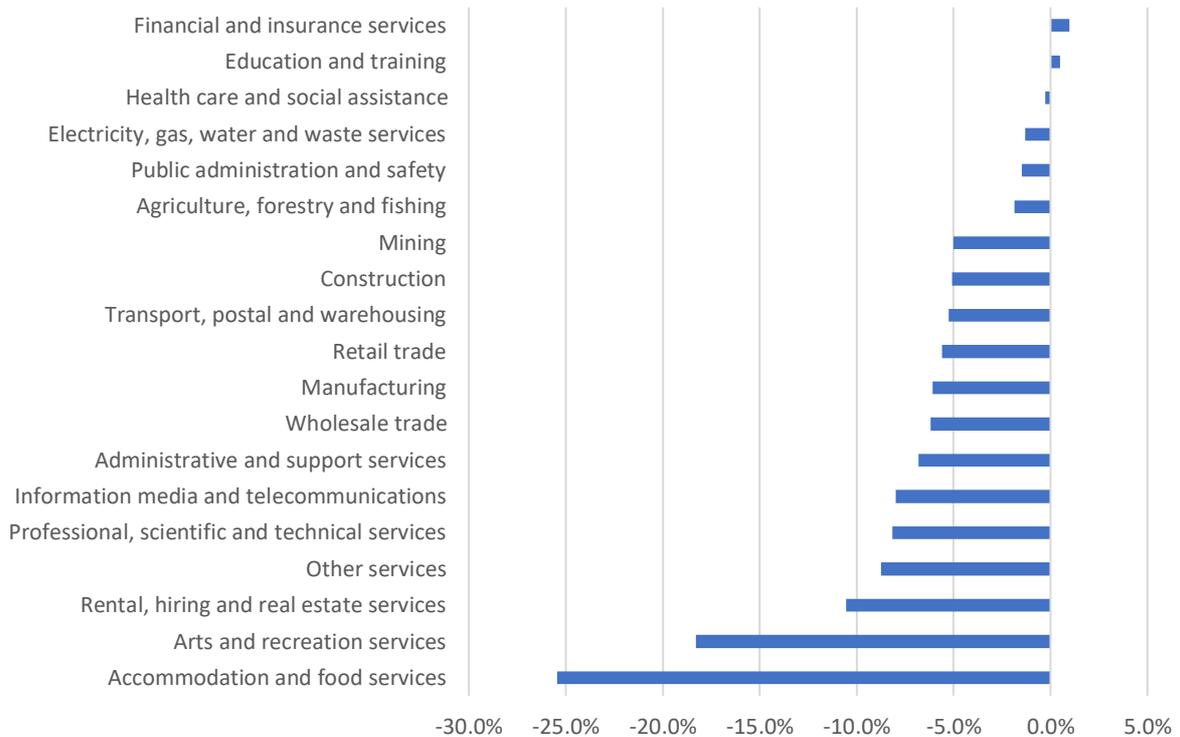


Figure 2.1: Source: ABS Catalogue 6160.0.55.001

As the graph above indicates, the change in payroll jobs since mid-March, and the enforcement of lockdown restrictions in QLD, has significantly impacted the number of payroll jobs across a range of industries. The worst impacted is the accommodation and food services industry, with a reduction in payroll staff of over 25%. Importantly, the figure has been dramatically reduced with the introduction of the JobKeeper scheme that allows workers to keep connected to their employers, however, many casual and contractor workers have still fallen through the cracks. The industries least impacted have been the Financial and Insurance Services and the Education and Training,

however, the more consistent employment in school education has been overshadowed by an increase in insecure work within the tertiary education sector, which has considerable forecast job losses not fully reflected in the data.

The QLD Government has announced a number of support measures

The QLD Government has announced a number of support measures that total to over \$6 billion.⁵ These measures include funding for job assistance, business loans and household tax deferrals.

For households and businesses, measures include:

- \$500 million in utilities bill relief for households and businesses, including a \$200 rebate for all Queensland households to offset the cost of water and electricity and a \$500 rebate for eligible SME
- A \$1 billion concessional Jobs Support Loan facility, interest free for the first 12 month, to support businesses and keep workers employed
- \$950 million in payroll tax relief including refunds, payment holidays and deferrals for eligible businesses as well as a tax exemption for JobKeeper payments
- \$400 million to support retail and commercial tenants, delivered as land tax relief and payment referrals or deferral payment

For the QLD healthcare system:

- \$1.2 billion will be spent to increase the capacity of QLD’s health system including expanding fever clinics, emergency department capacity, acute care services and regional aeromedical services for remote communities

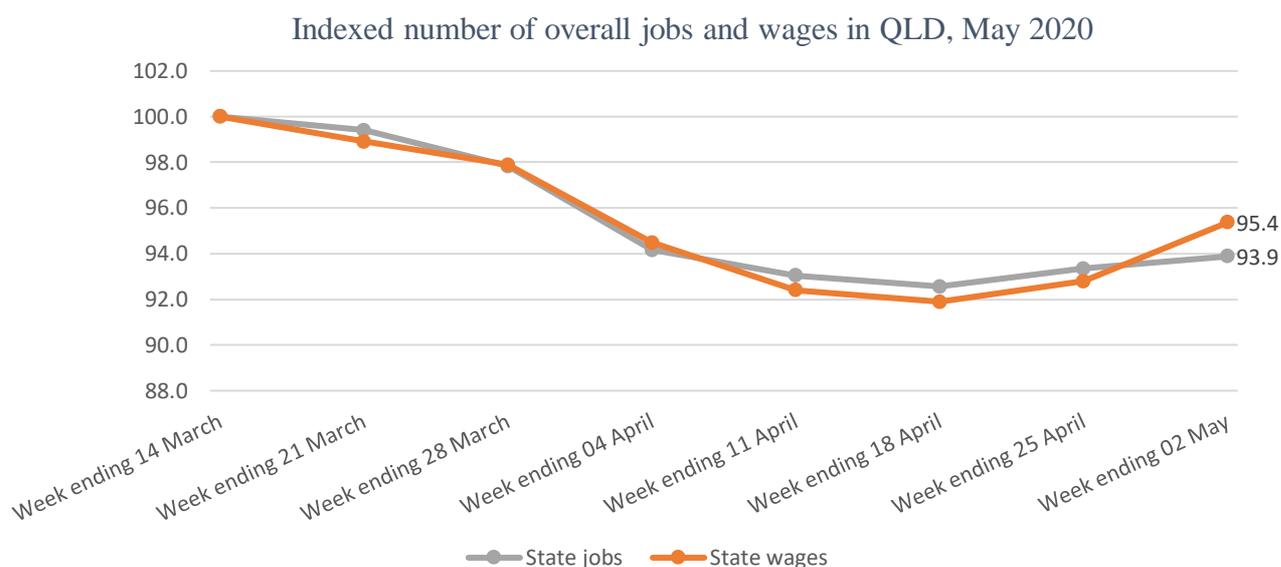


Figure 2.2: Source: ABS Catalogue 6160.0.55.001

At least 170,000 jobs in Queensland have been lost since February, with a disproportionate number of job losses affected the female workforce. Around 4.6% of all wages have been lost, highlighting the significant impact on workers and the Queensland economy.

One of the first corporate casualties of the crisis was Virgin, the Brisbane headquartered airline which stood down 8,000 of its 10,000 strong workforce early in the pandemic and entered into voluntary administration on April 21. While it has been unwilling to indicate its ongoing negotiating position publicly, the Queensland Government did indicate a willingness to contribute \$200 million through the Queensland Investment Corporation as part of one of the consortia seeking to re-start the company. As yet, no rescue deal has been finalised.

<i>Total Loss Of Jobs due to COVID-19: Queensland</i>		<i>Total</i>	<i>As % of Jobs</i>
<i>Male</i>		79,412	5.99
<i>Female</i>		94,749	7.64

Figure 2.3: Source: ABS Cat. 6202.0.

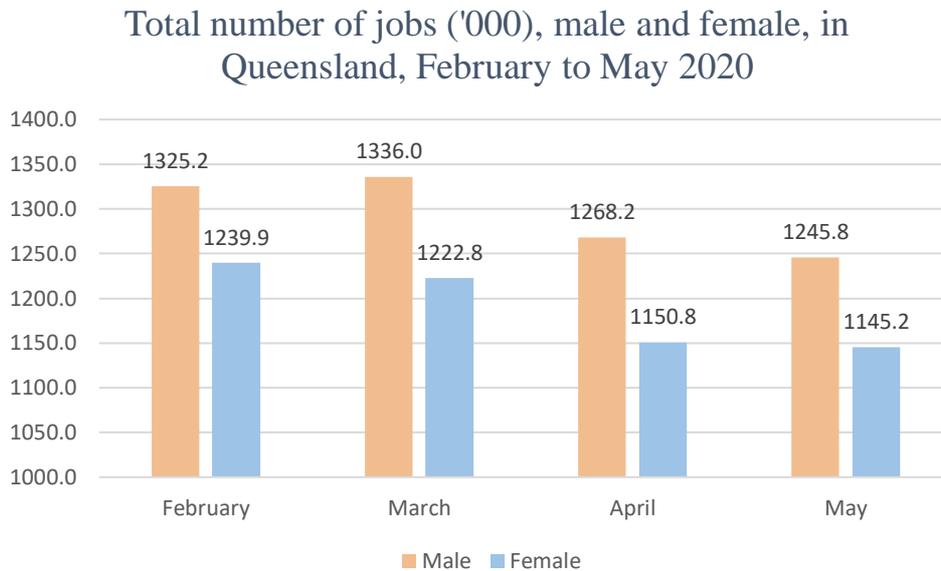


Figure 2.4: Source: ABS Cat. 6202.0.

Recommendations

Consensus Area 1: A Focus on the Regions

Queensland is the most decentralised state in Australia, with more than 51 per cent of the population living outside the capital Brisbane. Sydney, for contrast, carries 65 per cent of New South Wales' population, with Melbourne carrying more than 75 per cent of Victoria's population.⁶ Accordingly, the shape of an effective economic recovery program in Queensland will contrast significantly with those in other states. Participants in the June 12 roundtable consistently identified the need to focus on regional development as part of the recovery, with the following recommendations forged out of that consensus:

Recommendation 1: Maintain an understanding in future policy making that Queensland is the most regionalised state in the country and that much of its economic prosperity derives from its regional demographic and economic diversity

Recommendation 2: Fast-track an infrastructure program focused on regional development.

Recommendation 3: Consider regional hubs for local PPE manufacturing capacity.

Consensus Area 2: Embracing the digital gains made during the pandemic

COVID-19 necessitated rapid shifts in how business – and everyday life – was conducted. For many industries, including those represented at the Roundtable, the shift towards digital work was almost overnight. Participants noted, in particular, the ability of the tertiary education sector to pivot to online education, transforming entire curricula into digital-only within a matter of weeks, despite previous attempts taking months or years. It wasn't just education that embraced digitisation and advanced its digital capacity, however. Advances were also seen in healthcare, where telehealth was embraced by necessity.

These advances are significant. Digital innovation has been regularly cited as weak spot in Australia's economy, negating Australia's potential competitive advantages.⁷ As one participant noted, however, crises tend to 'accelerate processes of change'. This has been particularly evident with the embrace of digital technologies by Queensland businesses, educational institutions, and healthcare providers. The opportunity to leverage this momentum into more lasting productivity reforms was highlighted by participants, with the following recommendations shaped by their input:

Recommendation 4: Work with the health system to continue the momentum in digital health made during the COVID-19 crisis.

Recommendation 5: Work with the University sector to build upon the advances in digital education made during COVID-19

Recommendation 6: Consider how Queensland can work with other states and territories to strengthen digital literacy and education in the national curriculum

Recommendation 7: Note that the pandemic exposed existing inequities in digital inclusion. Look at ways in which this gap can be closed so existing economic inequalities are not exacerbated by the continuing move to a digital economy and to digital modes of government service delivery

Consensus Area 3: Ensuring the Recovery is Green

Evident in the roundtable was a considerable consensus surrounding the long-term impacts of climate change on the economy of Queensland, and the need for the state's economic recovery conscious of the state's climate risk.

Climate change has different and profound impacts in every state and territory of Australia. But Queensland arguably risks the most acute economic impacts in Australia associated with climate change.

Not only is Queensland more vulnerable economically to the impacts of major natural disasters – particularly cyclones – than other states and territories, many of its key economic drivers are inherently vulnerable to the impacts of climate change. The risk to tourism, in particular, is significant. But it extends to other industries, too, including the resource sector, which is integral to both the broader Queensland economy, and the Queensland budget.

McKell Queensland has previously detailed the imperative for the state to reduce its carbon footprint along with the practical challenges in transitioning to renewable energy, releasing *Australia at a Crossroads: A Brief Overview of the Current Options for Economic Reform* in June 2020.⁸

Recommendation 8: An infrastructure agenda expedites a clean, affordable energy transition.

Consensus Area 4: Making Sure Work is Safe & Fair, and Ensuring an Equitable Recovery

While it is clear that Queensland has done well to contain COVID-19, the sustained and global nature of the pandemic means that it is probable future cases will return to Queensland. Further, there are real risks of second and third waves that cannot be ignored when considering opening the economy.

But while all workplaces need to be COVID-safe, the pathway to achieving a healthy workplace will vary by industry and the operational environment in which workers find themselves.

Participants also noted that economic recoveries can at times exacerbate existing inequalities, instead of actively tackling them. The emphasis on stimulus packages that prioritise the recovery of industries with a low percentage of female employees, for example, demonstrate how existing gender inequities can be compounded with narrowly targeted stimulus.

Recommendation 9: Develop industry specific guidelines for a safe return to work

Recommendation 10: Take note of the people who were economically disadvantaged by the pandemic, those in low paid and insecure work. Ensure that policy development during the recovery serves to increase protections for those workers, not further casualise vulnerable workers.

Recommendation 11: Ensure the recovery has a 'gender lens'.

Consensus Area 5: Enhancing Queensland's Economic Self-Reliance

Participants noted key vulnerabilities in Queensland's economy have been highlighted during the COVID-19 pandemic. This was particularly evident with the supply of essential goods and materials, such as personal protective equipment, which some participants noted were impacted by the 'just-in-time' nature of medical supply chains in the state. Participants argued there was an opportunity to identify a greater role for Queensland in manufacturing essential materials as a means of both stimulating the economy, and ensuring Queenslanders always have access to essential materials during times of crisis.

Participants argued, however, that Queensland is and must always strive to remain connected to the global economy. Some concern was noted around the legitimate arguments in favour of economic self-reliance being confused with the arguments of some that Queensland's economy and institutions should be less engaged with international actors. This premise was rejected by participants, with a consensus emerging that, while there is room for more self-reliance in Queensland's economy, the road to economic recovery will rely on leveraging and expanding international economic, cultural and institutional linkages, not minimising them.

Recommendation 12: Note that Australian supply chains held up extremely well despite the highly globalised nature of the economy and that calls for greater economic nationalism and self-reliance must therefore be strategically targeted

Recommendation 13: Work with industry to onshore the production of critical goods, such as PPE, to mitigate against the risk of just-in-time supply chains

Recommendation 14: Consider how the Queensland Government could work with various industries to develop strategic stockpiles of key materials – not just in PPE, but in other essential areas of the economy

Recommendation 15: Work towards expediting major project decision making to further encourage investment into Queensland

Recommendation 16: Ensure a more sovereign Queensland continues to embrace global partnerships and collaborations, particularly in its key institutions.

Additional Considerations

The above areas of consensus were complimented by other recommendations and concerns raised during the roundtable. Certain concerns focused on industries not represented at the roundtable discussion, such as the tourism sector, as well as certain policy considerations that must be made by the Commonwealth Government.

These concerns included:

1. *The firm termination of JobKeeper should be re-considered*

The Commonwealth Government has signalled that JobKeeper payments will begin being concluded even before the original termination date of late September, 2020. There are real concerns that, should these payments end, entire industries will be threatened. This is particularly evident in the tourism industry in Queensland.

Businesses and non-profit employers typically became eligible for JobKeeper payments once they demonstrated a 30 per cent decline in revenue. However, many businesses have seen a 100 per cent reduction in revenue – particularly in the sports and recreation, arts and performance, and tourism and hospitality sectors.

The differing recovery timelines of each of these industries must be considered by the Commonwealth when determining the future of the JobKeeper program.

2. *Further support for Queensland's tourism economy*

While no representative from the tourism industry was a participant in this roundtable discussion, the importance of tourism to Queensland's economy was regularly raised.

In 2019, Queensland's tourism economy contributed \$12.8 billion to the Queensland economy – which is around 4 per cent of the state's gross domestic product.⁹ As was raised at the roundtable discussion, Queensland is the only state in Australia where domestic (Australian) tourism accounts for more activity than international tourism. Given the low COVID-19 case rates in many Australian jurisdictions, including Tasmania, South Australia, Northern Territory and Western Australia, there is an opportunity for the Queensland Government to capitalise on winter holiday makers desire to return to Queensland from low-case rate states in Australia's south.

Conclusion

This report has summarised key areas of consensus arrived at during McKell Institute Queensland's 'Reopening Queensland Digital Roundtable', held on June 12, 2020.

This report has noted that, while COVID-19 remains an ongoing health risk, the conversation must now turn to how to safely and fairly reopen, and reinvigorate, Queensland's economy.

The ideas presented in this report represent common views from 15 individual participants representing a broad cross section of the Queensland economy and community.

COVID-19 has been an unwelcome economic and health imposition on Queenslanders. However, the recovery provides a unique opportunity to build a fairer, safer, and more prosperous Queensland. This report aims to advance the discussion, and contribute to achieving that aim.

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