

Economic potential in the regions threatened by wage cap

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Government imposed wage freezes put at risk the role public sector employment and income can have in stimulating regional economies in times of crisis, [a new report states](#).

"Many regions face frequent fluctuations in economic activity due to the reliance on tourism and agriculture, while the disproportionate industry composition places others at risk of economic crises," University of Wollongong Centre for Human and Capital Research Associate Professor Martin O'Brien's writes. "Economic volatility is tempered by the presence of the public sector," he also states.

Providing the economic foundations for our regions: the impact of public sector employment on regional labour markets and economies reports on the effect of public sector employment on regional labour markets and economies in nine local government areas on the South Coast. Many of these regions were heavily affected by the 2019/20 bushfires and all of them were affected by the economic impact of COVID-19.



Federation Deputy President Henry Rajendra told the [Illawarra Mercury](#): "Unless the Government takes note of this impact on regional economies and removes the straight jacket from teacher and public sector salaries we will see two things occur.

"First, the projected teacher shortage will increase far more steeply than expected and second, regional economies such as the Illawarra will pay the price of constraints on growth, skills formation and quality of education for our children."

Public sector employment makes a larger contribution to the regional labour markets and economic activity in the LGAs studied compared to that of Greater Sydney, the report found. Also, that the income from public sector workers is a larger contributor to gross regional product compared to greater Sydney.

"This contribution to gross regional product increases if we incorporate spending multipliers, agglomeration effects and other positive spillovers to local businesses," Professor O'Brien states.

Illawarra, South Illawarra, Shoalhaven, Southern Highlands, Milton-Ulladulla, Batemans Bay, Moruya, Narooma, Bega and Eden-Pambula teachers associations helped fund the report, commissioned by the South Coast Labour Council.

South Coast Labour Council Secretary Arthur Rorris said the question remained whether governments would recognise the significance of public sector workers' economic contribution to regional communities. "The

impact of wage and salary movements is not simply a matter for public sector workers and their families, it is a critical one for the communities they live in as well.”

Federation is currently engaged in its [More than Thanks campaign](#), as the union negotiates the next schools award. [Join the campaign here](#).