



Australian Government  
Department of Industry,  
Science and Resources

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# Independent Panel: Commonwealth Government COVID-19 Response Inquiry

Submission from the Department of Industry,  
Science and Resources

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The Department of Industry, Science and Resources (the department) welcomes the opportunity to provide a submission to the Commonwealth Government COVID-19 Response Inquiry.

# The Department of Industry, Science and Resources' response

The department's purpose is to help the Government to build a better future for all Australians through enabling a productive, resilient and sustainable economy, enriched by science and technology. This includes supporting Australian industry and businesses during disaster events.

## The department's role during the pandemic

The pandemic impacted all industries in Australia and involved exceptional supply chain disruptions, demands, and lockdowns. The scale, nature, and duration of the COVID-19 pandemic presented an unprecedented challenge to the department. To respond to these challenges, the department moved swiftly to establish new teams and functions. The department's role during the pandemic included:

- providing immediate support to industry —through subsidised loans, grants, and brokering industry and academic partnerships — to establish new domestic manufacturing capability of medical supplies, including ventilators, PCR testing supplies, face masks and face shields
- playing a leading role to help secure access of Personal Protective Equipment (PPE) and essential medical supplies for the Australian Government National Medical Stockpile. The department established three taskforces (PPE, ventilators, testing kits) to work with industry to source, triage and assess offers of supplies for the Department of Health to procure for the Stockpile
- supporting domestic manufacturers with 'free access' to product manufacturing standards for PPE and establishing new domestic product testing capabilities through the National Measurement Institute (NMI). NMI provided critical assurance that Australian-sourced supplies and testing were fit for purpose, including:
  - establishing Australia's first accredited facility for testing face masks and hand sanitiser with the Therapeutic Goods Administration and Australian Competition and Consumer Commission (ACCC)
  - developing a world-first genetic reference material for the SARS-CoV2 virus that enabled pathology laboratories and wastewater treatment facilities to confirm test results with confidence.

## Reflections on what worked well

The department has identified three key factors that worked well during the pandemic, which could be replicated or strengthened in preparation for future crises.

### 1. Close cooperation with industry

The pandemic demonstrated a high level of responsiveness, flexibility and collaboration between the department and domestic industry and businesses to secure critical supplies. The long-standing productive relationships between the department and industry enabled swift consultation and action to develop market-led solutions. For example, leveraging the department's industry insights, national AusIndustry networks, and connections with the science sector allowed us to rapidly capture changes in markets and facilitated collaboration on industry-led solutions such as the Advanced Manufacturing Growth Centre's Manufacturer Response Register.

The department also relayed insights gathered from industry to wider whole-of-government responses including:

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- Industry Senior Officials' Meetings, which fostered information sharing among jurisdictions regarding the PPE work that governments were undertaking
- Health Industry Consultation Group, which facilitated coordination across agencies, states and territories, and the private sector to expedite the development of PPE approvals processes
- Food and Grocery Taskforce, which shared information across jurisdictions about managing food and grocery supply chain issues at the height of panic-buying.

Leveraging the department's relationships and knowledge of domestic industry provided opportunities to expedite and target government support to those most in need during a crisis. The department's engagement in broader governance groups was also key to ensuring industry's views were heard. For example, industry was keen to share their expertise and see greater consistency across jurisdictions.

### 2. Regulatory flexibility

Business groups and industry peaks sought ACCC exemptions so businesses could exchange information about stock availability and, if necessary, share inventory and coordinate the distribution of supplies. Taking a pragmatic and flexible approach to competition regulation during the pandemic saw competitor collaborations in the national interest which would ordinarily be prohibited.

### 3. Targeted support for industry and businesses

The department supported industry via multiple targeted mechanisms. For example, the department developed the COVID-19 Manufacturer Response Register via the Advanced Manufacturing Growth Centre to support partnerships to produce essential goods domestically. The online register linked businesses to collaborate or form consortia to enable them to respond to pandemic demand. This helped to centralise Australia's manufacturing efforts, reduce duplication, and enabled nation-wide collaboration.

The department also provided local manufacturing grants through the Australian Manufacturing Fund for PPE. This expanded domestic manufacturing capability for medical devices, including face masks, face shields, ventilators, and RNA extraction kits.

## Reflections on challenges encountered

The department has identified the following challenges that could require a whole-of-government approach to manage in future crises.

### 1. Importance of clear communication

Feedback from industry during and after the pandemic highlighted the value of clear, simple, consistent, and accessible communications from government. For industries operating across jurisdictions and across different levels of government, clear and consistent communications was extremely important to ensure operations. Continuous and direct engagement with state and territory leaders and chief medical officers, along with clear pathways to provide feedback to authorities, was reported as extremely important for business continuity.

### 2. Unclear role for the department in responding to crises

The pandemic highlighted that the role of the department in a national crisis of this kind was not captured in current crisis management policies and frameworks. The department's role demonstrated the need for crisis management policies to be more flexible to allow agencies to respond quickly to the full range of supply chain challenges presented by the pandemic.

The department is engaging with relevant government agencies to further define the department's role, particularly in mitigating supply chain disruptions in a whole-of-government crisis response.

## Key lessons learned

### Supply chains

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The scale and duration of the supply chain disruptions experienced during the pandemic were unprecedented and required a national response. They presented unforeseen challenges for industry.

The pandemic required whole-of-government coordination on supply chain issues. The Government established the Office of Supply Chain Resilience (OSCR), which moved to the Department of Industry, Science and Resources in 2022. Working together with OSCR, the department established the Supply Chain Roundtable and Supply Chain Monitor to enable responsive advice and policy development across government to alleviate supply chain pressures.

OSCR proactively monitors and assesses critical supply chain vulnerabilities that could impact Australia's national interest and guides whole-of-government efforts to improve supply chain resilience. OSCR is now pursuing projects to deliver greater insights into supply chain vulnerabilities and develop an early warning system that detects abnormalities in trade.

### **National coordination**

During the height of COVID-19, many Australian government jurisdictions were seeking to individually buy the same critical goods and establish the same manufacturing capabilities. While governments successfully secured supplies in a globally constrained market, the decentralised approach duplicated efforts and contributed additional burden to industry.

The National Coordination Mechanism played a central role in the early stages of COVID-19 in coordinating non-medical aspects of the national crisis response such as supply-chain disruptions, food supply interruptions, and infrastructure repair and maintenance. In a future crisis, a similar whole-of-government, nationally coordinated procurement approach for ensuring the supply of critical products and services would reduce costs, maximise economic efficiency and ease the burden on suppliers.

### **Revitalising Australian industry**

In response to lessons learnt on the risks presented by international supply disruptions, in a future crisis, it is critical to understand local manufacturing capability to produce goods for the National Medical Stockpile. This will assist addressing the criticality of supply for Australia's national interest requirements.

The Government's Buy Australian Plan actively supports domestic industry and manufacturing capability by leveraging the Commonwealth's significant purchasing power to build local capability.

The National Reconstruction Fund will also support Australia's industry capabilities in medical science, with \$1.5 billion allocated for targeted investments in medical manufacturing. The Industry Growth Program will also support small businesses to commercialise and bring new products to market in the National Reconstruction Fund priority areas.

## Conclusion

The COVID-19 pandemic has had a lasting impact on the department's work and how we support industry and businesses. Resilience is a central component of industry policy and is reflected in core policies such as the National Reconstruction Fund, Industry Growth Program and the Buy Australian Plan.

The department also continues to embed capability to respond to future crises through its work in monitoring critical supply chains, supporting domestic manufacturing and fostering a culture of collaboration with industry and between all levels of government.