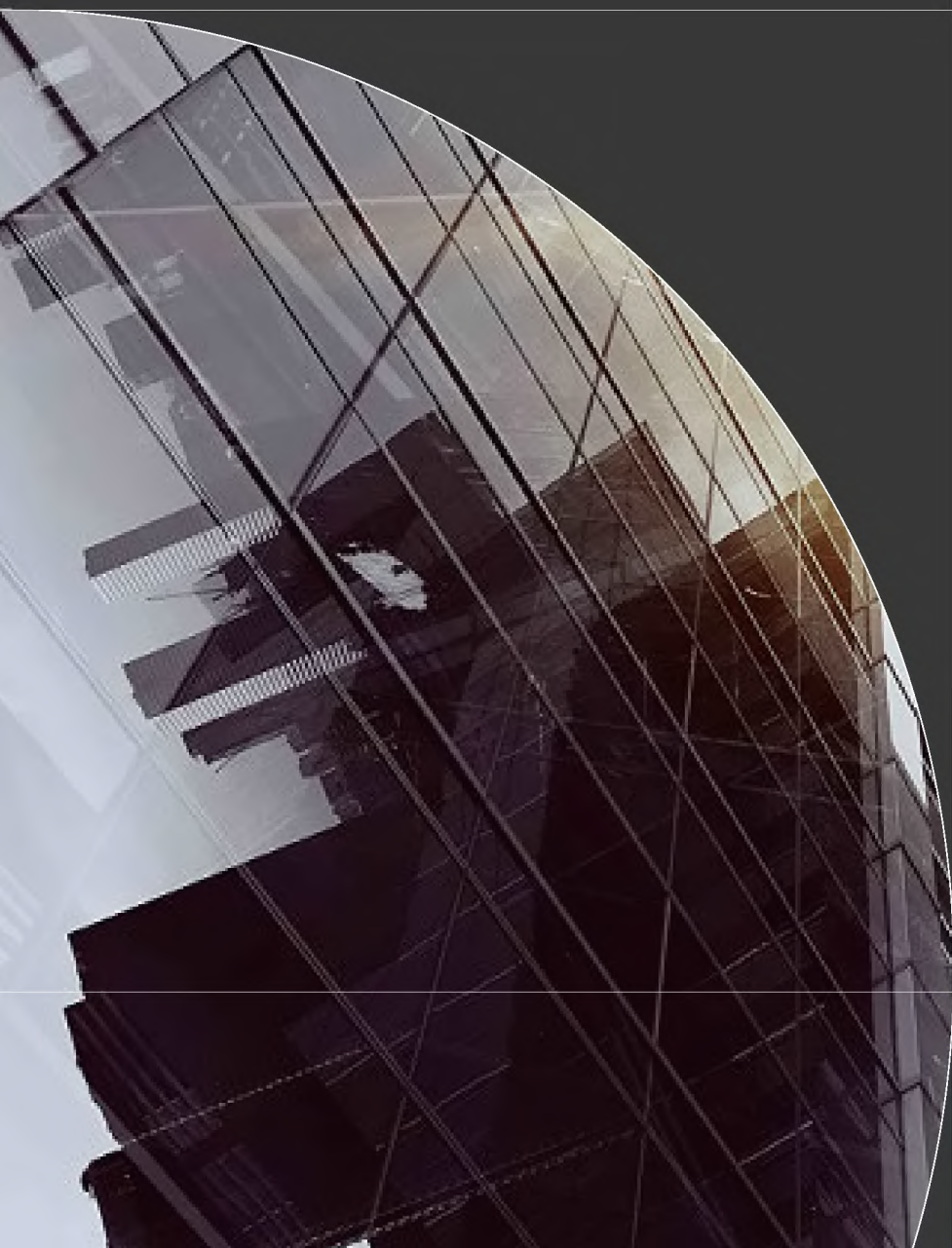


COVID-19 Response Inquiry

BCA Submission

December 2023



BCA

Business Council of Australia

Overview

The Business Council of Australia (BCA) welcomes the opportunity to contribute to the inquiry into COVID-19, the biggest economic and health crisis to strike Australia for one hundred years. On the whole, Australia navigated the COVID-19 pandemic extremely well compared with other countries when comparing the tens of thousands of avoided lives lost and limiting the negative economic impact.

The aim of an examination of the COVID experience should be to understand what worked well, such as collaboration between governments and business, and identify areas for improvement. The prominent role of the Australian business community cannot be overstated. These lessons will be vital for navigating the next crisis.

This submission focuses on the economic and governance elements of the response to COVID, rather than the health response.

Scope of inquiry too narrow

COVID was managed via unprecedented intersections between all levels of governments, the business community and broader society. It follows that the link between the health and economic responses between the Commonwealth and the states cannot be ignored as part of the broader inquiry. The strengths and weaknesses within our Federation were laid bare for Australians in a salient way during the COVID pandemic. The exclusion of states from scrutiny in this inquiry has not adequately been explained and means the focus of this inquiry is too narrow. A complete inquiry should cover all levels of government and society and include the role of business.

The sentiments expressed here acknowledge that the roles and responsibilities of the states and territories are hard to disentangle and were at the heart of the nation's pandemic response. In large part the fiscal cost of restrictions was borne by the Commonwealth, which impacted its dynamic with the states and their decisions to impose restrictions. In many areas the ability of the Commonwealth to respond was also reliant on the response from states. These responses, therefore, should be examined alongside those of the Commonwealth.

Overall, the COVID-19 response was good

In summary, Australia weathered both the health and economic crisis triggered by the COVID-19 pandemic better than most countries. The number of deaths due to COVID-19 in Australia was the fifth lowest among OECD countries on a per capita basis.¹ The economic damage – measured collectively by the fall in GDP and rise in unemployment – was more modest. Strong health and economic outcomes were inextricably linked.

Australia's economy suffered a technical recession, but the depths of the decline in real GDP was modest compared to other countries. Moreover, the rebound in activity once restrictions were eased was impressive, thanks in part to well-targeted and constructed policy support both by governments (including the states) and the Reserve Bank of Australia. Indeed, Australia's positive experience was buoyed by unprecedented levels of cooperation across government, business and the community.

Response and leadership from government, overall, was good in the face of the significant crisis and enormous uncertainty. This includes the establishment of National Cabinet in March 2020. Moreover, there was close partnership and coordination with business, as well as adequate and timely support for households, businesses and workers. The announcement of JobKeeper was a country-changing moment.² A positive legacy of the pandemic was that it accelerated digital transition in the Australian economy, and there is scope to build on this.

¹ Our World in Data

² See the BCA's submission to the *Independent Evaluation of the JobKeeper Payment*

https://assets.nationbuilder.com/bca/pages/7320/attachments/original/1693463058/BCA_Submission_to_the_Independent_Evaluation_of_the_JobKeeper_Payment.pdf?1693463058

A key element of the response from governments was the willingness to adapt approaches and responses – from both health and economic policy perspectives. This was supported by extensive consultation and engagement with business and the community. This helped Australia navigate the crisis in a pragmatic and responsible way, maintaining good health and economic outcomes.

BCA members' experience

Governments acted boldly during the pandemic, making decisions of unprecedented gravity. But, in an environment of huge uncertainty, business stepped up to support the hundreds of thousands of affected workers, adapt workplaces and support the health response. Business worked together with governments as well as unions, charities and environmental groups, to find new and collaborative ways to keep people safe and keep as many people in jobs as possible. During the pandemic BCA member companies:

- Maintained essential services, and kept supermarkets, petrol stations, pharmacies, retail outlets and other shops open;
- deferred and discounted utility bills, deferred mortgage payments and offered discounted loans;
- switched production lines to make gloves, masks and hand sanitiser, with companies such as GE and ResMed converting their products to make lifesaving respirators;
- introduced pandemic leave and paid casuals who could not work because of the virus or restrictions;
- were quick to bring in contactless delivery and other customer and staff safety measures; and
- led in early contact tracing and moved quickly to working from home arrangements.³

National Cabinet worked effectively

National Cabinet formed quickly at the onset of the pandemic and worked well in the early stages of the national crisis. National Cabinet met over sixty times during 2020 and 2021 in a constructive manner that facilitated effective and coordinated engagement, including as part of health and economic policy responses between the Commonwealth, state and territory governments. The fact that National Cabinet as a model for engagement and collaboration has continued, is a testament to its value in being able to bring the leaders together to resolve difficult issues.

Unfortunately, National Cabinet results became more challenging as the pandemic progressed due to the disparate COVID experience across the states and territories. This led to inconsistent responses across jurisdictions and partly undermined the effectiveness and credibility of National Cabinet.

What else worked well?

- The response from the Commonwealth government. The government acted quickly to remove red tape where there was an imperative to do so and keep as much of the economy open as was possible in the circumstances. Regulators similarly stepped up to boost capacity and support, delivered more flexible monitoring and compliance, and closer engagement with business.
 - Examples include changing local government curfews on truck movements, and allowing supermarkets to coordinate to keep shelves stocked, extending retail trading hours for customers, permitting electronic signatures for documents and making changes to regulations around hand sanitiser production.
- The fiscal and monetary policy response was appropriate (at the time), although probably became too large as time passed and economic activity rebounded. Many of these assessments are easier to make with

³ An extensive list of support provided by BCA member companies is available here https://www.bca.com.au/what_our_members_are_doing

hindsight considering the challenges and unpredictability of the pandemic at the time. The RBA similarly waited too long to unwind unconventional policies like yield curve management and raise interest rates.

- Business engagement with governments was constructive. The BCA executive and BCA members had effective engagement, including with the National COVID-19 Coordination Commission and Treasury's Coronavirus Business Liaison Unit, as well as with similar state-level organisations. Ongoing dialogues between government and business were timely and effective. However, it must be noted that the engagement was not even across the states and territories and this created issues which could not be resolved via the Commonwealth and hindered business operations as they sought to work across borders.
 - Where this did work well saw business and governments collaborate to ensure restrictions could balance the policy intent of supporting health outcomes with ensuring jobs for workers and the availability of essential goods and services for households.
- Regular meetings between government officials and business representatives during outbreaks and lockdowns provided opportunities to consult on restrictions, troubleshoot issues, ensure that restrictions were workable across industries and plan the return to business-as-usual once restrictions lifted.

What could have worked better?

A key challenge for business, particularly those with operations across Australia, was inconsistent protocols across the country – compounded by frequent changes and inconsistent decision making. This includes the way lockdowns were triggered, how public health orders were drafted, and how restrictions on movement were imposed and enforced.

- A priority for future responses should be the development of national, consistent protocols to provide greater certainty about the rules for businesses and individuals in the event of outbreaks and in relation to our domestic borders. This of course must acknowledge the fact that different jurisdictions have different expectations and capacities for action.

It was not always clear how the balance between health advice and economic advice was achieved, particularly at the state level. Some jurisdictions had clear sources of economic advice while others did not.

The inconsistencies and uncertainty had a material impact on business and households. For example, over half of people surveyed in 2021 said they were nervous about booking travel not because of catching COVID, but because of concerns about borders closing and not being able to get home.

Ideally, public health orders would be set out in advance what business activities need to reduce or cease, with all other activities able to continue. While we acknowledge this is not always possible when dealing with the unknowns of a pandemic, the more consistent and planned the processes are, the better in achieving effective outcomes that can balance both the health and economic objectives. As part of this process, ensuring that there is strong business engagement to assist in informing the decision making, particularly the consequences and the practical implications of effecting decisions is necessary.

The pandemic also created unique and urgent challenges for procurement and distribution networks for governments. While many of these challenges were ultimately overcome, there are lessons that can be learned around how things could have been done better and/or sooner.

The international border was one of the last major restrictions to be eased as part of the pandemic. The delayed border opening brought negative effects on migration, education exports (i.e. international students) and tourism, but may have played an important role in mitigating the health downside. While the economic effects largely have been reversed, less activity could have been lost over time with a more expanded, risk-based approach to international border controls. The Commonwealth decision to open the international border was dependent on the states and territories (e.g. ability to disembark passengers) and improved cooperation would have assisted the Commonwealth.

BUSINESS COUNCIL OF AUSTRALIA

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