



**Australian Government**  
**Department of Finance**



**Department of Finance**  
**Submission to the COVID-19 Response Inquiry**

Department of Prime Minister and Cabinet

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## Introduction

The Department of Finance (Finance) was invited by the Department of Prime Minister and Cabinet to make a submission to the COVID-19 Response Inquiry Panel.

This submission provides an overview of Finance's role in responding to COVID-19 pandemic (the pandemic) and outlines the specific measures Finance took to respond to the pandemic and contribute to the overall Australian Government response. The submission closes with observations on opportunities to enhance future responses to emergency events, noting the unprecedented nature of the pandemic and Australia's positive response.

## Overview

As a central agency, Finance's contribution to the overarching Australian Government response to the pandemic was twofold. Firstly, Finance supported Government decision-making, governance, delivery and assurance through Finance's key role in providing advice on expenditure, cash management and consolidated financial reporting and facilitating timely and responsive expenditure decision-making.

Finance also contributed to the broader response through providing advice and amendments to public resource legislation, frameworks and guidance; delivery of whole-of-government services and capital projects; and providing commercial advice and analysis as required for key elements of the response.

From the emerging overseas public health situation in late 2019, preparations and response commenced and escalated throughout 2020, such that by the second half of 2020 Finance was supporting the Australian Government response and effort on multiple fronts.

The below provides a summary of Finance's contribution to the pandemic response. It identifies the primary areas of responsibility and intervention, including relevant legislative and regulatory functions and effort.

## Budget and financial management

As the pandemic emergency response escalated through 2020, Finance played a critical role in informing Government decision-making and supporting multiple economic updates that delivered a series of health and economic support measures. Finance provided time-critical policy and costing advice to entities to support policy and program responses developed in response to the pandemic. This contribution included:

- providing policy advice to Government and relevant agencies on options for the response;
- agreeing costs and variation to estimates for relevant programs within tight timeframes; and
- providing advice and access to appropriations and the Advance to the Finance Minister.

A brief snapshot of the decisions and support Finance provided advice on includes:

- support for individuals: COVID Disaster Payment, and the Pandemic Leave Disaster Payment (Home Affairs); JobSeeker Supplement (Social Services).
- support for the health system: COVID-19 Vaccine Program, effective use of the National Medicines Stockpile, COVID-19 National Partnership Agreement with states and territories (Health).
- support for business: JobKeeper (Treasury), Business Support Payments (Treasury - state based), Tourism Support Payments (Foreign Affairs and Trade).
- supporting the flow of credit: SME Guarantee Schemes (Treasury).
- support for regional COVID response: COVID Immunisation in the Pacific and Southeast Asia (Foreign Affairs and Trade).
- stimulus: Defence Economic Stimulus (Defence), HomeBuilder (Treasury).
- other: Insolvency Reform (Treasury), Operation COVID ASSIST (Defence).

Further detail on specific policies and programs would be best sought from the relevant portfolio entities.

During the pandemic, Finance provided enhanced reporting to Government on COVID-19 expenditure and payments, providing a comprehensive picture of pandemic expenditure and payment data from across the Australian Government general government sector.

Finance supported Government to create extraordinary Advance to the Finance Minister provisions. At its peak this allowed for \$50 billion to be made available through the Advance to the Finance Minister and was necessary to ensure the Australian Government could respond to urgent and unforeseen expenditure requirements, particularly during periods when there were constraints on parliamentary decision-making. Additionally, Finance led the design of funding arrangements which were facilitated by multiple additional appropriation acts being considered and passed by the Parliament during this time.

Finance further provided input and advice on special appropriations and related spending powers, including:

- *Assistance for Severely Affected Regions (Special Appropriation) (Coronavirus Economic Response Package) Act 2020.*
- *Australian Business Growth Fund (Coronavirus Economic Response Package) Act 2020.*

- *COVID-19 Disaster Payment (Funding Arrangements) Act 2021.*
- *National Health Amendment (COVID-19) Act 2021.*

## Governance, procurement and indemnity

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) provides the framework for governance and accountability for public resources. Through the PGPA Act, Rules and delegated powers and requirements on accountable authorities, Finance advised entities on the necessary processes and arrangements to support the pandemic response.

For example, Finance facilitated legislative authority for new programs (where primary legislation was not required) through amendments to Schedule 1AB to the *Financial Framework (Supplementary Powers) Regulations 1997* (FFSP Regulations) to support a broad range of spending activities across the Commonwealth. This included spending measures within the Infrastructure, Education, Social Services, Prime Minister and Cabinet, Home Affairs and Health portfolios.

Finance took initiative early in the pandemic response to analyse potential Commonwealth liability implications and insurance arrangements required to mitigate liability risk. Finance advised the Department of Health in the consideration of options and establishment of a redress scheme, and supported advice to establish indemnities for COVID-19 vaccine arrangements under Section 60 of the PGPA Act.

Procurement activities were already underway across multiple levels of government in response to the pandemic, to ensure public access to essential stock including vaccines, personal protective equipment, and other necessary supports.

- Finance worked closely with the Department of Health on vaccine procurement strategies and their implementation, which included seconding Finance employees to Health to assist with the effort.
- A procurement policy note was published on the Finance webpage to assist entities undertaking procurements during the pandemic relating to approaching the market, procurement methods, supplier payment times, and to cover contractual matters with affected suppliers in the market.

Finance provided support to entities to streamline the grants approval process during this time, providing advice on COVID-19 impacts and guidance to entities on variations to grant opportunity guidelines and grant agreements to enable the primary provision of Government support.

## Commercial advice

Finance provided support to the then Department of Industry, Science, Energy and Resources and the Department of Health with commercial negotiations to establish an onshore mRNA vaccine manufacturing capability.

Informed by an approach to market for proposals to establish an onshore end-to-end solution, commercial negotiations delivered a 10-year strategic partnership with Moderna Inc. and the Victorian Government.

Moderna is currently building a facility in Victoria that will be able to produce up to 100 million respiratory mRNA doses each year, if required in a future pandemic.

The positive engagement and agreements with Moderna and the Victorian Government will help grow Australia's mRNA ecosystem through supply chain opportunities and further investment in research and development capabilities.

## Quarantine centres

Following the National Cabinet decision in March 2020 that required all overseas travellers to quarantine at dedicated locations, Finance engaged with the Victorian Government (initially) to construct a purpose-built quarantine facility.

Work commenced on the Victorian facility in May 2021. However, following requests from the Premiers in Western Australia and Queensland, Centres in Perth and Brisbane were also included in the quarantine infrastructure delivery program. Under these arrangements, Finance was tasked with the capital works delivery with the States responsible for the delivery of the health and quarantine services elements for the Centres. Authority was received on 27 October 2021 and total funding of \$1.37 billion was appropriated for the three centres.

The project delivery team leveraged experience and capabilities from across Finance, the Australian and State Governments, and the private sector. This included secondment arrangements from the Australian Government Departments of Defence, Health, and Home Affairs as well as from the Victorian Government. These secondees assisted in providing strategic specialist advice on practical and policy matters. The bespoke design and delivery method focused on mitigating risk of non-compliance with the requirements of a quarantine facility.

To support the project delivery team, formal governance arrangements were established to drive the project, supported by a robust decision-making framework. Direct engagement from Finance at senior levels ensured focus on design, construction quality and scheduling, budget compliance and key risk mitigation.

The three centres were completed on time and to budget. Finance maintains the centres at a basic state of readiness to provide an enduring resilience capability that has already been used for pandemic response (Victoria, 2022), flood and adverse weather response (Victoria, 2022-23) and to respond to recent bushfires (Western Australia, 2023).

## Whole-of-government services

Finance has a number of whole-of-government policy and service responsibilities. In many of these areas the impacts of the pandemic required the department to adapt approaches, introduce new ways of operating and support other entities in delivering outcomes.

With responsibility for whole of government property services, and control of a sizable public property portfolio, Finance developed and implemented the COVID-19 Rent Relief Policy for small and medium enterprise subtenants and not-for-profit entities in Commonwealth owned and leased premises. Announced in May 2020, this supported businesses and other entities

subleasing space from the Commonwealth to mitigate the economic impacts and resultant loss of revenue from reduced business during lockdowns and remain viable.

- The policy delivered relief totalling an estimated \$21.1 million to 448 occupants by April 2022 when the policy transitioned to a discretionary approach. The policy was further supported by guidance and advice provided to non-corporate and corporate Commonwealth entities who owned and leased building with tenants, subtenants and licensees where the policy was applied.

On behalf of Government, the Finance Owned Estate maintains around 16 properties that accommodate a range of Commonwealth services, from portfolios of state to Commonwealth law courts to post-entry quarantine. In response to the pandemic, Finance confirmed that relevant heating, ventilation and air-conditioning (HVAC) assets were consistent with the relevant Australian standards now in place and undertook necessary upgrades where appropriate. Finance also engaged additional systems monitoring and verification to support entities in their operations.

As the department responsible for electoral policy, Finance was central to the development of legislation to ensure COVID-19 affected individuals were able to cast a vote in the 2022 Federal Election, safely and in accordance with public health orders, through secure telephone voting. These legislative amendments, which were put in place only for the 2022 Federal Election due to unique circumstances, supported voter enfranchisement and the Australian Electoral Commission's successful delivery of the election.

The GovCMS program provides content management and website hosting services for government. This program is used by several front-line entities that delivered the Government's pandemic response. In response to the emergency, Finance supported Australians having access to key and up-to-date information relating to the pandemic through implementing additional IT network capacity, monitoring and alerting to ensure stability and resilience of high-traffic government websites (including the Department of Health, Services Australia, Smart Traveller and Safe Work Australia) during a period of unprecedented demand. Finance also supported entities by forming 'surge teams' to assist entities publish information relating to the COVID-19 pandemic, particularly in anticipation of major government announcements.

As manager of a range of mandatory whole-of-government communications supplier arrangements (such as contract administration of the master media planning and placement agency), Finance also worked with Department of Health and other agencies to support pandemic information advertising in the media and broader communications engagement.

As part of its support for ministerial and parliamentary services, Finance provides the COMCAR fleet of car-with-driver transport services. In response to a surge of COVID cases in Victoria, the COMCAR drivers generously made themselves available to support Victoria Ambulance in transporting affected patients and their families and loved ones where they needed to go.

## Observations from the response

The above broadly outlines the scope of activities and assistance Finance contributed to the Government's pandemic response but is not comprehensive.

As with the broader Australian Public Service, Finance was required to quickly re-prioritise its activities and re-deploy resources to critical needs to effectively respond, as the pandemic situation nationally continued to evolve. There was large-scale response through the Budget and building of large quarantine facilities.

There was also the ongoing consistent advice, collaboration and partnership that all entities and stakeholders needed to support their operations and overall public health and wellbeing. All of this still occurred while departmental officials were largely working from home for much of the pandemic response.

Governance arrangements were established early in the pandemic emergency, nationally through the National Cabinet arrangements, and across the Australian Government through the Cabinet, Secretaries Board and specific committees established in response to the pandemic. Proactive entity engagement through the Budget process was pivotal in supporting effective decision-making based on up-to-date financial information and reporting and facilitated through deliberate flexibility in the budget process and timing discussed earlier.

The coordination role across governments, supported by established processes and communication channels became even more critical to ensure the response could meet the critical needs, expectations and timeframes required to affect the response.

- The scale and scope of the pandemic, and required response, was difficult to foresee, and Finance notes Australia's response compares very favourably to other countries on the basis of health and economic outcomes.
- Finance further notes that at different times during the pandemic, engagement experience both between Commonwealth agencies, and the Commonwealth and jurisdictions and other stakeholders, showed the benefits of better-established processes, collaboration and coordination, and lines of responsibility, including having the systems and frameworks in place early to assist in decision-making and response. Such systems and frameworks need to be able to adapt flexibly to otherwise completely unforeseen circumstances.
- Some lessons learned from the pandemic response are already being implemented to assist in future consideration of and response to like events. Finance supports further assessments of 'lessons learned', informed by insights from activities such as this Inquiry.

Operating in the pandemic environment required capacity to be agile and respond quickly as unforeseen needs arose, and when the scope of that 'need' could at times be itself evolving. The schedule to deliver an effective and enduring response was challenging.

The Quarantine Centres demonstrated the difficulty of delivering when the final 'need' is not settled as final quarantine requirements were still being settled throughout the concept design, tender for construction and mobilisation to delivery.



- The Centres required more bespoke solutions to enable broad quarantine and safe and effective site operations while minimised risk of infection transfer. As such, the Centres incorporate design and fit out beyond what would normally be provisioned for a like facility.
- This added to the complexity and cost during delivery, and while effective design and oversight ensured the Centres were delivered on time and budget, this issue of 'need' restricted the capacity to deliver an infrastructure solution sooner.

The end result remains three enduring facilities of the highest quality and specifications to support ongoing disaster and emergency readiness across Australia. Finance notes that in hindsight a clearer picture of underlying requirements and what governments/society/the market could bear could have expedited more cost-effective, fit-for-purpose solutions and responses to the pandemic.

But acknowledging the difficulty in confirming this at the time, Finance supports subsequent efforts to better inform what response settings should be in place for infrastructure or service delivery to respond to future like events.

The pandemic further showed the immediate and far-reaching impacts that an international event can have on supply chains, market capacity and resilience, and factors such as cost escalation.

- Throughout 2021, supply chains were disrupted as a consequence of border closures and key goods and services being in high demand. This has led to a series of responses including better planning about supply chains and stockpiling and bringing certain critical goods and dependencies back onshore.

Finance notes that while additional resources could be committed to reduce the impact of future similar events, it is important to balance this approach against the consequence and likelihood of future events. Ensuring responses remain proportionate and represent value for money to taxpayers should remain the cornerstone consideration in developing options and implementing future anticipated capacity requirements.

The work of Finance and other entities around ensuring legislative and regulatory powers and avenues supported the pandemic response demonstrated the importance of strong legislative, regulatory and process frameworks being in place to support responses in a timely way. A key learned experience from the pandemic was that many of the avenues for providing assistance were able to be adopted from existing measures in a timely way in response to the evolving uncertain situation. Relying heavily on existing mechanisms to provide support (such as JobSeeker) and using existing information and tax frameworks to design new assistance arrangements (such as Cash Flow Boost and JobKeeper) enabled an appropriately rapid response while minimising unintended consequences.

Finally, Finance acknowledges the excellent commitment and response from its people to the pandemic. As noted above, the broader Australian Public Service was in lockdown and working from home for much of the pandemic. Despite this, Finance's people continued to deliver policy analysis and advice, services and delivery of the highest calibre, demonstrating flexibility, resilience and professionalism in the work they do. The stewardship Finance's people have demonstrated coming out of the pandemic, bringing lessons learned into the department's day-to-day operations and broader engagement, provides confidence in the preparedness of Finance and the broader Australian Public Service to engage in and respond positively to any events that impact Australia in the future.

Finance appreciates the opportunity to make a Submission to this inquiry and would welcome the opportunity to assist the Inquiry further in expanding on any of the observations made here.