

Australian Government's response to the COVID-19 pandemic
Submission by Humphrey Boogaerdt

"Historically, pandemics have forced humans to break with the past and imagine the world anew. This one is no different. It is a portal, a gateway between one world and the next." Arundhati Roy (2020)

"We can't 'self-isolate' from Climate Change." Mark Carney (2020)

"The Australian Government has put together a team of widely respected clinicians, led by the Chief Medical Officer, to assist with the COVID-19 response. With a huge breadth of experience, these experts will help us manage as effectively as we can the unprecedented health challenges we are facing." Australian Dept Health (2020)

These three quotes should be central to the COVID-19 recession recovery plans. That is, there will be no snapback to pre-existing situations, climate change mitigation is urgent and must play a major role to rebuild the economy, and the government needs to listen to experts. If the government had treated the scientific health advice in relation to the COVID-19 virus the same as it treats climate science, Australia would now be in a similar or worse situation as Brazil. For the public interest any modelling and decision making needs to be transparent, and continuously open for comment. All data and related information should be downloadable by the public for free and there should be no need for FOI requests.

Diversity

Since the 1960s business gurus, major consulting firms and institutions like Australian Institute of Management have promoted diversity in organisations so they can prosper. The current makeup of the National COVID-19 Coordination Commission (NCCC) is everything but diverse – which seems to reflect the government itself. For this NCCC to be successful and lead Australia out of this economic crisis, its makeup needs to become more diverse.

Antifragility

There is an assumption by some in the political class that Australia can recover from an economic shock to its pre-shock state - this process of recovery is referred to as resilience. The term resilience originates from engineering where it refers to a system's

ability to revert back to its original state of equilibrium. However, it should always be asked whether the original state is still desirable. It can be argued that the state of the Australian economy was not in great shape even before the bushfires of last year, as indicated by the RBA when suggesting stimulus was needed. After the double shock of the bushfires and COVID-19 crisis, resilience cannot bring us to where we were before. The process and reality would be better described as 'antifragility', coined by Nassim N. Taleb in his 2012 book "Antifragile: Things That Gain From Disorder" (cited in Blečić & Cecchini, 2017).

The concept of 'antifragility' can be described as follows:

"... resilience is the capacity of a material, or in our case of an object, to absorb a shock without breaking, perhaps deforming but then rebounding to its previous state or condition. ... To clarify the distinction between the fragility, robustness, and antifragility of things, let us begin with the obvious observation that all kinds of perturbations and unpredictable events take place around (or within) them. If these perturbations can only harm, damage or break the object, then the object is fragile. Give it enough time, and a perturbation of a sufficient magnitude will eventually occur to damage or break it. A fragile object is an object likely to get damaged or to break with time. ... Now, what is the opposite of fragile? Many words come to mind: hard, robust, resistant, resilient ... But, to follow Taleb, none of these is exactly right: none is the *strict opposite* of fragile. ... "

Only *antifragility* is the opposite of fragile (Blečić & Cecchini, 2017).

In his book "Collapse" Jared Diamond (2011) describes many civilisations that experienced shocks to which there was no way back to their original circumstances as environmental tipping points were reached. Now in the COVID-19 recovery phase we can avoid going on a trajectory where we would reach such disastrous tipping points; we now have the opportunity to make Australia antifragile.

Safety-Net Measures

The Australian government has recently put in place a whole series of financial stimulus measures. They are rather *safety-net measures* to stop society from collapsing and with it, the economy. There can be a discussion about the shape or size of targets, and the aims of these packages, but the rebuilding of Australia goes beyond that. In a caring society, the scheme needs to be broadened to include all workers on Australian soil. In an Australia that prides itself about fairness and looking after their mates, the extension and expansion of the safety-net measures must be carried out.

The government should start looking at innovative ways of helping small businesses over a longer period. One suggestion has been made by professor Bruce Chapman (2020), which calls for '*income contingency loans*'. These work similarly to the HECS for university students where the loan provided only must be paid back when a certain

income level threshold has been reached. The cost of such a scheme to the government is very low, especially because interest rates are nearing zero.

The large amount of money that the government has earmarked for the safety-net measure may not be as costly as they make out. First, the interest rates are near zero. Second, Australia is a country with a sovereign currency that is not tied to any other currency. Therefore, when the government borrows from the RBA which prints the money, it is just an internal bookkeeping affair, i.e. there is no foreign debt risk. This should be seen in a different light than a household budget or even a State budget, because they cannot print money as this can only be done at federal level. This way of viewing government debt is part of the *modern money theory* (Kelton, 2020a & 2020b), which is worthwhile exploring. Therefore there should be no fear about budget deficits and the huge cost of having to pay back this debt.

Soon after the safety-net package was announced there were suggestions in the media that it was essentially defacto a Universal Basic Income (UBI). The common concerns about UBI are very well explained by Nettle (2018). Australia should seriously consider implementing UBI, for reasons as described by Nettle and listed below. As part of this consideration we should ask the important question “*If Australia would have had UBI in place when this crisis hit, would the safety net package have been as large?*” Treasury, thinktanks and academics have the tools to carry the modelling and publish the outcomes. With an UBI in place would have had a positive impact amongst others on health as the levels of stress and anxiety of people that were about to lose their job would have been reduced. These people would have been able to afford food and other basic items for living from their UBI payments. Governments should plan how to deal with the next crisis, which will likely be climate change related or another health one, UBI is a possible solution to lower the impact of these future crises. Yanis Varoufakis (2017) argues that instead of UBI, it should be a Universal Basic Dividend (UBD) instead - the only difference from a UBI is where the money comes from. A secured stream of income is and will become even more important in as society where a large portion of the workforce is employed in the gig-economy (Boogaerd, 2019). All modelling and findings should be publicly shared with the world, because then the public can if they wish look at the processes and findings.

Climate Change

The government has spent and will continue having to spend large amounts of money to invigorate the economy now. This money should be spent with a focus on the future in order to have a prosperous society. It is generally accepted that the mitigation of climate change will play an enormous role in the prosperity of a society and that the path of transition needs a lot of money. There is now a unique opportunity do something substantial about climate change. So, instead of spending trying to go back where we were before COVID-19 it would be more cost effective to put that money to-

wards renewable energy, negative emissions and other related measures that combat climate change, that would be good financial management. As mentioned before mitigating climate change should be central to the government's response to the COVID-19 pandemic. This would also help with mitigating future bushfire disasters as occurred in the summer of 2019-2020 has shown (Garnaut, 2020; Holmes à Court, 2020). The Royal Commission into National Natural Disaster Arrangement has started their hearings with investigating the links between catastrophic bushfires and climate change. Scientists from various organisations support and even had predicted the links between catastrophic bushfires and climate change (Royal Commission, 2020). The health costs of these bushfires and the costs of related deaths to society are yet to be calculated and made public.

Gas Focus

The apparent reasoning by the Energy Minister, the Chief Scientist and the NCCC to use natural gas to get Australia out the recession is unfounded. The spruiking that natural gas is clean and much cleaner than coal is a myth (CCWA, 2019; Garnaut, 2020; Holmes à Court, 2020). Whilst at the point of burning natural gas produces less greenhouse gasses (GHGs) than coal, the total amount of GHGs produced by natural gas must also include fugitive emissions. These are generated from exploration to the gas burner and are high, their impact is large because this methane gas is a very potent GHG (Boothroyd, et al., 2016; CCWA, 2019; Howarth, 2014). The impact of fugitive emissions is mostly underestimated (Boothroyd, et al., 2016; Howarth, 2014).

When criticizing renewable energy, proponents of fossil fuels come always up with the argument of subsidies for renewables. Conveniently forgetting the fact that fossil fuels, including natural gas, get direct and/or indirect government subsidies - the IMF (2019) calculated that Australia spends US\$29 billion on fossil fuel subsidies per year that is US\$1198 per capita.

To reach the 1.5C Paris target and to fulfil the Climate Emergency Declaration obligations, all energy must come from renewable resources. To help to achieve these goals, all new building developments should be totally electric; precedents have been set in The Netherlands where a policy was introduced in where no gas for new developments will be allowed by 2020 - similarly policies have been developed in the ACT. Since natural gas is not a renewable energy source, new gas infrastructure should not be allowed in new building developments. In a zero emissions society, natural gas has no place as fuel. New homes should have induction cooktops instead of gascookers, and heatpumps instead of gashotwater systems.¹ The savings gained by not having to install a gas infrastructure and the lack of a monthly gas connection fee will easily offset the extra cost for installing an induction cooktop and heatpump hotwater systems.

¹ The author have no pecuniary interest in any of the technologies mentioned in this submission.

Manufacturing

The COVID-19 crisis has shown that stockpile levels for essential items must be reassessed. To think that we can manufacture everything in Australia is fanciful. It is unlikely that we can produce items, such as facemasks, as cheaply as in China. But what can be done is identify Australian manufacturers that can, at short notice, change their production line for items needed in a pandemic or any other disaster. With government help they can set up templates to produce the required items. In the same way as emergency fire drills, these changeovers should be tested once a year to see if these processes can start up quickly and to assess if any improvements should be made. This ensures that no time valuable time is wasted on trial and error R&D and, production setup. Linking this with renewable energy will be the way out of this recession, and that is in addition to all the business opportunities described by BZE (2020), Garnaut (2020), Holmes à Court (2020) and Newman (2020).

Infrastructure

In general infrastructure programs have a long lead time before they can start. But there would be many sustainable projects on the books that could be fast-tracked, without compromising the environment. To get these going, governments may have to pressure or even bypass some of the department's objections, like WA's Main Roads, which is car-centric, or Synergy, which likes to stick to the status quo of coal fired power generation.

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