



15 December 2023

Independent Panel
Inquiry into COVID-19 Response

Dear Panel members

Accommodation Australia (AA) appreciates the opportunity to comment on the Government response to the COVID-19 Pandemic. Our interest fundamentally aligns with the purpose of the inquiry which is *to identify lessons learned to improve Australia's preparedness for future pandemics*.

The accommodation sector, as part of the broader hospitality industry, was severely impacted by the pandemic. Pre-pandemic, employment in the accommodation sector in 2018 was over 120,000. By February 2021, that had dropped to 75,000, and it has been a slow recovery since. Unfortunately, employment in accommodation has not yet returned to pre-COVID levels.

While we are aware that the Inquiry's Terms of Reference focus on the response of the Federal Government, our sector was so detrimentally affected by the actions of State and Territory Governments that it would be unfair to our members not to make some comments about the responses that caused the most distress. In this context, our submission refers to actions of governments collectively, and the intersection between national cabinet, federal government and state/territory government action.

Quarantine

The Accommodation sector performed a highly valuable role during the pandemic as quarantine facilities for returning Australians and authorised international visitors. While providing much-needed income to hotels that participated, it did not come without cost, with damage to hotel property and reputation, and the need to deal with customers who were frustrated and trapped by the requirement to quarantine.

At the commencement of the pandemic the haste with which hotel quarantine facilities needed to be established created chaos which took some time to settle down. Engagement was inconsistent with some States not engaging with operators on key decisions which were then poorly communicated and poorly thought through.

With the benefit of the experience gained through COVID-19, it is essential that a national framework on hotel quarantine is finalised before the next pandemic, particularly as it is highly unlikely that dedicated state or national quarantine facilities will be sufficient to manage the volume should another global pandemic occur. A national approach is also necessary as many of the hotels are operated by national chains and the inconsistency across jurisdictions created major problems.

The national hotel quarantine framework should include:

- Contracts between Government and hotels (and not use of emergency powers) - Early contracting with hotels agreeing to become quarantine facilities, with a guaranteed minimum payment based on the market rate of rooms available for quarantine, whether that be the whole hotel or a set number of floors. In NSW, this figure was 80%, such that if there were 100 rooms available at \$300 for the room and 3 meals, the payment to the hotel was a minimum of 80 x \$300 even if less rooms were occupied, and if fully occupied then 100 x \$300. Alternatively, a set rate for occupied and one for available. Either of these arrangements worked well as they allowed for stability in staffing/rostering particularly as the occupancy could change very quickly. It is also important for there to be a consistent and industry-transparent approach so that room rates paid are standard for each city location Alter to the property rating.
- Security control – In the early days of the pandemic there was insufficient security in some States which put hotel staff at risk. In full lock down, enforcement of hotel quarantine should be done by the police. The experience in Melbourne of using security firms which used inexperienced staff to enforce quarantine was disastrous, not just for COVID spread but for the reputation of the hotels and the management of the pandemic. Hotel brand names should not have been used in media reports and government did not protect the hotels.

During lockdown, police usually have the resources to undertake the enforcement, but when quarantine is still in place but there is no domestic lockdown, security firms are likely to be the best option. Governments should have a ready-to-use panel of security firms they can call on who commit to providing training and well-briefed staff should the need arise.

- The customer payment issue was a mess. It was totally unfair on those travellers who paid thousands of dollars for their quarantine when other debts owed were excused. A fairer approach would be that from the beginning all of the room costs are picked up by government (as they are the ones enforcing the quarantine irrespective of whether the traveller has COVID) but that a modest fee be charged to the customer to cover the meals, as food would be a cost that the traveller would have incurred at home. There could be a separate fee arrangement for Australians who are granted approval to travel out and return during a pandemic, but not for Australians returning later as any financial to return early would place an unmanageable demand on both airline capacity and quarantine. Whatever final customer fee arrangement is agreed for the framework, it should be fair, consistent and transparent throughout the period when quarantine is in place.
- Hotel health protocols – overall, the health protocols within quarantine hotels operated effectively, and benefited from a better understanding of how the virus was transmitted as the pandemic progressed. In Victoria, retrofits of many hotel air conditioning and filtration systems were required by Government to mitigate risks of 'shared air' virus transmission between rooms. This led to significant unbudgeted capital expenditure by hotel operators, via a co-contribution model with government. The inquiry should determine through health advice if this was necessary, as it was not a requirement in other jurisdictions so there should be data to provide a comparison of mitigated risk if

any. As a result of examining the evidence, this element may need to also be addressed in the national framework.

- Homeless accommodated elsewhere – in some states hotels were required to house the homeless which was problematic and created significant product damage. The program brought in guests with complex mental health problems and introduced with higher levels of security and support workers plus larger “make good” on departure.
- Appropriate compensation (“make good”) within the framework - both for financial impact on the hotels as well the effect on staff. The hotels had to absorb the cost of any damage in guest rooms caused by quarantine guests, for whom no bond was able to be collected by the hotel, which would be a normal procedure for hotel guests. The only option offered was for police to lodge a wilful damage case against the guest on the hotel’s behalf, which ultimately relied upon the guest’s ability to pay and was frequently unsuccessful. Some hotels also had damage to venue space where health authorities used it as an office-based area.

Consideration should be given to the circumstances of each hotel; the additional wear and tear they may endure; and the need to return these hotels to the state in which they were prior to being requisitioned. Also, if international travel remains restricted but domestic tourism has recommenced, compensation should also consider that quarantine hotels may have to suspend regular marketing activities. This disruption can profoundly affect modern-day business models, which are increasingly dependent on loyalty programs and visibility in the market.

Any compensation framework should also consider the Workplace Health and Safety and the rehabilitation of staff from a hospitality service business to a quarantine facility business, back to a hospitality service business. Staff working in these facilities reported considerable damage to their mental health and counselling for frontline workers in these facilities should be made available with government support.

Restrictions – a help or hindrance?

This inquiry has the opportunity to examine the data (both from Australia and overseas) and answer some important questions:

- Did those States that locked down more frequently fare any better in stopping the spread of COVID than other jurisdictions?
- In a country such as Australia, when it comes to health and wellbeing, should borders be any more than lines on a map? The impact of border restrictions on regional economies was immense, including the difficulties of attending work, school and day to day activities. Did domestic border restrictions add any value to tackling COVID-19, particularly when moving between regions which have similar covid spread rates? Of greatest frustration were examples where state-wide restrictions were imposed with police-enforced authority on state border movements even when regions on either side of the border were experiencing little to no cases of COVID.



We believe it would have been more appropriate to impose restrictions only between regions experiencing significantly different spread patterns – a restriction based on health, not on state jurisdictional boundaries. This approach requires a national standard for imposing restrictions.

- Which restrictions had the greatest benefit, and which did little to stop the spread but had a major impact on business? For example, the 1.5 m distancing and hand sanitising stations seemed to be effective, and businesses could work with it. In contrast, some of the more onerous overall capacity restrictions, did not make much sense and had a major impact on hospitality businesses.

Determining a health consensus on restrictions, given all of the known experiences from COVID, is critically important to managing future pandemics in a way that maximises the health outcomes without putting onerous restrictions on business that had little health impact.

National action and advisory mechanisms

Given the split responsibilities between the Commonwealth and the States/Territories, regular meetings of the National Cabinet were important and reassuring if somewhat frustrating in their inability to, at times, reach consensus. There is a role for competitive federalism but State and Territory leadership at times stuck to their hard lines in the face of evidence in other states that a more balanced approach was just as effective.

The COVID Commission set up early on played a vital role, particularly in liaising with business, but with hindsight, an active National Coordinating Mechanism could have performed the same role from the beginning. The benefit of the NCM was that it brought together government reps with business in an overall coordinated response. We support the call from Aus Chamber Tourism that the NCM should include a representative from the tourism sector given that it will almost certainly be significantly impacted.

The regular meetings between Treasury and business were also very important, enabling feedback on support proposals and facilitating interaction between business and central agencies, health and other agencies, including those responsible for vaccination roll out.

Overall, although at times the number of agencies was confusing, the benefit of regular dialogue between business and government was critically important and should be a key feature of any future pandemic response.

JobKeeper

The AHA (of which AA is a division) was an early instigator of what became JobKeeper. The AHA advocated at the highest levels for a scheme that avoided stood-down workers having to visit Centrelink to receive payments. The AHA proposed instead Government use employer's payroll systems to make payments, thus preserving the dignity of the person and maintaining the links between employer and employee. Although this support measure came under heavy

criticism later in the pandemic, there is no doubt that the measure saved hundreds of thousands if not millions of jobs, and certainly allowed our sector to keep many staff connected to their employer and industry. It is essential that a similar support program be part of any future response to a major pandemic. Lessons learnt included:

- Checking in with the business more frequently early to see that revenue fall predictions and actuals align so that any financial support program remains targeted on businesses that experienced, and continued to experience, a severe deterioration in their revenue.
- The delivery mechanism through the tax system worked more efficiently than any grant-based program and should be the basis for any future crisis support.
- Coverage of casuals was more than just intermittent connection to the business was critically important to industries such as ours. The same support should have been available for temporary visa holders where they also met the same requirements as casuals. The message of temporary migrants needing to return home was a poor one, and made a significant dent in the availability of skills once tourism and hospitality was allowed to trade.
- A two tier approach similar to the second tranche of JobKeeper, which reflect a more suitable payment for casuals and part timers with less hours was a better approach.
- The need for there to be some obligation on the employee to undertake work should a business be able to partially trade. Employers experienced great difficulty in returning staff to work or getting them to do some productive hours when the receipt of JobKeeper was the same regardless of whether they worked or not. This could be dealt with by allowing employers to reduce JobKeeper payment where such circumstances exist

Although the suggestions above reflect the desirability for the response to be better targeted to maximise the benefit of the fiscal spend, it is important to state that even the “not-so-well-targeted” money still went into the struggling economy, either in the hands of the employees or the business with a positive fiscal stimulus effect. This important fact reinforces the view that in future pandemics, it is better to implement a measure quickly before job connections are lost even if it is not perfect, than to spend too long fine tuning and lose the opportunity to help more businesses and workers.

Continuing business support

In the course of a pandemic, after an economy-wide program such as JobKeeper is no longer needed, business support is still essential where any ongoing government restrictions are having an impact on business trading. There was immense frustration during the COVID-19 pandemic that as the remainder of the economy recovered, the tourism industry was left high and dry without any federal financial support beyond that targeted for sectors such as aviation or travel agents even though closed international borders and some domestic restrictions were severely impacting tourist numbers and business revenue. Although there were some grant-based state government funded programs, which were welcome, these were nowhere near as effective and efficient as a JobKeeper-style support program.



Tourism Restart Taskforce

As one of the industries most impacted by the pandemic, the coordination and industry communication undertaken by the Tourism Restart Taskforce set up by the ACCI tourism committee and chaired by Jeremy Johnson AM was essential. It met regularly with key agencies, Ministers, health officials and other stakeholders, and published summaries of the meetings on a special COVID site and briefed industry leadership on matters discussed. In a future pandemic this industry-led and government-legitimised Taskforce should be an important feature.

A key output of the Tourism Restart Taskforce was the development of proposed roadmaps for tourism recovery which were aligned with COVID health advice and then vaccination roll out. It was a source of frustration that the national cabinet roadmaps did not go far enough to help the tourism industry plan for recovery. A major example was the cruise industry, which the accommodation sector was closely aligned. After the initial publicity around the Ruby Princess, it seemed beyond governments to act on providing a pathway to restart even domestic cruising, even when domestic tourism elsewhere had been given the go ahead. Also, with conferences and events such an important part of the accommodation industry, the roadmap to easing restrictions on gatherings seem to be more restrictive than needed (see earlier comment on getting the balance right).

With airlines and airports needing sufficient notice to increase capacity, a workable roadmap for tourism recovery that balances health and economic value should be an important part of any future pandemic action. This should be a priority for National Cabinet.

Overall, there are many lessons to be learned from the COVID-19 pandemic. Sectors such as ours rely on strong national leadership, consistent health advice, regular information, and the opportunity to share our concerns and have them attended to. The tourism industry also needs an active approach to restart timetables to enable proper planning.

If you require any more detail on issues raised in this submission, please do not hesitate to contact us.

Yours sincerely

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