



Melbourne's misery will weigh on economic growth for many years

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Melbourne is a confused, quiet and fearful place, stripped of activity, community and enterprise. The hard part is there are weeks more of lockdown, solitude and lost opportunities to endure with no end in sight and no clear or articulated exit strategy.

Living here, it feels like the heart and soul has been ripped out of Australia's fastest growing and most cosmopolitan city. The impact is devastating and Melbourne is today a shell of its former self.

Industry warned as we emerged blinking into the new reality in late May after the first business hibernation that another large-scale lockdown would be disastrous for our national economic prospects for many years to come. And so it is.

Political and bureaucratic bungling, revealed day by day like layers peeled off an onion, even before an official inquiry begins to rub salt into the wounds, has clearly taken Melbourne, and Australia with it, to a dark economic place.

There will undoubtedly be a day of reckoning sometime soon. In the meantime, thousands of business owners and their staff face their own judgement day. Hard decisions on business closures, downsizing and investment deferrals will not wait for an inquiry to apportion blame.

While the official data and anecdotes tell us the rest of the country is cautiously rebuilding, some areas faster than others, Melbourne has fallen into the slow lane, destined to be Australia's economic laggard.

It's a common observation from CEOs and business owners that the faces of those from Melbourne on their video conferences look different - more strained and distracted.

The difficulties of continued home schooling, not being able to see parents, siblings or friends, having no time or too much on your own, wearing a mask everywhere outside, only being allowed out for an hour a day and having no freedom of movement are piling up.

Stories from people in other states dining at restaurants, going to the pub or getting breakfast in cafes all the while keeping a safe distance do not help the sombre mood. Perhaps worst of all is watching your football team play a "home" game in another city in front of a crowd of real people.

The strains are showing in workplaces too. The calamitous road to lockdown undertaken with no consultation and little foresight confused, frustrated and frightened business owners and their staff. It was a complete mess. And despite all the catch-up efforts, for many there is still little clarity on their exact status. Many are staying open in the hope they can or should. Others are closed just in

case. Getting answers for business can feel like hand-to-hand combat. Clarity, when and if it's found, comes on a case by case basis.

Open or closed, most are mystified. They haven't had COVID cases, their COVID action plans have been in place for months and they are seeing lost employment, lost business opportunities and market distortions, such as import substitution.

Those keeping going report crippling restrictions on their ability to function and staff too nervous to travel to work or make work-related journeys. They are anxious that they will be pulled over and forced to explain why what they do is so important, to police Constables undoubtedly doing their best, but put in an impossible position by the laws of lockdown.

Absenteeism is rife, not helped by heavily circulated footage of police putting people in chokeholds or smashing car windows in suburban streets.

The impact of the Victorian wave is being felt across borders as business and consumer confidence wanes. The blunt instrument of border closures impacts sentiment and continues to make doing business harder. Business has long recognised that prolonged border closures means more disruption and less opportunity. It feels like our Federation is falling apart at the seams.

High unemployment, minimal wages growth, curtailed investment, higher insolvency rates and lower exports as businesses that are kept at home look to form the basis of economic activity for the next few years.

That is why measures at the federal and state level to boost demand, confidence and investment are key. We are not going to tax or regulate ourselves to prosperity. Real policy reform around workplace relations, skills and training, tax, regulations and energy are going to be crucial to finding the jobs of the future, especially for our young people who have been disproportionately smashed by the events of the past six months.

No matter the response, Melbourne which was responsible for a third of the national job creation in the past five years and which was on track to become Australia's largest city by 2030, will start its recovery in the doghouse. All of Australia will be impacted by Melbourne's lockdown and there simply cannot be another lockdown without creating a total economic catastrophe.

Those in Sydney were maybe right when they mischievously described Melbourne as "Bleak City". It has never felt bleaker.