



Modelling Finds COVID Elimination Strategy Equal To Entire Health, Defence, Education and Welfare Spend Combined

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Economic modelling in a new report released today by the free market think tank the Institute of Public Affairs has found that the COVID-19 elimination strategy adopted by Commonwealth and state governments could cost up to \$319 billion, the equivalent to 23% of GDP, from 2020 to 2022.

The report, titled *Medical Capacity: An Alternative to Lockdowns* finds that the cost of COVID-19 elimination is the equivalent to 2.2 times the total annual value of Australia's entire Health Care and Social Assistance industry (which is \$142.9 billion), and is equal to the 2018-19 Commonwealth government expenditure on defence, education, health, and social security and welfare combined.

"Eliminating COVID-19 means eliminating jobs, freedom, and hope," said Daniel Wild, Director of Research at the IPA and co-author of the research report.

"The consequences of the lockdowns could be likened to a form of aggressive asset stripping



where the political class and elites appeared to have been empowered and grown wealthier at the expense of an ever more precarious middle-class.”

“Lockdowns have brought about one of the greatest regressive transfers of wealth and power in Australia’s history. Young Australians, small businesses, the self-employed, and those otherwise embedded in the productive, private parts of the economy have been smashed, while public servants and bureaucrats are flourishing.”

“Lockdowns have caused a humanitarian tragedy that will last for generations. Some 1.4 million Australians are either unemployed, had left the labor force since March, or were in a job but working zero hours due to the JobKeeper wage subsidy. This is approximately the same number of net jobs created in the six years leading up to the beginning of the COVID-19 lockdown measures in March,” said Mr Wild.

The report recommends that governments end the elimination strategy and the associated lockdowns, and instead implement a strategy based on “medical capacity” which is risk-based, proportionate, and targeted. Medical capacity refers to the capacity of Australia’s medical system to manage the health consequences of COVID-19, which is the original strategy adopted by Australian governments and gave rise to the objective of “flattening the curve”.

“Governments must adopt an approach that recognises that we must learn to live with the virus,” said Asher Judah, IPA Associate and co-author.

“The best available domestic and international evidence points to the conclusion that, over the long term, lockdowns are not effective mechanisms for containing the spread of COVID-19, but impose significant social, cultural, and economic costs.”

“Governments should put in place measures to protect the elderly and vulnerable, implement high quality contact tracing, continue with random community testing, and maintain international border control measures. Otherwise, economic, social, and recreational life should return to normal, with social distancing observed as needed,” said Mr Judah.

The report also finds:

- Young Australians have incurred 35% of net job losses since March, even though they only account for 15% of the workforce.
- Some 952,900 Australians aged 15-24 are now either unemployed (283,500), have simply given up and left the labour force altogether (185,000), or are employed but cannot work the number of hours they would prefer (484,400).
- 26 jobs have been destroyed in the private sector for every new job added to the public sector since March.

[Download](#) the report.