



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL  
TERRITORY**

**SELECT COMMITTEE ON THE COVID-19 PANDEMIC RESPONSE**

(Reference: [COVID-19 pandemic response](#))

**Members:**

**MR A COE (Chair)**  
**MS T CHEYNE (Deputy Chair)**  
**MRS V DUNNE**  
**MS C LE COUTEUR**  
**MR M PETTERSSON**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**THURSDAY, 30 APRIL 2020**

**Secretary to the committee:**  
**Mr H Finlay (Ph: 620 50129)**

**By authority of the Legislative Assembly for the Australian Capital Territory**

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

**WITNESSES**

**CATT, MR GRAHAM**, Chief Executive Officer, Canberra Business Chamber ..... **75**

**TSIRIMOKOS, MR ARCHIE**, Chairman, Canberra Business Chamber ..... **75**

## **Privilege statement**

The Assembly has authorised the recording, broadcasting and re-broadcasting of these proceedings.

All witnesses making submissions or giving evidence to committees of the Legislative Assembly for the ACT are protected by parliamentary privilege.

“Parliamentary privilege” means the special rights and immunities which belong to the Assembly, its committees and its members. These rights and immunities enable committees to operate effectively, and enable those involved in committee processes to do so without obstruction, or fear of prosecution.

Witnesses must tell the truth: giving false or misleading evidence will be treated as a serious matter, and may be considered a contempt of the Assembly.

While the committee prefers to hear all evidence in public, it may take evidence in-camera if requested. Confidential evidence will be recorded and kept securely. It is within the power of the committee at a later date to publish or present all or part of that evidence to the Assembly; but any decision to publish or present in-camera evidence will not be taken without consulting with the person who gave the evidence.

*Amended 20 May 2013*

**The committee met at 12.06 pm.**

**CATT, MR GRAHAM**, Chief Executive Officer, Canberra Business Chamber  
**TSIRIMOKOS, MR ARCHIE**, Chairman, Canberra Business Chamber

**THE CHAIR:** Welcome to the fifth hearing of the Select Committee on the COVID-19 pandemic response in the Australian Capital Territory. On behalf of the committee, I would like to thank the Business Chamber, particularly Mr Catt and Mr Tsirimokos, for attending today and presenting much-needed evidence with regard to the business community's experience over the last six or seven weeks.

Mr Catt and Mr Tsirimokos, I understand that you have been forwarded a copy of the privilege statement. Could you please confirm for the record that you understand the privilege implications of that statement?

**Mr Catt:** Yes.

**Mr Tsirimokos:** Yes, I do.

**THE CHAIR:** I also remind you that the proceedings are being recorded by Hansard for transcription purposes and are being webstreamed live. Before we go to questions, do either or both of you have a brief opening statement that you would like to make?

**Mr Tsirimokos:** I will make some brief opening remarks. Firstly, the chamber understands the significant impacts of the COVID-19 outbreak and the effect it is having on cash flows of businesses across a range of sectors, including those who are commercial tenants in the territory. There are many tenants who are unable to make their regularly scheduled rental payments, and there will be many more who find themselves in that situation.

Landlords and tenants, in our experience, are working together to try to achieve some agreed position to go forward, to help tenants get through the initial period of this pandemic effect. There are also discussions commencing in relation to the long-term effects of what is happening.

The Business Chamber, Master Builders ACT and the Property Council have, together, made a number of submissions to the government on our respective thoughts in relation to the stimulus measures and additional measures that we think are appropriate. They have been forwarded to the Chief Minister for his consideration and for that of his team. They are around issues affecting commercial rates. They are around payroll tax and other fees and charges, and assistance that the government might be able to give business and property owners so that they get through this period. Our observation, to date, is that the Chief Minister's office and other government departments have been extremely collaborative in their approach and in their consideration of the issues that we are raising.

They are the only opening remarks that I wish to make. I am very happy to answer any questions.

**THE CHAIR:** Mr Catt, do you have any comments?

**Mr Catt:** I suppose the only thing I would add to our chairman's comments is the context in which we discuss COVID-19. I realise the purpose of the inquiry is the response to COVID-19 by the ACT government. It is important to paint the picture for Canberra business prior to the impact of COVID-19, which began in March of this year, and to cast our minds back to the fact that many parts of the business sector have been feeling the effects of impacts on their business from as far back as November or December 2019. Certainly, I am thinking about tourism operators, hospitality operators and some sections of retail. It is important to remember that the discussions we are having about the impact of the health issues and the pandemic are also exacerbating impacts that they have been feeling from extreme weather events—from bushfires, smoke pollution and hail, as well.

The only thing I would add to Mr Tsirimokos's remarks is to say that what we put forward should be seen in the context that we have a business community that was not necessarily sailing along with a fine wind behind them in March of this year; a lot of that response relates to issues that have been compounded and were being felt for several months before that.

**THE CHAIR:** I will kick off with questions. While I would love to chat in general in the first instance, I am not sure that time will allow us to do so. I will go to some specifics. With regard to commercial rates, what progress has been made? What communication or interaction has the Business Chamber had with the ACT government about determining who will get waivers during this period, and when will those waivers come into effect?

**Mr Tsirimokos:** As I indicated earlier, the Property Council, the MBA and the Business Chamber have, together, submitted to the territory our collective thoughts in relation to rates relief and a rates relief scheme to provide cash rebates and other assistance to property owners. That is under consideration by government. There has been no formal response, other than the initial position under the economic survival tranche No 1, in relation to the way in which the rates considerations would work. The principle, as we understand it, from government is that there will be a proportionality principle applied to that as well, as one of the considerations.

**THE CHAIR:** Obviously, time is ticking. Do you have any idea as to when the government are likely to finalise the methodology for determining what proportionality they are going to be applying, and at least when that methodology is going to be finalised or published?

**Mr Catt:** My understanding is that some agreement was reached, towards the end of last week or the beginning of this week, about core principles as to how that will be applied. There were also discussions about the local business commissioner and his role as a mediator when it comes to commercial tenancies. There was some clarification needed about how that fitted into the process as well. The core principles have been agreed; our understanding from government representatives is that the next steps relate to how people will be able to apply for that relief. There should be clarity provided, we have been told, within the next week or so. We have had nothing further since then.

**THE CHAIR:** How big an issue is the commercial rates burden on businesses, and

especially tenants—that the outgoings are passed on to them?

**Mr Tsirimokos:** It is a significant issue. Rates can be passed on to tenants under some leases. The way in which leases generally work is that they are either gross or net rents, which means that if it is a net rent it is an amount plus outgoings and tenants are responsible for paying those. If it is a gross rent it includes outgoings and, generally speaking, the tenant has to pay increases in those outgoings above a base year. It forms a significant part of most leases and it is a significant cost for the property owner. In some cases, it could be perhaps as much as 30 per cent of the rent being received by the property owner. From the tenant's point of view, it is obviously a significant consideration in terms of the amount of overhead costs that tenants have to absorb in running their business.

**THE CHAIR:** There is much more I would love to ask on this subject, but I will hand over to other committee members.

**MS CHEYNE:** I have a question about what you said in the opening statement about payroll tax. We have just been talking about rates, but my understanding is that a good proportion of businesses in the ACT do not pay payroll tax. Are you able to expand on what is being sought in that space?

**Mr Tsirimokos:** Yes. The first round of the stimulus package provides some relief for employers through arrangements for deferral of payroll tax, which is interest free until 2022; so there is some consideration in terms of the deferral. It has become evident that the impact of the crisis will be more far reaching, and that limited measure will not be enough to allow some businesses to continue to survive. You are quite right; we are talking about businesses which are not small businesses, so those businesses will certainly feel the effects of a payroll tax regime which requires them to pay approximately four per cent of their salary bill above a certain amount towards the payroll tax. What we have asked for is the expansion of that waiver to businesses with group Australia-wide wages of up to \$10 million during this period.

**MRS DUNNE:** I am not sure whether this goes to Mr Catt or Mr Tsirimokos: in relation to proportionality, what have the business council, Property Council et cetera been asking for, and what is the government offering?

**Mr Tsirimokos:** What the government is talking about offering—the principle that it is talking about—is for landlords and tenants to be stepped through the code of practice which applies to landlord and tenant negotiations and, if there is a reduction in rent of, say, 50 per cent, that same proportion would be applied to the rates reduction.

**MRS DUNNE:** Is the business council comfortable with that as a proposition or are you looking for something more than that?

**Mr Tsirimokos:** The imposition of rates is significant, and our request was for a waiver of rates, a 100 per cent waiver of rates, for this period. But it is a compromise that is better than the alternative. It is not the ideal position but it is a position that is probably sharing the burden across government, land owners and business.

**MS CHEYNE:** Mr Catt, I understand that you have been raising some concerns about

the potential relaxation of physical distancing measures and restrictions, and what it might mean if there was a reintroduction of those restrictions amid further outbreaks, and the impact that this could have on businesses. Are you able to expand a little bit on how, ideally, it should be working from a business perspective?

**Mr Catt:** The first principle to start with is that business is very keen, understandably, to be trading, to be delivering goods and services and to be employing, as quickly as it possibly can. There is a community discussion that is going on, and going on within the media, around the possibility of relaxation of restrictions, the possibility of trialling the relaxation of restrictions, and a whole range of other things that, I think it is fair to say, are giving some areas of the business community some hope that that ability to start trading again could be achieved.

From a business point of view, one of the principles of good business is good planning. It would be good to see a road map or a plan made out, showing how that easing of restrictions would work. We have used terms like “orderly exit”—what that would look like and what that might look like from the perspective of a business.

The challenges of COVID-19, generally when it comes to business, are about balancing what is essentially a health issue, and the impacts of a health issue, with the economic impacts of that health issue and how that relates to an individual trading entity. That is what is really going on when we talk about easing of restrictions. There probably needs to be an understanding that there are costs involved in running a business and there are risks involved. The best way I could phrase this, from my own perspective, is that the ability of businesses to carry a risk, if we were to move into a relaxation of restrictions or a trialling of a relaxation of restrictions in particular areas, varies. Some businesses are in a position where they have the financial capacity to be part of a trial, and if that trial was to result in a further tightening of restrictions or a winding back of restrictions they would have the ability to be part of that. Other businesses do not.

We would be mindful of the need to ensure that the implications for business are understood, particularly the fixed costs. Different organisations will be in a different position when it comes to getting up and trading again. That does carry cost, and those costs are incurred.

With respect to the risk to some businesses, certainly, we could look at Singapore as an example. We have seen situations where restrictions which have an impact on trading have been lifted or relaxed; then we have seen a spike in the number of cases of COVID-19 and health restrictions have meant that those restrictions have been put back in place and, in some cases, put back in place harder. For some businesses, that will be a very difficult situation; it might be the thing that sends them into bankruptcy.

Our view is that it would need to be very carefully managed. The understanding of what that means for businesses needs to be there—what the risk is for a particular business in responding to those restrictions. Great care needs to be taken to make sure that, in particular, small businesses do not enter into opening up, reopening, trading again and taking on that risk, when they are not in a position to do so.

Where we can, the wish and desire of the business sector to be up and running again, reopening again and going back to business as usual again is strong. The sooner we can

get into those positions and get that balance right, the better off we will be.

**MS LE COUTEUR:** For those businesses that are still working, do you think there has been enough guidance from a health point of view as to what they should do, both for their own staff and for members of the public who come into contact with them? Speaking as a member of the public, it is clear that the various retailers who are still open do not all have the same interpretation or implementation of the rules.

**Mr Catt:** The issue is not the amount of information that is available for business; the issue has been the speed at which it has become available and the ability of business to absorb that. I go back to my opening remark that people have been adapting to the impact of smoke over the Christmas period and how that relates to workplace health and safety and other issues, and many retail outlets are a great example of how this has flowed through into the impacts of COVID-19.

From what we hear from our members, and certainly in our role as a chamber, it has not been about the speed at which a health announcement is made; it is about the speed at which that needs to be translated into workplace policy or workplace practice, and the speed at which a business needs to stay up to date with that information. I think the information has been developed very quickly. It has been available. The struggle for many business owners, particularly in the SME area, is in having the time and the ability to keep up to date, particularly given the speed at which those announcements are being made.

I do not think there is a lack of resources; I think it is about the capacity of the business sector to find the time and space to be able to understand, absorb and apply those resources in their own setting.

**MR PETTERSSON:** In a very similar vein, how are Canberra businesses adapting to virtual work arrangements and what, if any, support has there been in making that transition?

**Mr Tsirimokos:** I can answer that because I am a lawyer. My business is definitely affected in that sense. Our staff, those that can, have been working from home. That has required an investment in technology and an investment in ensuring that people have got the right equipment to be able to work from home. There are some people who have adapted very well. I would say that most of my staff have adapted very well.

That is the message I am getting from our members as well—that they have adapted well—and the feedback from those people who are working from home falls into two categories, I think. The first is that they love it and this may well be something that they will want to continue, going forward, in some way, shape or form, either in a permanent sense or in a part-time sense to work from home. Others are saying, “Please get me back to the workforce as quickly as possible because I really want the physical interaction with my colleagues.”

But I think it has been well received. I think it has been well adopted and I think Canberra has done very well to do so. All the business colleagues I speak to have said that it has been done remarkably well.

There are a number of platforms being used to have meetings such as this—Webex, Zoom, other types of platforms. The technology has not been perfect but it has done pretty well, and I think that is the feedback people are getting. It is more of an internet kind of issue rather than a technology issue where they have experienced problems.

**MRS DUNNE:** I want to ask about the business commissioner but, before I do, can I just follow up something from Mr Pettersson’s question and ask the business council, on notice, could they quantify the expenditure that businesses have gone into to set up or help employees set up working from home arrangements? This is another impost on businesses. It would vary from business to business. Your business, Mr Tsirimokos, would probably have more demand for people working from home, but I am just wondering whether it is something you have looked at and whether you could quantify, to some extent, the cost impacts of changing work arrangements and doing it in a hurry.

**Mr Tsirimokos:** I think we can make some assessment of that for you. It will vary, as you say. We might be able to do it perhaps on a per employee kind of basis.

**MRS DUNNE:** That would be fantastic.

**Mr Tsirimokos:** That would give you an indication.

**MRS DUNNE:** My substantive question was about the newly appointed business commissioner. What conversations has the business council had about that role? My understanding is that it is sort of ad hoc; there is no legislative underpinning for this commissioner. Of course, there may be some forthcoming legislation that gives some teeth to that role but, at the moment, there is not any. Do you think that the business commissioner needs to be something more than an ad hoc arbiter or do they need to have more decision-making power?

**Mr Tsirimokos:** The role of the commissioner is to try to bring the parties together; it is not to try to force the parties to get agreement. His role is really to assist. And it really goes back to the way in which the mandatory code of practice works, which is, using the Prime Minister’s words, “We want parties to talk.” We want the parties to come together to talk and resolve those issues. The mechanism for doing that is really a negotiation with the landlord and tenant in those circumstances, and that is the appropriate mechanism. Forcing an outcome on the parties does not seem to be what either businesses or landowners want and, indeed, what is needed in this environment.

The principles around landlord and tenant issues that have been set by the commonwealth are, in fact, quite simple. If you have JobKeeper and your revenue is under \$50 million, the principle is that there will be a reduction in rent that is proportional to your turnover. If your turnover reduces by 100 per cent, your rent will reduce by the same amount: 50 per cent of which must be a waiver and 50 per cent a deferral.

Landlords and tenants, I think, are regarding that as a floor, as a minimum that tenants are able to get. So anything that landlords and tenants can negotiate above that is really what we are talking about here. And, certainly, we think the commissioner can assist in those discussions because there will be circumstances where that is not enough in some cases. It will not be enough. Some businesses will not be able to handle paying back

that deferred amount because it will be significant amounts of money in circumstances where they have not been able to derive any income, in some cases, for a period.

**MS LE COUTEUR:** You talked about the cost to businesses of people working from home. Have you any idea of the costs that various employees have had to undergo to work from home—more internet, another computer or whatever?

**Mr Catt:** I do not think we do. And I understand the reason for raising the question. Like Mr Tsirimokos, I can speak from our experience. Our team are working from home currently, including my wife and me. I think we are going to find that people are incurring additional costs, whether that is through telephone bills, or heating may be a big issue. I do not think there has been work done to quantify what that might look like for a typical employee in a typical household or a typical family of two. But it is something that I suspect we are going to uncover over the next few weeks to months and I think it is something that we are going to hear more about from members and consideration of how that might be reimbursed.

To add to Mr Tsirimokos's comments earlier, I think Canberra has demonstrated a remarkable capacity to move its workforce into remote working very quickly and very smoothly and to remain productive in nearly every circumstance that we hear about. But, I think, as we move from that initial adaptation into sort of medium to longer term arrangements, some of these things, like the cost of working at home, like making sure that we have good workplace health and safety practices in place for those people, good mental health arrangements—all those things will probably become more and more prominent. Again, I think it is moving from first response into more mid-term, longer term thinking about how this works.

**MR PETTERSSON:** I have seen a bit of the commentary about problems that Canberra businesses are having with the JobKeeper program. I was wondering if you could articulate what some of those specific problems are.

**Mr Catt:** First of all, to put it in the context of having been involved, we are a core member of the Australian Chamber of Commerce and Industry, ACCI, and it has been interesting watching that policy development process unfold over time and hearing the voice that the Australian chamber, the ACTU, the union movement and other parties have had in that development—and the speed and fluidity of that policy development—and I think it has got to be recognised.

As the JobKeeper allowance has unfolded, the main issues for business have really come down to a few key things. I will go back a step. There is uncertainty about eligibility for JobKeeper, and I think mostly that has been resolved. I think there is a fair amount of clarity now around what the eligibility for JobKeeper is. Most businesses, I think, will be fairly clear on whether they meet that threshold or not, and the process for applying has been developed very quickly and is now in place. I think, for a large part, that has been resolved.

The major issues for businesses probably relate to the application of JobKeeper in the workplace, and there was some confusion initially about what we call loosely the all-in principle. This is the idea that you cannot selectively choose employees that are eligible for JobKeeper and those that are not; everyone in the business that meets those criteria

should be applied for in the JobKeeper application.

For some employers who are employing someone for \$700 a fortnight and the JobKeeper allowance is \$1,500 a fortnight that creates a range of questions in relation to those employees, and it creates a couple of workplace relations and industrial relations issues about how that situation will be managed: what are my rights as an employer? Can I ask someone to work additional hours because they are now being paid higher than they were originally being paid? Can I ask someone to do different duties? There are a range of questions that, really, relate to the Fair Work Act more than JobKeeper itself that are generated by JobKeeper, and employers, certainly through our workplace relations advice area, have been dealing with a lot of those questions, not so much about JobKeeper itself but about its implications.

The second and other significant issue that we are hearing back from employers has been around, essentially, cash flow and the timing of the process of applying for JobKeeper. One of the elements of applying for JobKeeper is the need to pay your employees in advance of the JobKeeper money flowing back to you through the allowance. For some employers that are already dealing with cash flow issues, the amount actually being paid to employees in advance, in some cases that I have pointed out, is actually greater than the salary you were originally paying them. In order to have that flow back to you in a couple of weeks time, it has been very difficult to manage from a cash flow situation.

They probably are the two major issues that we are hearing from people, those kinds of flow-through industrial relations issues and the cash flow issue that results from those. As I said, though, I think it has been a very interesting example of policy development to watch the way that that has been fed through to treasury and fed through to the tax office, and the fairly rapid response we have seen over a couple of days in terms of responding to changes around JobKeeper to address those kinds of issues.

**Mr Tsirimokos:** I will just add one further thing: one of the original bits of feedback was the complexity of understanding who was in and who was eligible and who was not. But I think it is fair to say that the government has been very responsive to that and has come back pretty quickly, through the ATO and other means, to explain how entities are able to apply and who it applies to. For example, in many businesses, particularly white-collar businesses, law firms, accounting businesses et cetera, there is a concept of a service trust, an entity, or a service company that employs the staff as a separate entity to the business of whatever the organisation is. It was not clear which entity that applies to. They have taken some very active measures to explain that to ensure that people understand how that works. And that has been something which I think has been positively received. The two issues that Mr Catt talked about earlier seem to be the residual issues that businesses are experiencing.

**THE CHAIR:** I do not think there are any more supplementaries, and we are pressed for time as well. Thank you very much to Mr Tsirimokos and Mr Catt for sharing with us today. You mentioned that you have made a submission or two to the ACT government. If you are able to send a copy of those submissions to the committee that would be beneficial.

**Mr Catt:** Yes.

**THE CHAIR:** Of course, as this is an ongoing committee and we are operating in a pretty fluid space, if there are developments along the way that you think would be appropriate for us to know or to consider, please get in touch. We are open to you appearing again at a later date with any updates, perhaps as we are into the recovery stage and the rebuilding phase, rather than in the midst of it as we are at the moment.

You will be getting a copy of the transcript in the coming weeks. Please check and make sure that it is accurate. I believe that is it, unless there are any closing statements from either of you.

**Mr Tsirimokos:** Thank you. There is nothing further from us.

**Mr Catt:** No, thank you. Thank you for the opportunity to appear.

**THE CHAIR:** Thank you. The committee's hearing for today is adjourned.

**The committee adjourned at 12.41 pm.**