

CEDA media release

Australia should focus on social, digital and climate investments to drive recovery: CEDA report

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Governments should seize opportunities that deliver long-term economic and social benefits to secure Australia's recovery from the COVID-19 pandemic, according to CEDA's *2021 Economic and Political Outlook (EPO)* report.

CEDA Chief Executive Melinda Cilento said COVID-19 has taught us we do better when we are bold. Investments in social infrastructure such as childcare, aged care and housing should be high on the list.

Australia should also build on the momentum of 2020 in the digital and data space by improving data sharing and linkage, to underpin evidence-based policymaking, Ms Cilento said.

"A key message from the economic contributors to this report is that despite periodic outbreaks of the virus, confidence and economic activity has been incredibly resilient." Ms Cilento said.

"Australia remained resilient by taking bold steps on health and the economy – 2021 will be no different.

"A rapid and widespread vaccine rollout will be crucial to maintaining recent momentum. In 2021, everything will flow from this, especially as governments wind back income support such as JobSeeker and JobKeeper that kept much of the economy afloat last year.

"The Government should not be afraid to provide continuing support to the hardest-hit industries and individuals to support jobs and incomes, ensuring that the recovery is not derailed.

Australia's openness to the world has come under increasing pressure and will be an important watchpoint as COVID-19 recedes.

"We must ensure our migration program emerges stronger, to support the recovery," Ms Cilento said.

Some key policy debates are already re-emerging, although growth and jobs will dominate this year.

"Climate change should be front of mind, given its business, economic and social significance, as well as the global policy shifts driven by the new Biden Administration in the United States," Ms Cilento said.

"The Federal Government is moving towards committing Australia to net-zero emissions by 2050.

“Embracing that goal as soon as possible, and outlining more ambitious policies to get Australia there, would build confidence among business and the broader community.”

Another theme is the need to address inequality, which ANZ Chief Economist Richard Yetsenga says has been rising across many parts of the globe. Lower-paid roles are bearing the brunt of job losses in many nations, and the inequality implications of this will be one of COVID-19’s more important legacies.

“To address inequality in Australia, a permanent increase to the rate of JobSeeker is long overdue,” Ms Cilento said.

“It will do much to support the recovery, and as Reserve Bank of Australia Governor Phillip Lowe has said, it is a fairness issue.”

There are clearly many question marks hanging over this year. *CEDA’s Economic and Political Outlook (EPO) 2021* provides valuable analysis to help policy makers and business respond to these issues.

This analysis will be complemented by a keynote speech by Australia’s Ambassador to the United States, the Hon. Arthur Sinodinos, who will share his insights into the US-Australia relationship, at the launch of the report.

The economists and journalists who have contributed to this report are:

- Political outlook: Phillip Coorey, Political Editor, Australian Financial Review
- Domestic economic outlook: Alan Oster, Group Chief Economist, NAB
- Policy outlook: Cassandra Winzar, Senior Economist, CEDA
- International economic outlook: Richard Yetsenga, Chief Economist and Head of Research, ANZ Banking Group

The 2021 *EPO* will be launched at a two-day digital forum today, Tuesday 16 February 2021, from 11.00am to 12.30pm and Wednesday 17 February 2021, from 11.00am to 1.00pm (AEDT).

In addition to the authors, speakers include: Australia’s Ambassador to the United States, the Hon. Arthur Sinodinos, in conversation with ABC Insiders Host David Speers; Griffith Asia Institute Director, Professor Caitlin Byrne; ANU Australian Centre on China in the World Director, Professor Jane Golley; ABC RN Breakfast Presenter, Fran Kelly; Asialink Business Chief Executive Mukund Narayanamurti.

Melinda Cilento is available for further comment and interviews.

For more information, please contact:

For complimentary media access to the livestream, email: events@ceda.com.au

Justine Parker, Media Manager and Content Specialist
Mobile: 0477 055 300 | Email: justine.parker@ceda.com.au

Roxanne Punton, Director, Communications

Mobile: 0409 532 287 | Email: roxanne.punton@ceda.com.au

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CEDA's purpose is to identify policy issues that matter for Australia's future and pursue solutions that deliver better economic and social outcomes for the greater good.

CEDA has almost 700 members including leading Australian businesses, community organisations, government departments and academic institutions. Our cross-sector membership spans every state and territory.

CEDA was founded in 1960 by leading economist Sir Douglas Copland. His legacy of applying economic analysis to practical problems to aid the development of Australia continues to drive our work today.