



Independent evaluation of the Victorian COVID-19 Business Support Grants - FINAL REPORT

September 2024

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Glossary

Acronym	Full Name
ABN	Australian Business Number
ABR	Australian Business Register
ABS	Australian Bureau of Statistics
ACN	Australian Company Number
ACT	Australian Capital Territory
ANZSIC	Australian and New Zealand Standard Industrial Classification
ASIC	Australian Securities and Investments Commission
ATO	Australian Tax Office
BCAP	Business Costs Assistance Program
BCR	Benefit-Cost Ratio
BLADE	Business Longitudinal Analysis Data Environment
CBA	Cost-Benefit Analysis
CBD	Central Business District
CERS	Canada Emergency Rent Subsidy
COVID	Coronavirus
CPI	Consumer Price Index
The Department	Department of Jobs, Skills, Industry and Regions
DTF	Department of Treasury and Finance
FTE	Full Time Equivalent
GDP	Gross Domestic Product
GSP	Gross State Product
GST	Goods and Services Tax
HILDA	Household, Income and Labour Dynamics in Australia
ICU	Intensive Care Unit
IMF	International Monetary Fund
IT	Information Technology
KEQ	Key Evaluation Questions
LGA	Local Government Area
LHVF	Licensed Hospitality Venue Fund
NAB	National Australia Bank
NFP	Not-For-Profit
NSW	New South Wales
NT	Northern Territory
OECD	Organisation for Economic Co-operation and Development
OLM	Outcome Logic Model
OLS	Ordinary Least Squares
PAYE	Pay-As-You-Earn
PAYG	Pay As You Go

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Acronym	Full Name
QLD	Queensland
RHLGF	Retail Hospitality and Leisure Grant Fund
SA	South Australia
SA4	ABS Statistical Area 4
SBGF	Small Business Grants Fund
SD	Standard Deviation
SEQ	Sub-Evaluation Questions
SME	Small to Medium Enterprise
UK	United Kingdom
US	United States
VAGO	Victorian Auditor General's Office
VIC	Victoria
VPS	Victorian Public Service
WA	Western Australia

Executive summary

Context

In 2020, the COVID-19 pandemic presented a significant health risk for Australia and the world, prompting swift and comprehensive government responses. Case number projections highlighted the need to implement stringent public health measures to limit the outbreak.¹ Throughout 2020 and 2021, Victoria implemented some of the world's most intensive COVID-19 pandemic measures, including extensive lockdowns and restrictions for more than 262 days.² Non-essential businesses were closed, public gatherings restricted and schools were shifted to remote learning. Stay-at-home orders except for essential activities were enforced in July 2020, and a nightly curfew, one-hour outdoor exercise limit, mandatory masks and the Permitted Worker Scheme subsequently introduced in August 2020. Similar restrictions were periodically implemented following each outbreak.

The COVID-19 pandemic impacted the Victorian economy more than any other Australian state, with gross state product (GSP) declining by 4.7 per cent in the 2020 calendar year, compared to 2.4 per cent for New South Wales (NSW), the next most impacted jurisdiction. The most significant impacts to the Victorian economy were seen in household consumption and exports, which declined by 10.2 per cent and 18.8 per cent, respectively, in 2020. Service exports, which includes education—the state's largest export—fell by 30.1 per cent in 2020, before falling a further 22.9 per cent in 2021. The pandemic also had a significant impact on the labour market, with the unemployment rate in Victoria increasing sharply to a peak of 7.5 per cent in June 2020.

The programs

In response to the negative economic impacts from the COVID-19 pandemic, the Victorian Government introduced a suite of financial support programs aimed to minimise the impact of the pandemic and public health restrictions on Victorians. These included the Business Costs Assistance Program (BCAP) and Licensed Hospitality Venue Fund (LHVF), which were a series of grants created to support businesses impacted by public health restrictions. The two programs were mutually exclusive, businesses could not receive both grants.

BCAP

BCAP was designed to cover the costs of sole traders and small- and medium-sized businesses while they were subject to public health restrictions during the COVID-19 pandemic.³ Over five rounds of grant payments, in addition to top-up payments for certain cohorts, BCAP paid out more than \$4.91 billion to eligible businesses operating in Victoria within a number of Australian and New Zealand Standard Industrial Classification (ANZSIC) codes in the hospitality, food wholesaling, tourism and events and related services industries as well as selected retailers. Businesses needed to be registered for Goods and Services Tax (GST), Australian Business Number (ABN) and an annual payroll of up to \$3 million – and in later rounds of the program \$10 million – in 2019-20.

LHVF

LHVF was established to provide direct financial support licensed hospitality and venue businesses within Victoria during the COVID-19 pandemic. Over five rounds of grant payments, in addition to top-up payments, LHVF paid out more than \$1.31 billion to eligible businesses located in Victoria who held a liquor licence, food registration and were registered for GST and held an ABN. For many rounds, payments were tiered based on venue capacity and Local Government Area (LGA).

This evaluation

In 2023, the Victorian Auditor General's Office (VAGO) recommended that BCAP and LHVF, which accounted for approximately 57 per cent of the Victorian Government's COVID-19 business support expenditure, be independently evaluated.⁴ Under Recommendation 7 of the Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2022-23, it was recommended that all rounds of BCAP and LHVF be assessed by an independent evaluator for effectiveness, value for money and lessons learnt for future programs.

Deloitte was engaged by the Department of Jobs, Skills, Industry and Regions (the "Department") to conduct this independent evaluation, which has sought to evaluate all rounds of BCAP and LHVF for their appropriateness, effectiveness in delivering timely support to businesses, economic value for the Victorian economy and impact on business resilience and capacity to meet financial obligations. Further, the evaluation has sought to articulate the lessons learnt after the delivery of the two programs.

This evaluation did not assess other COVID-19 supports provided by the Victorian or Commonwealth Governments during the same period. Nor did it consider or undertake any audit or investigative activity relating to the BCAP and LHVF programs.

Methodology

The evaluation sought to assess the programs against four key domains: justification/appropriateness, design/implementation, effectiveness and value for money. A range of qualitative and quantitative data collection methods were used to inform the findings of this evaluation, including:

- consultation with internal and external stakeholders to the Department and the BCAP and LHVf programs
- business survey of BCAP and LHVf recipients
- literature review of COVID-19 emergency support programs throughout Australia and internationally
- review of available program data
- detailed case study analysis
- detailed analysis of secondary data, including regression analysis of program data and secondary data related to insolvency rates, business exit and labour market outcomes

A tailored methodology was developed for the assessment of outcomes based on the available data. These outcomes included business survival, employment, wellbeing, cost coverage, business confidence and broader economic and fiscal health. The sophistication of these methodologies varied based on the extent of data available for each specific outcome. It is noted that the evaluation was limited by the use of publicly available secondary data sources, which limited analysis to an industry or region level, rather than business level, negating the direct comparison of treated and non-treated businesses (except in the case of business survival analysis).

This evaluation also undertook a cost-benefit analysis (CBA) to assess the net benefits, value for money and return to investment associated with the programs. Where possible, the incremental costs and benefits of the programs were monetised. The CBA leveraged the outcomes assessment analysis to inform assumptions around the attributable impact of the program on key outcomes such as business survival and increased employment relative to a defined base case, assigning monetary values to these outcomes to inform calculations of economic benefit.

Findings

Justification/Appropriateness

The Victorian Government needed to respond rapidly and at scale to support businesses that were impacted by COVID-19 restrictions, more than in any other Australian state or territory. This was due to the level of public health-based restrictions imposed on businesses and the community in Victoria, which resulted in unprecedented challenges for business operations, including heightened uncertainty and reduced consumer demand and cash flow. More than 32 per cent of businesses experienced an 80 per cent drop in revenue in 2020.⁵

The Department's response was swift and effective in coordinating within government to deliver a grants program of unprecedented scale within significant time and data constraints. Existing systems and processes were designed to deliver grants at a much smaller scale (e.g., less than 100), necessitating the rapid adaptation of these processes to distribute grants to more than 151,000 businesses.

The Department effectively collaborated internally and with external stakeholders in designing and implementing the two programs. In particular, there was engagement and cross collaboration between operational, technical and policy teams to determine the feasibility of the program and scale up the grants platform. Further, the Department engaged extensively with Victorian government agencies including WorkSafe Victoria, Liquor Control Victoria, and local governments to establish data sharing agreements for grant eligibility validation. External stakeholders such as key industry associations and peak bodies contributed to the design and iteration of grant round eligibility and application processes, while also acting as an intermediary between the Victorian Government and grant recipients by disseminating information to their members.

The programs were also broadly comparable with approaches of other comparable jurisdictions throughout Australia and globally. The findings of this evaluation within the justification/appropriateness domain were:

- **Finding 1:** The grants fulfilled an unmet need by providing cash flow to businesses impacted by pandemic-related restrictions, supporting them to continue operations.
- **Finding 2:** The targeted and tailored nature of the LHVf program was necessary given the hospitality sector was more severely affected by movement and trading restrictions than most industries.
- **Finding 3:** The Department quickly stood up and adapted a large-scale grant assessment and distribution system at an unprecedented scale and speed.
- **Finding 4:** The Department engaged rapidly and collaborated effectively within the Victorian Government and with federal government agencies to design and implement the programs.

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- **Finding 5:** Key industry bodies were involved in the design and implementation of the programs beyond the initial phase as appropriate.

Design/Implementation

The grants were successfully delivered as intended and demonstrated significant operational efficiency in doing so, providing:

- a total of \$4.9 billion to 141,709 businesses over a 28-month period through BCAP, with up to 52,011 payments being made in one month (June 2021), and 15,844 payments on a single day (27 August 2021)
- a total of \$1.3 billion to 9,764 businesses over a 31-month period through LHVf, with up to 7,781 payments being made in one month (July 2021), and 3,533 payments on a single day (6 July 2021)

The distribution of grant funding within each round was limited to industries which were deemed to be impacted during a given period. Respondents to the business survey indicated the grants were generally used for their intended purposes, including cost coverage. However, this evaluation was unable to make a definitive finding about how grants were used by all businesses across the two programs.

Though eligibility criteria were refined over time, there were challenges in establishing business eligibility when businesses had not updated their primary ANZSIC code in the ABR database, had not updated necessary information for liquor licensing and food certifications (for LHVf), were an amalgamation of multiple business sites (for LHVf in particular) or held multiple ABNs within the same business (for BCAP).

Further, despite collaboration between state and federal governments, the Department was unable to access more granular ATO single touch payroll and income statement data to discern an eligibility measure of actual or potential income or activity of the business.

The findings of this evaluation within the Design/Implementation domain are as follows:

- **Finding 6:** The grants were generally delivered as intended with emergency grant funding provided to more than 151,000 individual businesses across impacted industries.
- **Finding 7:** Despite facing challenges in establishing business eligibility, the Department sought to refine program criteria using available data over grant round iterations to align with businesses most impacted by COVID-19 restrictions.
- **Finding 8:** The Department demonstrated significant operational efficiency by distributing an unprecedented number of grants within a compressed timeframe.
- **Finding 9:** Targeted business grants to support otherwise productive businesses through fluctuating periods of restricted trade can achieve efficiencies. However, in practice this depends on the ability to effectively target grants.

Effectiveness

Regression analysis undertaken based on Australian Business Register (ABR) data and Australian Securities and Investments Commission (ASIC) insolvency data, supported by the business survey, indicated the grants appeared to have a positive relationship with business survival. For businesses with an Australian Company Number (ACN), receipt of a grant was associated with an average reduction of 8.6 percentage points and 6.4 percentage points in the likelihood of business exit from 2021 to 2023 for BCAP and LHVf, respectively.

The available data indicated a positive relationship between the targeting of grants and employment outcomes by industry. The programs likely contributed to the following:

- In the 34 ANZSIC groups which received the greatest value of grants, hours worked in Victoria in 2021 were 3.5 per cent below their level in 2019, compared to an 11.3 per cent decline in NSW for the same industries.
- If the level of contraction seen in NSW had been observed in Victoria, then Victorians would have worked approximately 2 million hours less per week over 2021, which is equivalent to 52,500 Full Time Equivalent (FTE) workers.

Further, through the survey, businesses reported positive impacts on survival, employment and wellbeing.

The findings of this evaluation within the effectiveness domain were:

- **Finding 10:** Based on the available secondary data, the grants appeared to have a positive correlation with business survival.
- **Finding 11:** Businesses reported the grants to have a positive impact in terms of meeting business costs and personal wellbeing.

- **Finding 12:** Impacts from LHVf appeared to be more pronounced than BCAP, with recipients benefitting from a sector-specific lens.

Value for money

BCAP and LHVf combined formed the largest business support initiative in Victoria, costing \$6.30 billion (1.25 per cent of GSP). When combined with other key business grants delivered around a similar time to cover business costs, both Victoria and NSW spent similar amounts, at 1.53 per cent and 1.51 per cent, respectively, of GSP. Though more than other Australian states and territories, this was to be expected given the extensive impacts and restrictions in Victoria (and to a lesser extent NSW) compared to other jurisdictions.

Assessment of value for money and the value of outcomes to recipients and the community was informed by a CBA. Under the core scenario, where benefits persisted until 2022, total net present value (NPV) benefits are equivalent to \$9,540 million. Excluding transfer payments, the majority of these benefits are attributable to business survival (\$1,716 million). Comparing total NPV benefits to total costs of \$9,538, **this yields a benefit-cost ratio (BCR) of 1.00 in the core scenario, suggesting the programs delivered a return to government investment and delivered net benefit to the Victorian economy (\$2 million NPV).**

The CBA suggests that the programs delivered a return to the Victorian economy in that the estimated benefits outweighed the economic costs of delivering the program, even if only by a small relative amount. Further, there were probably broader economic impacts resulting from the program that could not be quantified through the CBA, which considers only the direct effects of the intervention.

Scenario analysis showed that if business survival benefits did not persist beyond 2021, the overall benefits did not outweigh the cost of the costs of delivering the program, with a BCR of 0.89. Sensitivity analysis was also undertaken in relation to the assumption for the marginal excess burden of taxation, or the deadweight loss associated with additional tax raised to fund the programs. This showed that the BCR varied between 0.91 and 1.11 under the core scenario, assuming a marginal excess burden of 41 cents and 8 cents, respectively, per dollar of tax raised.

The finding of this evaluation within the value for money domain was:

- **Finding 13:** The CBA suggests that the programs delivered a return to the Victorian economy in that the estimated benefits outweighed the economic costs of delivering the program.
- **Finding 14:** The combined LHVf and BCAP grant programs outlaid similar expenditure to comparable programs in NSW, which is the most relevant comparator.

Lessons learned

Several lessons were identified through the delivery of the grants programs which should be considered as part of future grants programs, including ensuring effective data sharing is enabled between government bodies to the extent possible to support eligibility assessment. The automation of key grant processes was crucial in supporting the delivery of programs of this scale. Further, it was clear that ongoing and consistent communication to grant applicants and recipients throughout all stages of a grant round is necessary to minimise uncertainty.

However, limited consideration for monitoring and evaluation created limitations for this evaluation, including the elapsed time between the intervention and evaluation impacted stakeholder recall, the extent of data captured throughout the program relating to outcomes and the compressed evaluation timeframes impacting the ability to acquire the necessary data for economic evaluation.

By planning for what data needs to be collected against the programs' intended objective and outcomes, progress could be monitored more effectively, and a more comprehensive evaluation (of quantitative impacts in particular) be undertaken. Consideration of the requirement for monitoring and evaluation should be undertaken even if program design and implementation is compressed.

The findings of this evaluation within the lessons learned domain were:

- **Finding 15:** Lessons learned include the importance of facilitating appropriate data sharing and in establishing effective automation of key processes (e.g., eligibility checks).
- **Finding 16:** A framework for monitoring and evaluation should be embedded during the design stage of a program to support future evaluation and accountability.

Recommendations

The evaluation provides the following three recommendations for future consideration.

Recommendation 1: Ensure Victoria's emergency preparedness plans consider business support needs.

The Department and Victorian Government more broadly should ensure that pandemic and emergency response guidelines are cognisant of, and appropriately consider, the impact on Victorian businesses during periods of major disruption. There should be clear steps and guidelines as to the specific approach, including in relation to

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determining the appropriate intervention types, and associated processes, systems and design features. This could also include a basic framework for determining eligibility criteria. Though a pandemic-specific response is the responsibility of the Commonwealth Government, the Victorian Government should advocate for such disaster response and recovery arrangements. At a state level, these considerations could be built into the framework detailed in the existing Victorian State Emergency Management Plan.⁶ While grant administration activity guidelines and frameworks under the Department's core emergency relief and recovery offerings could be expanded to include those for epidemics, plagues and contaminations, given differing breadth and type of impacts on businesses between natural disasters and public health emergencies,⁷ consideration should also be given to specific guidelines for business support initiatives in public health or equivalent emergencies. These activities and guidelines should consider key learnings from recent COVID-19 business and citizen support programs.

Recommendation 2: Ensure data sharing arrangements are appropriately in place to ensure seamless data sharing and rollout of business support when needed.

Ensuring necessary data sharing arrangements have been prepared and are ready to be activated would support rapid data sharing and a seamless rollout of government supports for business, including key criteria and systems, in the event of emergency and subsequent disruption. The Department could identify data sources likely to be necessary and ensure that current data sharing arrangements are serviceable in future and, to the extent possible, facilitate additional arrangements as needed. These preparations should align with the Victorian Public Sector Data Sharing Policy.⁸ Consideration would likely need to be given to the approach to data sharing arrangements separately for local, state and federal government bodies. For example, while it is understood that some progress has already been made, extensions to data sharing arrangements established with the ATO in 2021 for a subset of COVID-19 business support grant programs should continue to be explored as part of future emergency management preparations.

Recommendation 3: Ensure standards for monitoring and evaluation are applied as part of any future emergency response program.

Given the importance of monitoring and evaluation, a framework for monitoring and evaluation should be embedded at the inception phase of future emergency response programs. This should include consideration of the types of data that would need to be collected to support future evaluation in the context of a business support program (e.g., data related to typical business outcomes), and the viable methods for obtaining this data. This could be integrated within the Department's existing monitoring evaluation guidelines.

1 Introduction

1.1 Background and context

1.1.1 The COVID-19 pandemic and Victoria's public health response

In 2020, the COVID-19 pandemic presented a significant health risk for Australia and the world, prompting swift and comprehensive government responses. The first confirmed case in Australia was reported on 25 January 2020 in Victoria, and by March 18th, the Commonwealth Government had declared a human biosecurity emergency. This declaration led to the implementation of stringent measures to control the spread of the virus. One of the earliest actions was the enforcement of strict international border controls. On 19 March 2020, Australia closed its borders to all non-residents and non-citizens, significantly reducing incoming international travel. Returning residents and citizens were required to undergo mandatory 14-day quarantines, often in designated hotels, to mitigate the risk of imported cases. These measures were crucial in limiting the number of new infections from abroad, especially at a time when global cases were rapidly increasing.

Initial modelling suggested that without intervention, Australia would experience millions of infections within a matter of months.⁹ The model predicted that up to 15 million Australians could be infected in a worst-case scenario, with severe consequences for public health and healthcare systems.¹⁰ Other projections warned that Australia could see more than 50,000 new cases per day at the peak of the outbreak if no measures were taken to reduce the transmission rate.¹¹ The Commonwealth Government's health department also released modelling that indicated a potential for widespread transmission if the virus was not contained. They projected that up to 25 million cases could occur over a year, highlighting the need for urgent public health interventions to mitigate the spread.¹² This potential surge threatened to overwhelm hospitals and healthcare facilities, leading to shortages of medical supplies, intensive care unit (ICU) beds and ventilators. The rapid spread of the virus also raised concerns about the healthcare workforce's capacity to manage a large influx of patients while maintaining routine care services. These risks underscored the urgency of implementing stringent public health measures to curb the outbreak.

State and territory governments across Australia introduced restrictions on cross-border domestic travel to contain the spread of the disease. Within states and territories, lockdowns and social distancing measures were introduced to curb community transmission. National cabinet implemented a nationwide lockdown on 22 March 2020, resulting in the closure of "non-essential" businesses, schools and public venues. These lockdowns were periodically adjusted based on the severity of the outbreak in different regions. Governments significantly ramped up testing and contact tracing to identify and isolate cases promptly. This approach was essential in managing clusters of infections and preventing widespread outbreaks.

Throughout 2020, Victoria, Australia, implemented some of the world's most stringent COVID-19 pandemic measures, including extensive lockdowns and restrictions due to outbreaks. In March 2020, Victoria aligned with national efforts, closing non-essential businesses, restricting public gatherings and shifting schools to remote learning. During the second wave, from June to October 2020, the government introduced stricter measures as daily cases peaked more than 700 in early August. On 8 July 2020, metropolitan Melbourne and Mitchell Shire entered 'Stage 3' restrictions, enforcing stay-at-home orders except for essential activities. As cases rose, 'Stage 4' restrictions were announced on 2 August 2020, including a nightly curfew, one-hour outdoor exercise limit, mandatory masks, and closure of non-essential businesses, alongside the Permitted Worker Scheme. Extensive testing and contact tracing were critical in managing the virus spread. Testing sites were established statewide, and public health teams quickly isolated positive cases and their close contacts.

1.1.2 Economic impacts of COVID-19 pandemic

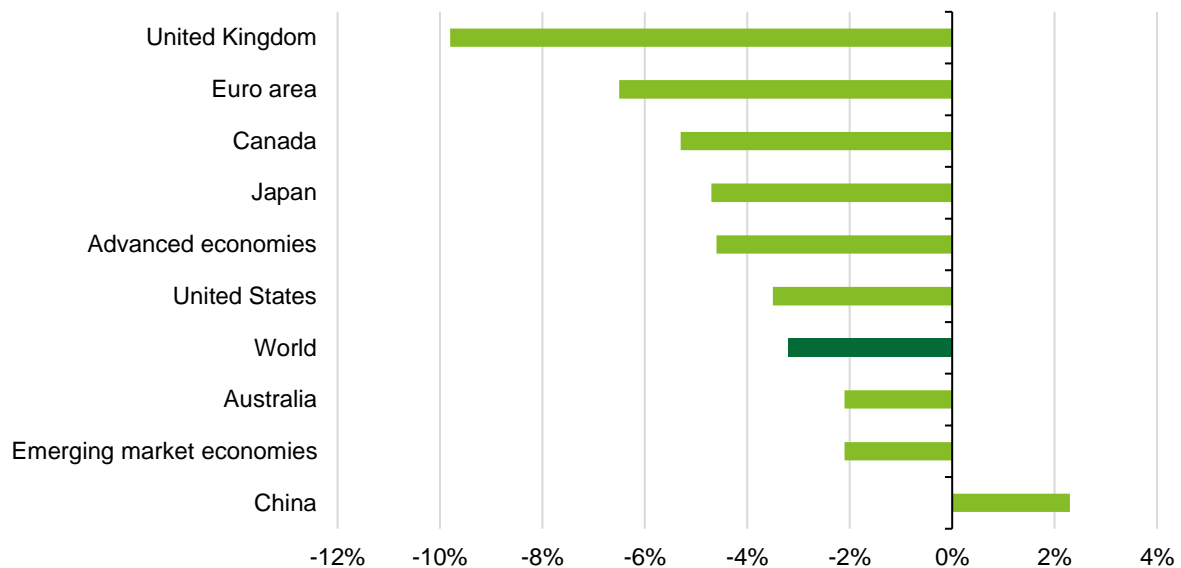
1.1.2.1 The global economy

In 2020, the COVID-19 pandemic led to the sharpest global economic contraction since the Great Depression, with global gross domestic product (GDP) shrinking by approximately 3.2 per cent over the calendar year.¹³ Advanced economies experienced a contraction of about 4.6 per cent, while emerging markets and developing economies shrank by 2.1 per cent (Chart 1.1).

The United States' (US) economy contracted by 3.5 per cent over 2020, with the unemployment rate peaking at 14.8 per cent in April 2020. Euro Area GDP fell by 6.5 per cent, with Spain and Italy experiencing significant contractions. Japan's economy shrank by 4.8 per cent, driven by a significant drop in exports and consumer spending. The United Kingdom (UK) experienced one of the largest contractions among advanced economies, with GDP contracting by 9.7 per cent in 2020, as the impact of COVID-19 compounded broader economic challenges following the UK's exit from the European Union coming into effect on 1 February 2020.

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Chart 1.1: GDP growth in 2020 by geography.

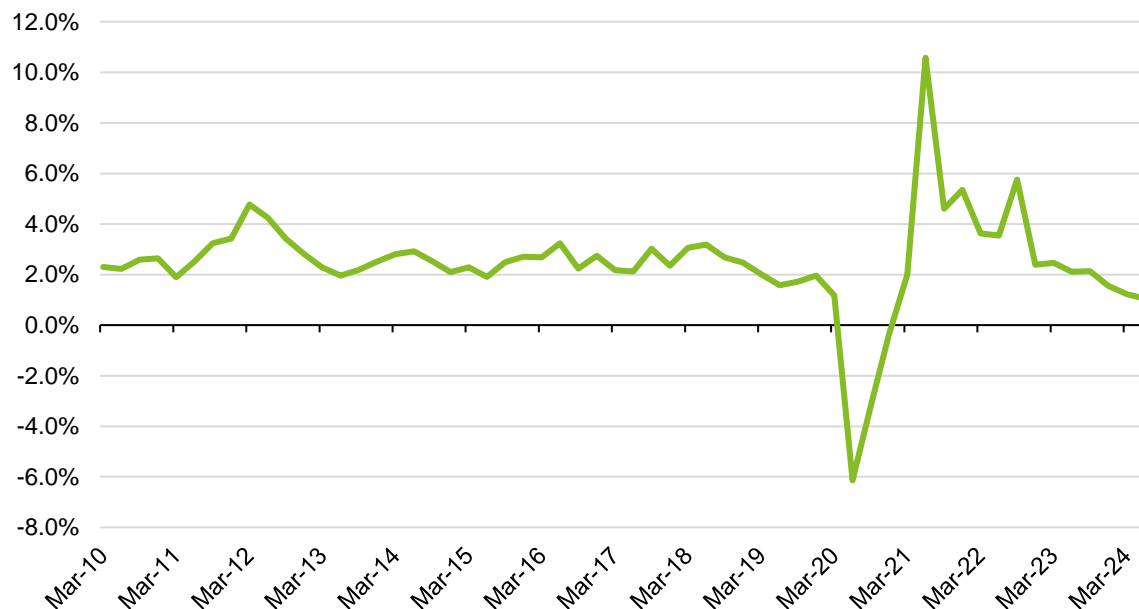


Source: International Monetary Fund (IMF) world economic forecast 2021, July Update.

1.1.2.2 The Australian economy

The Australian economy was significantly impacted by the COVID-19 pandemic, leading to the first recession in nearly three decades (Chart 1.2). Australian GDP contracted by 2.1 per cent over 2020, with the most severe contraction occurring in the second quarter, when the economy shrunk by 6.9 per cent amid nationwide lockdowns and restrictions.

Chart 1.2: GDP, change over the previous 12 months, Australia.



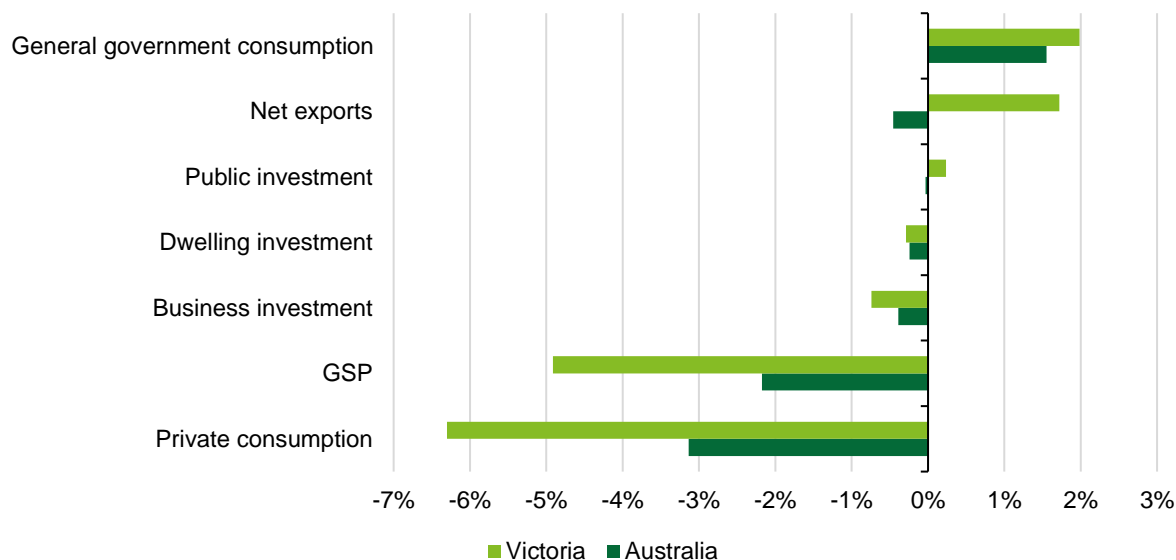
Source: Deloitte Access Economics, Australian Bureau of Statistics (ABS).

The economic contraction was led by private consumption which fell, detracting 3.1 percentage points from GDP growth across 2020, reflecting the widespread impact of pandemic-induced restrictions and decreased consumer spending. Business investment contracted, further inhibiting economic growth, while dwelling investment experienced a moderate reduction, indicating a downturn in the housing market. In contrast, public investment saw a modest increase, likely attributable to government stimulus measures aimed at mitigating the economic fallout from the pandemic. Net exports contributed positively to the national economy, as imports declined more sharply than exports.

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Additionally, general government consumption increased, reflecting the augmented government expenditure in response to the crisis. This heightened spending was essential in supporting the economy during a period of reduced private sector activity. Overall, the decline in private consumption, business investment and dwelling investment, alongside the mixed impacts on public investment and net exports, collectively contributed to the contraction of the Australian economy in 2020.

Chart 1.3: Contributions to GDP, Australia, 2019 and 2020.



Source: Deloitte Access Economics, ABS.

The Australian unemployment rate spiked, peaking at 7.5 per cent in July 2020, up from 5.1 per cent in February earlier that year. This increase was driven by significant job losses in sectors like hospitality, tourism and retail, which were heavily affected by the lockdown measures. The underemployment rate also reached record highs, reflecting the large number of people who had their working hours reduced.

1.1.2.3 The Victorian economy

The COVID-19 pandemic impacted the Victorian economy more than any other Australian state, with gross state product (GSP) declining by 4.7 per cent in the 2020 calendar year, compared to 2.4 per cent for New South Wales (NSW), the next most impacted jurisdiction. The most significant impacts to the Victorian economy were seen in household consumption and exports, which declined by 10.2 per cent and 18.8 per cent, respectively, in 2020. Service exports, which includes education—the state's largest export—fell by 30.1 per cent in 2020, before falling a further 22.9 per cent in 2021.

The pandemic had a large and fast impact on the labour market, with the unemployment rate in Victoria increasing sharply from 5.2 per cent in March 2020 to a peak of 7.5 per cent three months later in June 2020. This equates to 45,500 people becoming unemployed over that period.

Younger workers were disproportionately impacted by the labour market downturn in 2020 as they were more likely to be employed in the industries most impacted by restrictions such as retail, hospitality, and arts and recreation; and were also more likely to be employed on a casual basis and therefore less protected by JobKeeper.* Youth unemployment peaked in October 2020 at 18.2 per cent, which was 7.8 percentage points higher than the level at the end of 2019.

Other labour market indicators also worsened. The underemployment rate—a measure of the share of people in the labour force who are employed but working fewer hours than they are willing and able to—rose sharply from 8.2 per cent in February 2020 to 14.8 per cent in May 2020.

The participation rate fell sharply to 63.5 per cent in September of 2020, down from 65.8 per cent in January of that year, as large layoffs early in 2020 and weak demand for workers resulted in many Victorians exiting the labour market.

* The design of JobKeeper meant that casual employees who had been employed for less than 12 months with their current employer were not eligible for the wage subsidy. Approximately 2 million workers were excluded from the JobKeeper program due to being short-term casual employees or being employed on a temporary visa.

1.2 Business Costs Assistance Program (BCAP) and Licensed Hospitality Venue Fund (LHVF)

In response to the negative economic impacts from the COVID-19 pandemic, the Victorian Government introduced a suite of financial support programs aimed to minimise the impact of the pandemic and public health restrictions on Victorians. These included (but are not limited to):

- the Working for Victoria programs (including the Youth Employment Program)
- regional tourism supports such as those within the Visitor Economy Recovery and Reform Plan and the Victorian Government Travel Voucher Scheme
- the Melbourne City Funds including outdoor dining grants, infrastructure improvements and marketing and events

As such, BCAP and LHVF were created to support businesses impacted by public health restrictions. The two programs were mutually exclusive, businesses could not receive both grants. Additionally, inclusion in other comparable government COVID-19 support programs excluded businesses from accessing both LHVF and BCAP.

1.2.1 BCAP

BCAP was designed to cover the costs of sole traders and small- and medium sized businesses while they were subject to public health restrictions during the COVID-19 pandemic.¹⁴

BCAP was first created to provide targeted support to businesses that were most likely to have incurred direct costs due to the five-day circuit breaker lockdown in February 2021. This first round of BCAP provided \$2,000 grants to a small number of eligible Australian and New Zealand Standard Industrial Classification (ANZSIC) codes in the hospitality, food wholesaling, tourism and events and related services industries as well as selected retailers. Businesses with an eligible ANZSIC code needed to be located within Victoria. They needed to have incurred costs directly related to the circuit breaker action coming into effect (i.e., lost perishable goods or booking cancellations), have registered for Goods and Services Tax (GST), Australian Business Number (ABN) and have an annual payroll of up to \$3 million in 2019-20.

The second round of BCAP, known as BCAP2, was created to provide financial support to the businesses most heavily impacted by the COVID-19 public health restrictions that occurred between May and June 2021. BCAP2 provided grants of up to \$5,000 to eligible businesses. An additional \$2,000 could be received by businesses if they were eligible for the 'Tourism Supplement' which coincided with BCAP2. BCAP2, similarly to BCAP, required an ABN and GST to have been registered by a certain date. The most significant difference between the two is the eligible ANZSIC codes, BCAP2 expanded the eligible ANZSIC codes to capture a larger group of hospitality, food wholesaling, tourism, retail and events and related services.

Another stream, known as BCAP2e, was opened in July 2021, to again provide targeted support to businesses that were impacted by the July lockdown and subsequent restrictions on business operations. This stream had the same eligibility criteria as BCAP2, (with a later date for ABN and GST registration than BCAP2) and was created to provide support to businesses that had missed out on applying to BCAP2 yet needed financial support from the state government. BCAP2e provided grants of up to \$4,800 to each business.

Throughout the June and July lockdowns and restrictions, recipients of BCAP2 were receiving top-ups. BCAP2 and BCAP2e then synced and began providing top-ups/further funding simultaneously and will therefore be referred to as BCAP2/2e.

Further rounds of BCAP relied on the eligibility criteria established through BCAP2/2e. If a business had received either, then they were eligible to receive the subsequent Business Continuity Fund, BCAP 3 (and metro/regional top-ups), BCAP 4 and BCAP 5. The eligibility criteria for each round were only revalidated in September 2021 with BCAP 4 and October/November 2021 with BCAP 5. The payment amount for each round did differ and eventually moved to be based off of payroll and employing status; this occurred with BCAP 4 and BCAP 5 (see Figure 1.1 and Appendix F.1 for more detail).

1.2.2 LHVF

LHVF was established to provide direct financial support licensed hospitality and venue businesses within Victoria during the COVID-19 pandemic.

The first round of LHVF was in September 2020 during the second Victorian lockdown (9 July – 27 October 2020) and intended to cover ongoing and often unavoidable expenses faced by hospitality businesses whose operating capability had been significantly affected by the ongoing public health restrictions. This round provided a one-off payment based on venue capacity and the Local Government Area (LGA) the business was located in (see Appendix F.3 for more detail).

To be eligible for LHVF, a business had to be located within Victoria, hold a liquor licence, be registered for GST and an ABN, be registered with either a federal or state regulator (such as WorkSafe Victoria), have a food

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registration and have been operating prior to the public health restrictions with the intention to continue operating when restrictions lift (see Appendix F.3 for more detail).

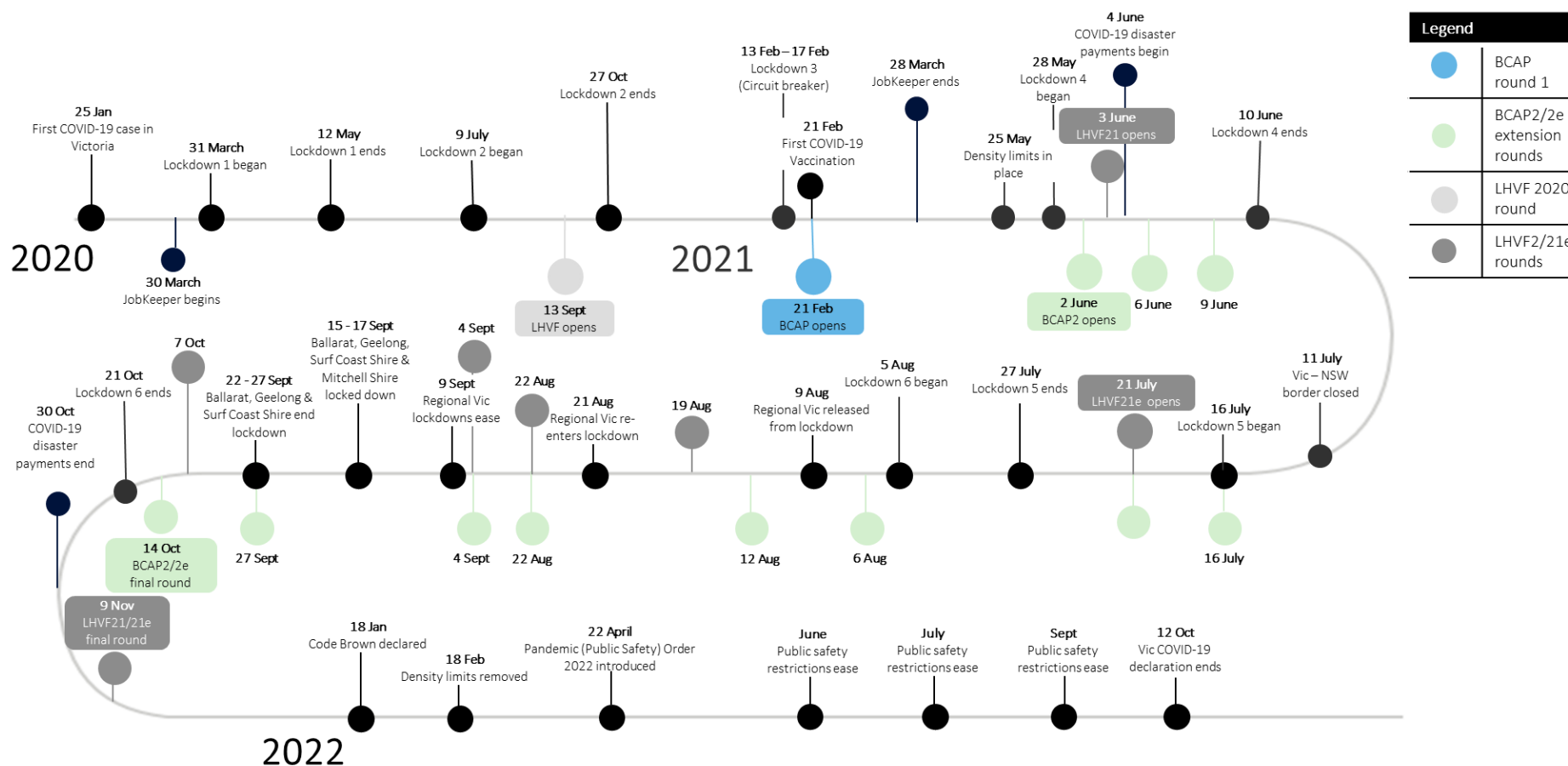
LHVF21 was the ongoing stream of LHVF that was announced shortly after the beginning of the fourth instance of intensive public health restrictions (3 June 2021). It was identical to the 2020 round of LHVF in its intention and eligibility criteria (with a slight alteration as to the date in which the business' ABN and GST needed to be registered). However, the grant amounts did change and were based solely on business location (see Figure 1.1 and Appendix F.3).

In July 2021, LHVF21e was created specifically to support businesses that had not received the LHVF21 grant payment.

Further rounds of LHVF21 and LHVF21e occurred in August, September, October and November 2021. Applications for the program closed in November 2021; however, businesses were receiving payments up until April 2023. These further rounds relied on the eligibility of the businesses being confirmed in LHVF21 and LHVF21e and provided automatic payments to the businesses that had received the initial grants. The additional rounds varied in grant amount (see Appendix F.3).

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Figure 1.1: Timeline of significant public health actions in Victoria, and BCAP and LHVf application open dates.



Source: Deloitte Access Economics.

1.3 Purpose of the evaluation

In 2023, the Victorian Auditor General's Office (VAGO) recommended that the two programs, which accounted for approximately 57 per cent of the Victorian Government's COVID-19 business support expenditure, be independently evaluated.¹⁵ Under Recommendation 7 of the Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2022-23, it was recommended that all rounds of BCAP and LHVf be assessed by an independent evaluator for effectiveness, value for money and lessons learnt for future programs.

Deloitte has been engaged by the Department of Jobs, Skills, Industry and Regions (the "Department") to conduct this independent evaluation, which is detailed in this report. The remainder of this report is structured as follows:

- Chapter 2: Evaluation methodology
- Chapter 3: Findings, including Justification/Appropriateness, Design/Implementation, Effectiveness, Value for Money and Lessons Learned
- Chapter 4: Recommendations

1.4 Evaluation methodology

1.4.1 Key evaluation questions (KEQs)

The evaluation questions were organised into four domains as outlined below in Table 1.1. Qualitative and quantitative data was collected against the four evaluation domains within this evaluation scope. Each evaluation domain includes a KEQ and sub-evaluation questions (SEQs) to guide the lines of inquiry for the evaluation and have been addressed systematically throughout the evaluation.

Table 1.1: KEQs and SEQs.

Domain	KEQ	SEQ	Section reference in the report
Justification/ Appropriateness	Was the rationale and design of the in-scope grants programs appropriate for the needs and context?	1. To what extent did the in-scope programs fulfill an unmet need?	2.1.1
		2. How did COVID-19 restrictions affect the context under which the Department made decisions regarding business support?	2.1.3
		3. To what extent were the eligibility criteria appropriate for reaching intended cohorts?	2.2.2
		4. How well did the Department engage with internal and external stakeholders when determining a response?	2.1.4
		5. What has the Department learned in relation to its role in supporting businesses under emergency circumstances?	2.5.1
Design/ Implementation	How well did the Department implement each of the grants, and how well did it adapt its approach in response to changing needs and contexts?	6. What are the continuous improvement opportunities identified relating to grant design and implementation?	2.5.1
		7. How well has the Department adapted its emergency grant making practices?	2.1.2
Effectiveness	To what extent were the BCAP	8. What impact did the grants have on business operators and on business resilience?	2.3.1

Domain	KEQ	SEQ	Section reference in the report
	and LVHF grants effective in achieving intended outcomes including supporting Victorian business operators cope with the impacts of COVID-19 restrictions?	9. Which of the grants and related outcomes contributed the greatest and least value to recipients and the Victorian community?	2.3.1
		10. How did the benefits of the programs vary for different cohorts, contexts and geographical locations (i.e., metropolitan, outer-metropolitan, regional and rural locations)?	2.3.3
		11. To what extent did the external factors outside of the Department's control affect the extent to which the grants benefitted the recipients and the broader Victorian economy?	2.3.2
Value for money	Were the BCAP and LVHF worth implementing? Did the value of the outcomes outweigh the value of the resources used to obtain them?	12. Did the Department demonstrate efficiency in the delivery of the grants?	2.2.3
		13. How valuable were the outcomes to recipients and the community?	2.4.1
		14. How did the cost of delivery compare to other similar grant programs?	2.4.2

Source: The Department.

This evaluation did not assess other COVID-19 supports provided by the Victorian or Commonwealth Governments during the same period. Nor did it consider or undertake any audit or investigative activity relating to the BCAP and LVHF programs.

Quantitative data analysis methodology

Analysis of key program outcomes

The Evaluation Plan identified a number of key outcomes to be considered as part of the quantitative and economic analysis of the programs.

A unique methodology was developed for the assessment of each outcome based on the available data, including the program data, secondary data sources (e.g., ABS data, Australian Securities & Investments Commission (ASIC) data) and the business survey. The sophistication of these methodologies varied based on the extent of data available for each specific outcome. It is noted that the evaluation was generally limited by the use of publicly available secondary data sources. The use of publicly available data sources generally limited analysis to an industry or region level, rather than business level, negating the direct comparison of treated and non-treated businesses (except in the case of business survival analysis). Use of business-level microdata sources (e.g., the ABS' Business Longitudinal Analysis Data Environment (BLADE)) was explored but not accessible within project timeframes.

The methodologies used to assess the following key outcomes was as follows, with further detail and results outlined in Appendix A.

- **Business survival** – the impact on business survival was assessed based on business-level regression analysis using Australian Business Register (ABR) data, ASIC insolvency data and the grants database. The analysis compared insolvency outcomes for treated and non-treated businesses. This was supported by jurisdictional comparison based on the ASIC insolvency data as well as data from the business survey.
- **Employment** – employment outcomes were analysed based on industry- and regional-level regression analysis using ABS data on the number of hours worked by industry, which examined the relationship between intensity of treatment within an industry and hours worked. This was supported by analysis based on the business survey.
- **Wellbeing** – the impact of the grants on the wellbeing of business owners and sole traders was assessed by using data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey. Comparisons were made across employment characteristics and geographies.
- **Cost coverage** – the extent to which the grants supported participate business in covering costs during periods of shutdown was examined based on analysis of the ratio of grant revenue per business to estimated

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business costs over a defined period, using both the program data and ABS National Accounts data. This was also supported by data from the business survey.

- **Business confidence** – discussion of business confidence was produced based on publicly available surveys published by National Australia Bank (NAB).
- **Broader economic and fiscal health** – analysis of the broader economic impacts of the grant program was based on a review of academic literature and analysis of publicly available economic indicators.

Cost-benefit analysis (CBA)

A CBA considers economic, environmental and social impacts attributable to an intervention or policy. The CBA only estimates the incremental impact of the programs – that is, the costs and benefits attributable to the programs relative to a defined base case. In this instance, the base case assumes that the Victorian Government did not operate the in-scope programs or deliver an equivalent intervention.

In this analysis, we estimate the net benefits that accrue within the Victorian economy and costs incurred within Victoria.

Where possible, the incremental costs and benefits of the programs have been monetised. This is not always possible either due to the effects being non-financial or intangible or there being insufficient data to value those benefits. The CBA framework is outlined in Section 2.4. This shows the categories of costs and benefits measured in this CBA and the evaluation method.

The CBA leverages the analysis described above to inform assumptions around the attributable impact of the program on key outcomes such as business survival and increased employment relative to a defined base case, assigning monetary values to these outcomes to inform calculations of economic benefit.

Data sources used to inform this evaluation

A range of qualitative and quantitative data collection methods were used to inform the findings of this evaluation. This included a review of available program data and documentation to identify how the programs were delivered. Internal and external stakeholders to government were consulted on the via interviews while direct participant feedback was gathered through a business survey. Extensive quantitative analysis of secondary data sources was also undertaken to support assessment of impact on outcomes. Evidence was analysed and synthesised by themes and evaluation domains into the findings presented in this report.

A summary of the inputs into the evaluation is as follows:

- review and analysis of provided **program materials and data** by the Department.
- insights captured through **nine stakeholder interviews**, which included consultations with:
 - representatives of the Department involved in the delivery of the programs.
 - some industry peak bodies involved in the delivery of the programs.
- **desktop research and literature reviews** on COVID-19 emergency support programs throughout Australia and internationally
- analysis of business level data contained within the Department's grants database.
- insights from **a business survey of BCAP and LHV participants** undertaken by this evaluation, specifically relating to the impact of the grants on participants, where a total of 478 responses were received (reflecting a 4.8 per cent response rate), including:
 - a total of 206 responses for BCAP.
 - a total of 229 responses for LHV.
- insights from detailed **case study analysis**, encompassing 3 BCAP participants and 3 LHV participants.

The business survey was sent to a sample of 5,000 grant recipients from each program, compared to the total 9,763 LHV grant recipients and 141,789 BCAP grant recipients. While the response rate is low relative to the entire population, it allowed confidence in the results at the 90 per cent confidence level and 10 per cent confidence interval when considering basic descriptive statistics for both BCAP and LHV.

The semi-structured interview guides and online business survey questions used in stakeholder consultation are presented in Appendix E.

Outcome logic model (OLM)

An OLM was developed early in the evaluation to articulate how the different activities undertaken as part of the programs were intended to contribute to the achievement of expected outcomes. The OLM directly supports the

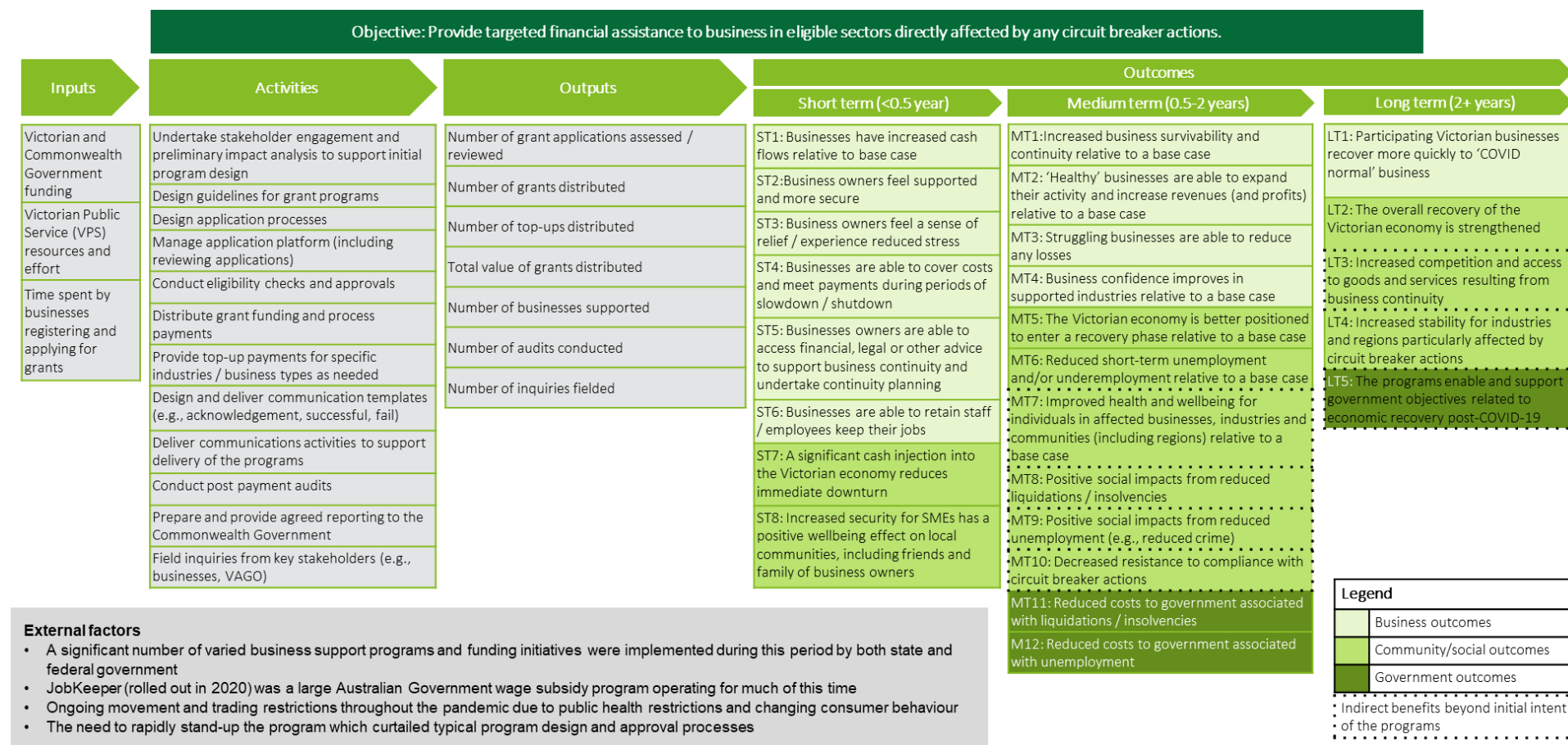
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evaluation by guiding assessment of the program's ability to provide effective business supports and support COVID-19 recovery. The OLM was developed using the following inputs, and refined through input from the Department:

- review of provided **program materials** by the Department, including revision of a high-level OLM for BCAP
- **desktop review** of publicly available information relating to the programs, including program/grant guidelines, eligibility criteria and a funding agreement between the Victorian and Australian Government.

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Figure 1.2: OLM for the COVID-19 Business Support Grants.



Source: Deloitte Access Economics.

2 Findings

2.1 Justification/Appropriateness

KEQ 1: Was the rationale and design of the in-scope grants programs appropriate for the needs and context?

2.1.1 SEQ 1: To what extent did the in-scope programs fulfill an unmet need?

Finding 1: The grants fulfilled an unmet need by providing cash flow to businesses impacted by pandemic-related restrictions, supporting them to continue operations.

With extensive COVID-19 pandemic restrictions limiting movement and trade in Victoria during 2020 and 2021, businesses faced unprecedented challenges including heightened uncertainty, reduced foot traffic and consumer demand. In 2020, more than 32 per cent of Victorian businesses experienced at least an 80 per cent drop in revenue.¹⁶ The state's GSP declined by 4.7 per cent, the largest downturn of any Australian state or territory, and Victorian business confidence dropped to a record low of -64 NAB index points in March 2020.¹⁷ As lockdowns persisted and restricted the ability of households to spend throughout 2020, particularly on services, private consumption in Victoria fell by 10.2 per cent, while real turnover in the retail sector fell by 3.1 per cent. Macroeconomic conditions were poor, necessitating government intervention to ensure businesses survived.¹⁸

Businesses were expected to lose perishable goods, such as fresh food and flowers, and experience decreased revenue and cash flow while still needing to meet unavoidable costs, such as rent and utilities. Without government intervention, it was anticipated that business insolvencies and failures would rise as businesses were unable to meet unavoidable costs due to reduced revenue and cash flow. This was supported through the business survey, where the overwhelming majority of BCAP (85 per cent) and LHVf (88 per cent) of respondents indicated that their business operations in Victoria may have or would have ceased without the grants. Stakeholders also emphasised the need to directly support business costs, in addition to supporting social cohesion and the mental health of business owners, employees and their families.

While extensive Commonwealth business support was provided through the JobKeeper wage subsidy, this was phased out in February 2021 to March 2021. However, businesses were still experiencing heightened uncertainty and reduced cash flow as public health restrictions persisted well into 2021 given vaccination rates remained low and less than 30 per cent of the state had received one COVID-19 vaccination dose by July 2021.¹⁹

The approach of the Victorian Government was also aligned with that of numerous comparable jurisdictions national and globally. Following the cessation of JobKeeper in 2021, other state and territory governments intervened with cash flow supports for businesses continuing to be impacted by the pandemic. Some examples for NSW, the Australian Capital Territory (ACT) and Queensland (QLD) are described in Table 2.1, while further detail can be found in Appendix C.

However, the approach to cash flow supports varied between jurisdictions. For example, NSW adopted a wage subsidy for businesses experiencing a minimum reduction in turnover in a similar way to national jurisdictions such as Australia and Canada, while the ACT, QLD and Victoria adopted grants for businesses that could be used for a variety of costs.

While wage subsidies provide more targeted and specific support to businesses than flat grants in seeking to retain employees, maintain employer-employee relationships and support future activity,²⁰ they can discourage flexibility to adapt to changing economic conditions, incentivise labour hoarding and restrict job creation.²¹ Comparatively, flat business support grants provide flexibility in supporting businesses to cover a broader range of costs (including those such as rent or utilities not covered by a wage subsidy), or innovate and adapt to changing economic conditions. Flat grants may also better support lower-income workers and more equitable distribution of income than proportional subsidies by allowing investment in employee training and improvements that lead to higher productivity and wages in the long term.²² However, being flat, grants may inherently create disincentives for work, and the less defined usage means there is potential for the grant to be misused.²³

Table 2.1: Examples of cash flow supports for businesses.

Jurisdiction	Example
NSW	In NSW, the 2021 COVID-19 Business Grant was introduced to provide \$7,500 to \$15,000 grants based on the extent of business turnover decline. However, a JobSaver wage subsidy was subsequently introduced in July 2021, covering 40 per cent of payroll per week (with a minimum of \$1,500 and maximum of \$100,000).
ACT	In the ACT, the COVID-19 Business Support Grant provided businesses with up to \$125,000 across three payments from August 2021.
QLD	In QLD, the 2021 COVID-19 Business Support Grant and COVID-19 Tourism and Hospitality Sector Hardship Grant provided \$10,000 to \$30,000, or \$30,000 to \$100,000 one-off payments to eligible businesses, respectively.

Source: Deloitte Access Economics.

However, similar to other jurisdiction's cash flow supports for business, the BCAP and LHVf grants fulfilled an unmet need in providing businesses with certainty and the necessary cash flow to stay afloat during periods of closure and reduced operations. Survey results support this, with 68 per cent of BCAP respondents and 72 per cent of LHVf respondents indicating the grants enabled their business to cover costs. Additionally, case studies developed for this evaluation supported this. For instance, an independent myotherapist, who set up and ran their own practice within their local community, reported that without the BCAP grants, they would have had to close their business (see Appendix D: Independent myotherapist case study).

With Victorian businesses being the more severely affected by public health restrictions than any other jurisdiction, it follows that Victorian businesses would have fallen even further behind without support at least equivalent to other jurisdictions.

Finding 2: The targeted and tailored nature of the LHVf program was necessary given the hospitality sector was more severely affected by movement and trading restrictions than most industries.

The Victorian hospitality sector significantly contributes to Victoria's economy and culture. High-quality restaurants and cafes not only make the state a desirable destination for visitors and offer unique experiences to highlight the state's heritage and cultural landscape, but they strengthen community bonds and contribute to the local identity of Victorians. Throughout the COVID-19 pandemic in Victoria, the hospitality sector was disproportionately affected by public health restrictions, necessitating greater and more specific business support. As a sector traditionally reliant on the physical presence of customers, restrictions themselves placed additional downwards pressure on demand in the hospitality sector relative to other sectors. Curfew and travel limits reduced the distance and times during which people could travel to access hospitality services. Mandatory mask restrictions and density limits reduced the number of customers that could be served by a business at any one time. This was particularly impactful for larger businesses with higher patron capacity. Stakeholders noted that the hospitality sector was demonstrably and more directly affected by restrictions themselves and needed targeted support. The varied impact of restrictions on different businesses within the sector necessitated tailored support of varied grant amounts based on patron capacity.

Further, the hospitality sector could not fully transition to e-commerce, online services or work-from-home arrangements in the way that other sectors (such as retail or commercial services) were able to. This is because the sector is service based and relies on face-to-face service provision and physical consumption by the customer – either by their presence itself, or their consumption of a good provided at the services physical location. Though some were able to pivot towards selling take away or home-prepared meals, this was not appropriate for all businesses. A local sports and recreation club was one such business. The club operated as a community hub, hosting events, such as weddings, birthdays and community events, as well as serving as a location for community members to gather. The club was unable to adapt any alternate sources of revenue and was unable to pay outstanding bills prior to their reception of LHVf (see Appendix D: Local sports and recreation club case study). Businesses in the hospitality sector were also more likely to have perishable goods, such as food and beverages on hand compared to other sectors. It was therefore expected that such businesses would have experienced greater costs following unexpected business closure when perishable goods remained unused and deteriorated within the closure period. Consequently, the hospitality sector was also expected to incur greater cost and time to reacquire such goods before reopening operations.

2.1.2 SEQ 7: How well has the Department adapted its emergency grant making practices?

Finding 3: The Department quickly stood up and adapted a large-scale grant assessment and distribution system at an unprecedented scale and speed.

The delivery of grants at the scale of BCAP and LHVf was unprecedented for the Victorian Government, necessitating significant adaptation of existing grant making practices. This also took place under considerable time pressure and within significant data constraints. Despite these challenges, the Department was able to successfully adapt their grant making practices. By program end, the platform had processed more than 151,000 business applications.

The Department's existing systems and processes were generally designed to deliver approximately 100 grants or less, meaning significant adjustments had to be made within a short space of time to achieve the required efficiencies to deliver a program of this scale (see Finding 4). The Department also worked to refine these processes and systems over time as the programs progressed. For example, overtime they were able to increasingly automate some of the processes involved in the applications and payments process, such as alerting previous grant recipients to the opening of new rounds, the automation of top-up payments and the inclusion of a pre-populated form for returning grant applicants. This improved the user experience and increased accessibility for recipients. Additionally, the Department was able to develop data sharing practices with other government bodies over time to support eligibility validation (see Finding 7).

The eligibility criteria themselves were also refined overtime, evident through the following examples (noting this is non-exhaustive) in Table 2.2.

Table 2.2: Examples of refinements in eligibility criteria.

Example	Description
The eligibility criteria of BCAP2/2e evolved.	In May 2021, when it became clear that the state's pandemic response was going to last longer than anticipated and affect more businesses than those that were eligible in the original BCAP round, the Department broadened the scope of ANZSIC codes that were eligible for support under BCAP, creating the BCAP2/2e round.
The Department worked to implement more robust criteria, such as the incorporation WorkSafe payroll data, as the programs progressed.	Initially, the Department did not have access to payroll data, meaning payroll could not be built into the eligibility criteria. However, the Department worked with WorkSafe to establish an ongoing information sharing system which matched grant applications to WorkSafe payroll data.
The amount provided in round four of BCAP2/2e was tailored to the specific business.	Business payroll data was used to determine the amount received. In round five of BCAP2/2e, whether the business was employing or not also determined appropriate grant amount (i.e., sole traders received a specific amount).
The specification of eligibility based on location (i.e., metropolitan and regional businesses).	During the sixth Victorian lockdown (5 August 2021 – 21 October 2021), businesses based in metropolitan Melbourne received an additional BCAP round. Whilst regional Victoria still needed government support, metropolitan Melbourne was significantly more effected by COVID-19 and public health restrictions over this period. By building geography into the eligibility, the Department was able to adjust the grant amount to reflect variations in impact based on location at the time.

Source: Deloitte Access Economics.

Although the Department demonstrated rapid adaptability in their approach to grant making and disbursement, ongoing challenges related to a lack of access to key data sets and centralised decision making limited the capacity of the Department to make some necessary changes and refinements to the programs over time. In particular, despite adapting and rapidly collaborating with other parts of the Victorian Government to design and scope a response to changes in public health restrictions (see Finding 7), the Department could not always implement their desired refinements in eligibility criteria due to the requirement for ultimate approval in decision making sitting outside the Department. Though this was due to the unprecedented emergency nature of the pandemic, this may have led to less targeted and precise eligibility criteria. Further, the lack of access to other sources of data to validate grant applications (e.g., Australian Tax Office (ATO) single touch payroll data) meant that the Department struggled to closely align the eligibility criteria, intention of the programs and the evolving needs of businesses.

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The Department worked with key industry associations to best scale their practices appropriately (see Finding 5). They also internally worked to refine their practices and ability to successfully target their impact towards those who needed it, whilst also meeting the overall and unprecedented volume of demand.

The views of businesses were mixed as to whether the Department's adapted grants processes (and, in particular, the application process) were suited to their needs and supported the rapid delivery of the grants. Feedback provided through the business survey suggested that the majority of applicants were able to easily navigate the application process, with around 80 per cent of respondents to the business survey indicated they were satisfied or very satisfied with the experience in applying for and receiving the grants. However, a small minority of respondents indicated they faced challenges in completing the application (4 per cent of BCAP respondents were dissatisfied with the process compared to 9 per cent for LHVF), citing challenges with time taken to complete the application, comprehending the questions and justifying eligibility to the Department when aspects of business eligibility (e.g., business structure or ABN) changed partway through the program. For these businesses, this caused additional stress in some instances. Further, some applicants who did not receive the expected amount based on issues related to the eligibility criteria and application process felt there was a lack of flexibility in the process for reviewing applications. For example, a restaurant and event space which could not demonstrate their current seating capacity through their liquor licence received a lower grant amount. It should be noted that, from a government perspective, there should be a reasonable onus on grant applicants in demonstrating their eligibility, which in this case relates to demonstrating venue capacity (see Appendix D: Restaurant and event space case study).

2.1.3 SEQ 2: How did COVID-19 pandemic restrictions affect the context under which the Department made decisions regarding business support?

Public health restrictions were in response to the level of transmission and cases of COVID-19 in Victoria at different points in time. Decision making regarding restrictions was rapid in response to the unfolding public health crisis. While forecasting was undertaken, the extent of the health crisis, and therefore, the extent and length of restrictions into the future were uncertain.

Decision making on the part of the Department was made within this context, with business support needed to be rolled out rapidly in response to changing restrictions and lockdowns, with the Department needing to adapt the grants programs in line with this (see above).

2.1.4 SEQ 4: How well did the Department engage with internal and external stakeholders when determining a response?

Finding 4: The Department engaged rapidly and collaborated effectively within the Victorian Government and with federal government agencies to design and implement the programs.

To rapidly design and deliver the BCAP and LHVF programs, extensive engagement within the Department was required. Legal, risk and technology expertise were rapidly engaged within the Department and consulted with to determine the feasibility of the program and capabilities available to deliver the program. An unprecedented speed and level of collaboration was achieved to design the programs, mitigate risks to the Victorian Government and ensure capability and necessary infrastructure to deliver the grants was present within the Department.

Once the programs transitioned into delivery, engagement with internal stakeholders continued in order to scale up a grant platform initially designed for less than 100 grant recipients (see Finding 3). This involved cross collaboration between:

- operational and technical teams managing Salesforce and the application process,
- the program centre and Business Hotline assisting with business complaints,
- policymakers who had designed the programs, and
- technical and information technology (IT) teams maintaining the necessary infrastructure.

As outlined in Finding 3, the fast-moving and frequent changes in public health restrictions required the Department to be responsive. For example, the scope of eligible industries was reviewed and adjusted over time to align with public health restrictions, requiring fast changes to the application form and IT infrastructure. This drove a high level of collaboration and enabled the automation of processes such as eligibility checks once speed of delivery became paramount within the Department.

The Department also engaged extensively with Victorian Government agencies including WorkSafe Victoria, Liquor Control Victoria and local government to establish data sharing agreements. These enabled the Department to assess the grant eligibility of businesses by accessing data on payroll, insurance registration, food certificates and number of employees. This engagement was collaborative, for example, when discrepancies or gaps in food certificate and liquor licence data were found, the Department's program centre worked directly with local government and councils to manually rectify these. Further, the Department collaborated with federal agencies to

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support data sharing of the ABR data. Automated sharing of ABR numbers has continued since the conclusion of these programs. Considering equivalent data sharing arrangements in the future, this would provide a precedent that could be drawn on should similar grant programs need to be rapidly rolled out again.

Finding 5: Key industry bodies were involved in the design and implementation of the programs beyond the initial phase as appropriate.

It was evident from internal and external stakeholder reports that the Department engaged regularly with external stakeholders throughout program design and delivery. External stakeholders consulted by the Department primarily comprised of main industry associations and peak bodies representing businesses impacted by the pandemic.

Main industry association and peak bodies contributed to the design and iteration of grant rounds with respect to eligibility, application processes, communication and grant amounts. They provided feedback to the Department on the suitability of eligibility criteria for industries and whether it sufficiently captured the Department's intent. In many cases, this resulted in a threshold adjustment for subsequent grant rounds. For example, the midpoint grant threshold for LHVf was reduced from 200 to 100 patrons in response to industry feedback about the relative costs facing different establishment sizes. Some external industry stakeholders noted that the Department had 'taken them along the journey' with respect to program design and delivery, providing clear and consistent touch points and incorporating their feedback into grant design. Other external stakeholders such as accounting and legal bodies were able to raise concerns with the Department, such as how to exclude businesses that would be likely to close regardless of the pandemic.

External stakeholders also contributed to the ongoing implementation of the grants by acting as an intermediary, disseminating key information to their members and supporting them in accessing the grants. Internal stakeholders observed that the support of industry bodies was integral to the effective implementation of the programs.

Engagement with external stakeholder groups evolved as programs developed over the life of the program. Initially, external stakeholder consultation coordinated by the Department involved large forums with hundreds of industry representatives in attendance. This engagement was focused on the Department's response to the pandemic. Over time, the formality of this engagement reduced as relationships were established with key bodies. This facilitated relational, more in depth and collaborative engagement as the grant programs were designed, iterated and delivered.

In addition, there were opportunities to gain direct business feedback through the Business Victoria Hotline during grant delivery. The program centre coordinated the receipt of complaints and challenges businesses faced in the grant application process.

2.2 Design/Implementation

KEQ 2: How well did the Department implement each of the grants, and how well did it adapt its approach in response to changing needs and contexts?

Finding 6: The grants were generally delivered as intended with emergency grant funding provided to more than 151,000 individual businesses across impacted industries.

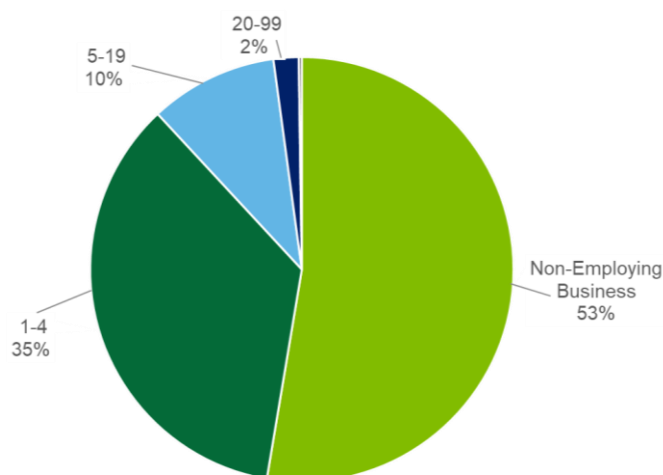
The grants were intended to financially support businesses that were negatively impacted by reduced trading due to public health restrictions. In particular, the grants sought to support businesses in meeting unavoidable payments during periods of reduced revenue. Available evidence suggests the programs were generally delivered as intended, providing close to 151,000 unique businesses with funds to cover often unavoidable costs such as wages, utilities and rent. Further, the Department worked to adapt its approach over time in line with the evolving context, however, faced challenges in doing so (see Finding 7).

BCAP

BCAP was intended to assist non-employing, small- and medium-sized businesses with their costs during the COVID-19 pandemic and periods of trading restrictions. A total of \$4.9 billion was delivered to 141,709 businesses over a 28-month period through BCAP between March 2021 and July 2023. This was delivered over eight rounds (inclusive of top-ups and supplement rounds) to eligible businesses.

BCAP was successfully distributed to intended cohorts in terms of business size (number of employees), with 53 per cent of grants going to non-employing businesses, 35 per cent to businesses with one employee to four employees, 10 per cent to businesses with five to 19 employees and 2 per cent going to businesses with 20 to 99 employees.

Chart 2.1: Distribution of BCAP by number of employees in the business.



Source: Deloitte Access Economics.

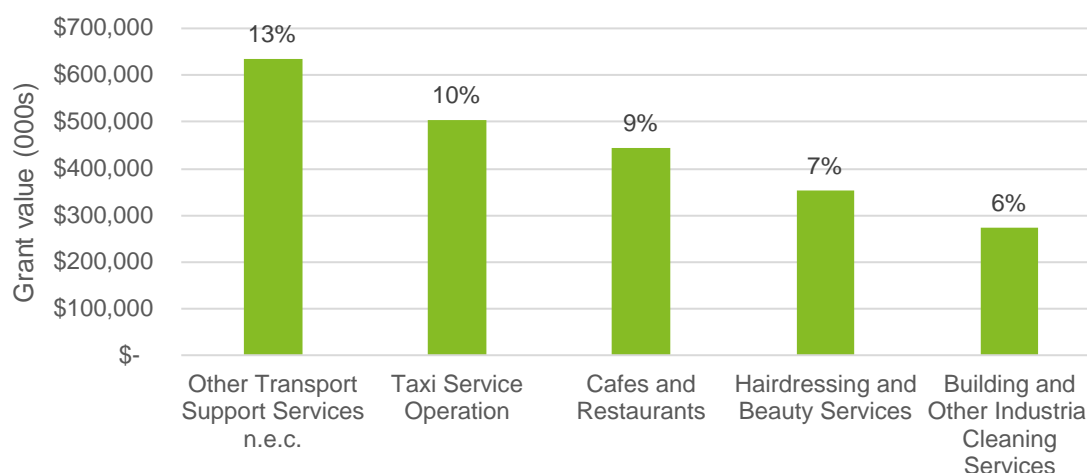
Throughout the pandemic, restrictions and their impacts varied across industries. For example, retail businesses could continue to operate in some form by shifting online, while sectors like transport also continued (although often at reduced capacity). The gradual easing of restrictions over time following the pandemic also varied based on industry, with some industries impacted for longer than others. For example, restaurants were subject to density limits, travel restrictions and reduced foot traffic. It was therefore important that support was targeted towards industries that were most in need at a particular time.

The distribution of BCAP funding across the top five industries was as follows: 13 per cent went to Other Transport Support Services[†], 10 per cent to Taxi Service Operation (totalling 23 per cent going to Transport services), 9 per cent to Cafes and Restaurants, 7 per cent to Hairdressing and Beauty Services and 6 per cent to Building and Other Industrial Cleaning Services. This distribution broadly aligns to industries that were significantly impacted by restrictions. For example, Hairdressing and Beauty services faced extensive restrictions and shutdown periods and are often employing businesses with rental and utility costs.

[†] Other Transport Support Services (5299) consist of units mainly engaging in providing transport support services that are not classified under other ANZSIC codes. Examples include freight brokerage, railway station operation and rideshare operation (ABS, 2013).

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Chart 2.2: Top 5 ANZSIC class by total BCAP grant value.



Source: Deloitte Access Economics.

Businesses based in metropolitan Melbourne received 90 per cent of BCAP funding, with the remaining 10 per cent going to regional businesses. While regional Victoria makes up 15.9 per cent of the total number of businesses in Victoria, it contributes 18.2 per cent of Victoria's GSP.²⁴ Within metropolitan Melbourne, the top five LGAs (by total grant value) consisted of four outer-metro areas (Wyndham City Council, Casey City Council, Hume City Council and Brimbank City Council) and one inner-metro area (Melbourne City Council). This generally aligns with the areas that felt the most severe effects of the COVID-19 lockdowns and would have the most need for emergency funds. Metropolitan Melbourne experienced a significant period of time in lockdown and further time with public health restrictions in place such as capacity limits and travel limitations. However, it should be noted that regional Victoria was also severely impacted by rapidly changing restrictions in regional areas (which often varied by location), but also through travel bans which significantly reduced (and often entirely negated) visitation and tourism activity that many regional businesses are dependent on.

The grant guidelines also articulated the specific purposes for which grant funds were intended to be used. This included:

- meeting business costs, including utilities, wages or rent;
- seeking financial, legal or other advice to support business continuity planning;
- developing the business through marketing and communications activities; and
- any other supporting activities related to the operation of the business.

Information from the business survey indicates that grants were generally used for these intended purposes, including cost coverage and paying wages (see Appendix D and Appendix Chart E.11). However, beyond the self-reported data collected through the business survey, it is difficult to determine with certainty the exact nature of how grant funds were used.

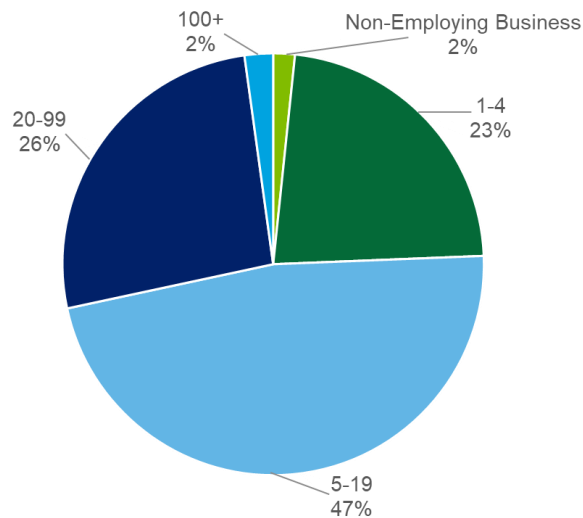
LHVF

LHVF was specifically targeted to support licensed hospitality businesses and venues. It sought to aid those businesses to covering unavoidable costs, such as staff wages, rent and utilities. LHVF was successful in delivering financial aid to the intended recipients, delivering a total of \$1.3 billion over a 31-month period to 9,764 eligible businesses between September 2020 and April 2023. LHVF was delivered over seven rounds (inclusive of top-ups) to eligible businesses.

Approximately 98 per cent of LHVF grants went to employing businesses. This aligns with the intent of the program being to support employment outcomes. Employing micro businesses received 23 per cent of the grants, other small businesses received 47 per cent, medium businesses received 28 per cent while large businesses received less than 1 per cent.

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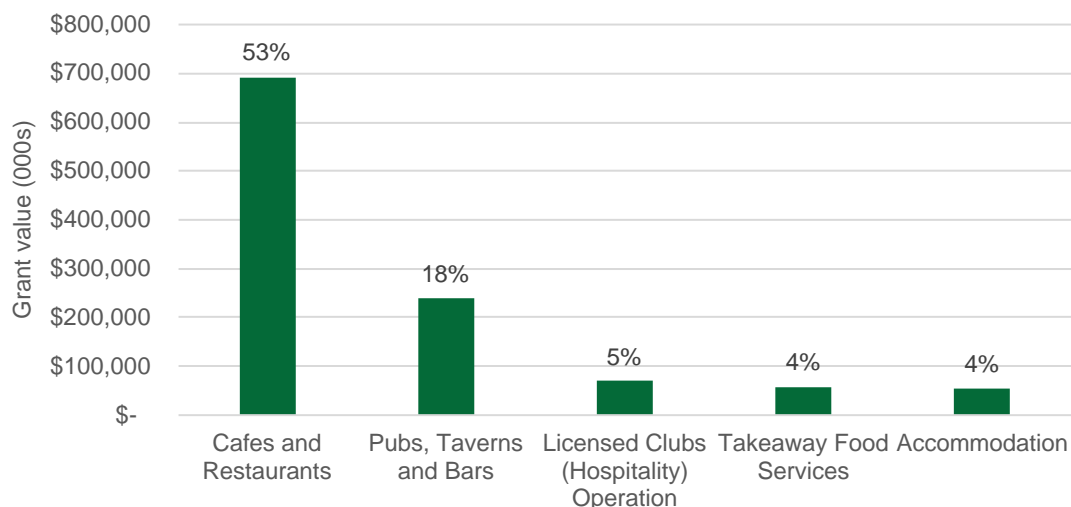
Chart 2.3: Distribution of LHVf by number of employees in the business.



Source: Deloitte Access Economics.

As outlined in this report, the intent of LHVf was to support hospitality industries that were impacted heavily by COVID-19 public health restrictions (see Finding 2). The relative distribution of funding by industry demonstrates the funding was delivered to intended cohorts. Of \$1.3 billion in grant funding, 53 per cent went to Cafés and Restaurants, 18 per cent to Pubs, Taverns or Bars, 5 per cent to Licensed Clubs, 4 per cent to Takeaway Food Services and 4 per cent to Accommodation Services.

Chart 2.4: Top 5 ANZSIC class by total LHVf grant value.



Source: Deloitte Access Economics.

With JobKeeper ending in March 2021, businesses were then responsible for paying staff wages throughout the lockdowns and restrictions that occurred during 2021. Acknowledging this, and that the majority of hospitality businesses are employing, LHVf was intended to support businesses with paying staff wages. The vast majority of LHVf funding (98 per cent) went to supporting employing business. This aligns with results from the business survey indicating that LHVf supported business in paying staff wages, in line with its intent (see Appendix Chart E.11) and reports from business owners from LHVf case studies (see Appendix D).

Similarly to BCAP, the majority of LHVf recipients operated within metropolitan Melbourne, with seven of the top 10 LGAs in terms of grant funding located within metropolitan Melbourne. Melbourne City Council received the highest share of LHVf of any LGA at 13 per cent. This was followed by Yarra City Council (5 per cent), Port Phillip City Council (5 per cent), Stonnington City Council (4 per cent) and Greater Geelong City Council (3 per cent). The distribution of grant funding by LGA generally matches the distribution of venue capacity, suggesting the allocation of grant funding based on geography was aligned with the need. As was the case with BCAP, LHVf business survey respondents indicated grants were used for their intended purposes including paying wages (as discussed above) and covering other costs.

2.2.2 SEQ 3: To what extent were the eligibility criteria appropriate for reaching intended cohorts?

Finding 7: Despite facing challenges in establishing business eligibility the Department sought to refine program criteria using available data over grant round iterations to align with businesses most impacted by COVID-19 restrictions.

The design of the BCAP grant framework enabled the eligibility of particular industries and ANZSICs at different points in time and supported the use of the grant for a variety of unavoidable costs. This enabled the BCAP program to be reactive to changes in lockdown restrictions and industries affected. Its simplicity streamlined the application process for businesses with a low level of business literacy and administrative capacity. Stakeholders noted this was necessary given that small businesses were the target audience.

However, the breadth of eligibility criteria for BCAP resulted in imprecise targeting of businesses. This is because businesses were not required to demonstrate with evidence that their cash flow had been significantly reduced, or that they had ongoing costs to be covered during periods of closure. Stakeholders acknowledged that while the criteria allowed the majority of impacted businesses to be eligible, some businesses that either did not experience reduced cash flows or had uncertain futures regardless of the pandemic were also eligible to receive the grants.

A significant amount of funding (53 per cent) for BCAP was distributed to sole traders. A large proportion of these were more specifically rideshare and taxi drivers who generally do not incur fixed costs, such as rent and utilities, and do not pay wages. Given the general differences in cost profile when compared with small and medium businesses, the inclusion of sole traders did not support the initial intent of the program to cover negative cash flows for rent and wages and place businesses in a 'ready' state to reopen once restrictions eased. This was particularly the case in earlier rounds (one to three) of BCAP where sole traders received the same grant amount as employing businesses. The provision of a high proportion of grant funding to sole traders lessened the value for money achieved compared to a situation where most of the funding was directed at employing businesses.

Further, Victoria was the only state to observe an increase in the Other Transport Support Services n.e.c (ANZSIC code 5299) industry in 2021-22, with the ABS reporting that between June 2021 and June 2022, there was a net increase of approximately 6,000 businesses registered under Other Transport Support Services n.e.c. In comparison, NSW had a net decrease of approximately 2,000 during the same period.

However, the varied cost profiles and need to specifically support sole traders was recognised by some stakeholders. The design of BCAP 5 reflected this where non-employing businesses were separated as a fourth tier of grant amounts. Providing a specific (and lower) amount to sole traders would have better captured their individual needs, as opposed to being combined with employing businesses. Generally, other jurisdictions incorporated sole traders into their COVID-19 business support programs, separating out a specific grant amount for non-employing businesses in a similar way to BCAP round five. For example, the ACT COVID-19 Business Support Grant, QLD 2021 Business Support Grant, South Australia (SA) COVID-19 Business Support Grant and COVID-19 Business Hardship Grant, Western Australia (WA) Small Business Hardship Grant and NSW COVID-19 Micro-Business Grant all supported sole traders in this way. The amount was generally less than that provided to employing businesses at approximately \$1,000 on a one-off or per week basis across most jurisdictions, depending on whether the program was designed to be one-off or over a longer period. This is described in more detail in Appendix Table C.3.

For the LHVf grants, eligibility was largely determined based on liquor licence data from Liquor Control Victoria, which generally enabled the grants to be targeted towards businesses and venues providing hospitality services at a physical location.

The eligibility framework of the grants also sought to reduce the burden on businesses and the Department. Automatic top-up rounds reduced the burden on businesses reapplying to receive the grants in an environment where restrictions were changing quite regularly. Eligibility criteria and validation requirements enabled the Department to scale the programs without needing to individually assess business reports on how they were impacted by COVID-19 pandemic restrictions. Stakeholders noted the efficiency of this design element.

However, in seeking to determine and apply robust eligibility criteria to businesses for both the BCAP and LHVf grants, the Department faced a number of unavoidable challenges with respect to data sharing, data recency and business structure complexities. These challenges impacted the extent to which the Department could tailor grant amounts to individual business needs. These are explored below. While a wage subsidy program may have ameliorated some of these challenges relating to targeting, its eligibility requirements and the need for data would have still been encountered.

Data sharing

Despite requesting this from the ATO, the Department was unable to access ATO single touch payroll data and income statements to discern an eligibility measure of actual or potential income or activity of the business. This limited the extent to which actual business costs could be calculated and matched to the grant amount. Grants

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were restricted to a flat amount per business, and as a result, based on the prescribed grant amounts, businesses and those almost three times the size (with a payroll between \$3 million and \$10 million) would have received the same grant amount. This made the eligibility criteria of BCAP less precise and limited the extent to which the Department could tailor grant amounts to individual business needs, undermining the program's effectiveness in supporting businesses most affected by the pandemic.

Further, it took time for the Department to gain access to WorkSafe insurance registration and payroll data. While data sharing arrangements were established by later stages of the program, these were delayed when compared to when applications for the grants opened. This slowed access impacted the Department's ability to validate eligibility in the early rounds of the programs. Gaining access to WorkSafe payroll data from BCAP round four onwards was important as it enabled the Department to shift from a flat payment model to a tiered payment model, where grant amounts were based on payroll and subsequently employing status. It would be expected that shifting to a tiered payment model increased the targeting of funding and hence value for money in the sense that payment amounts were more likely to be proportionate to a business' needs and costs. Further, there was no evidence that this substantively increased administrative burden. These data sharing arrangements with WorkSafe are now ongoing, meaning future programs would not require an equivalent upfront time investment to link individual grant amounts to payroll.

Data recency

The ABR data mechanism used to validate the ABN and eligible ANZSIC codes for the BCAP grant was also challenging. Despite legal requirements for businesses to update data within 28 days of a change, a number of eligible businesses had not updated their primary ANZSIC code to reflect majority of their operations since initially registering years prior. Some businesses would have been eligible according to their tax return class of industry but were rejected because the eligibility validation processes classed them as not eligible. Similarly, businesses with out-of-date ABR data who should not have been eligible may have also received grant payments.

Although more robust than BCAP grants in targeting a specific sector through a common industry registration, a similar eligibility validation challenge was experienced for the LHVf grant with respect to liquor licencing and food certifications. Some licensed hospitality businesses had not updated or renewed the necessary information, or in some cases, allowed their licence to lapse during the pandemic. This placed burden on the Department to manually fill data gaps with local councils where it could not be validated automatically. As a result, some businesses did not receive the grants despite being part of the intended target group or did not receive the correct grant amount despite surpassing certain tiered thresholds (e.g., patron capacity).

Business structure complexities

The Department also experienced challenges in discerning business eligibility where businesses were an amalgamation or combination of multiple business sites. Internal stakeholders observed that it was challenging to determine how much businesses should have received in grants under the eligibility criteria and whether it was per business entity, or business site. Further complexities in the BCAP eligibility criteria were also experienced where different parts of a business held different ABNs.

2.2.3 SEQ 12: Did the Department demonstrate efficiency in the delivery of the grants?

Finding 8: The Department demonstrated significant operational efficiency by distributing an unprecedented number of grants within a compressed timeframe.

The Department demonstrated efficiency through the delivery of grants programs of unprecedented scale that required significant coordination across government and the rapid standing up of complex processes and systems within a compressed timeframe (see Finding 3).

The Department at times processed tens of thousands of grants for individual rounds within a matter of weeks, in aggregate delivering:

- a total of \$4.9 billion to 141,709 businesses over a 28-month period through BCAP, with up to 52,011 payments being made in one month (June 2021), and 15,844 payments on a single day (27 August 2021).
- a total of \$1.3 billion to 9,764 businesses over a 31-month period through LHVf, with up to 7,781 payments being made in one month (July 2021), and 3,533 payments on a single day (6 July 2021).

Existing departmental processes and systems were designed to deliver grants programs of much lesser scale (generally less than 100 grants at a time), meaning the Department had to find ways to streamline and automate processes to realise efficiencies required to deliver programs of this scale. In particular, the Department was able to automate key grant processes such as automatic top-up payments and notifications (see Finding 3).

This was supported by feedback provided by both internal and external stakeholders who consistently commended the operational efficiency of the Department in its capacity to distribute the grants quickly. Specifically, internal stakeholders experienced in the delivery of previous grant programs remarked that the Department delivered the

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programs with an elevated level of efficiency. External stakeholders also indicated that they felt the efficiency of delivery improved as the rounds progressed, indicative of the Department working to refine its processes.

While the Department provided budget and expenditure data for the suite of COVID-19 response programs and initiatives it delivered, this did not include a specific administrative cost breakdown for BCAP and LHVf, meaning it is not possible to precisely estimate the total administrative cost associated with the programs. However, it is possible to consider the scale of BCAP and LHVf as a proportion of all of the Department's COVID-19 response programs relative to their total administrative costs.

The total employment cost (i.e., wages) associated with the Department's COVID-19 response programs over 2020-21 and 2021-22 was approximately \$66.3 million. Given BCAP and LHVf made up 64% of total grant funding over this period, the proportionate labour cost associated with this would be \$42.4 million. While this is likely an imprecise estimate, it shows that the labour costs associated with the delivery of the program are a relatively small portion of overall program costs of over \$6 billion.

It was also reported that the Department's program centre employed approximately, 210 VPS staff at its peak, with this workforce processing an extremely high volume of grants over a compressed timeframe.

However, challenges related to data as well as information sharing (see Finding 7) impacted on efficiencies in certain instances. In particular, challenges related to ABR data, and the liquor licencing registry caused issues in proving the eligibility for certain businesses, necessitating complaint and review processes (see Finding 7). Additionally, challenges in information sharing impacted efficiencies by necessitating processes to resolve issues as well as through impacting the overall efficacy of the eligibility criteria.

Finding 9: Targeted business grants to support otherwise productive businesses through fluctuating periods of restricted trade can achieve efficiencies. However, in practice, this depends on the ability to effectively target grants.

Pandemic-related restrictions introduced an economic shock which severely impacted businesses throughout Victoria, constraining the ability for many businesses to operate entirely. As discussed throughout this report, this significantly impacted on business revenues, rendering many businesses unable to meet unavoidable costs and risking total business failure.

Importantly, this was the case for many businesses that would otherwise be productive or profitable. In other words, many businesses that would otherwise productively contribute to the economy were at risk of defaulting on payments and/or total failure. Widespread business failure of otherwise productive businesses would have generated significant economic inefficiencies through the following:

- the financial costs associated with businesses failures and insolvencies including unpaid debts and legal and administrative costs.
- flow-on efficiencies from business being able to meet payments, including avoiding supply chain disruptions.
- the opportunity cost of productive time associated with closing/establishing a new business (e.g., commercial rental vacancy).

Targeted government support for otherwise productive businesses under these circumstances is therefore justified and can support efficiency in supporting them to survive the shock before resuming trade.

In particular, directly providing businesses with funding required to support them to meet unavoidable payments during a period of reduced revenue can support in avoiding default and business failure. Enabling such businesses to meet payments also has flow-on benefits in supporting supply chains, and in the post-crisis recovery.

However, in practice, the overall efficiency of the intervention is dependent on the ability to effectively target both businesses and the subsequent use of grant funding, as it relies on the funds being used to prevent the failure of otherwise productive businesses as opposed to businesses that would likely failure regardless or not use the funds for their intended purposes (e.g., to cover fixed business costs). In some instances, the eligibility criteria impacted on the extent to which the grant funding was able to be targeted in this way (see Finding 7) which likely impacted on the overall efficiency of the program.

2.3 Effectiveness

KEQ 3: To what extent were the BCAP and LVHF grants effective in achieving intended outcomes including supporting Victorian business operators cope with the impacts of COVID-19 restrictions?

- 2.3.1 **SEQ 8: What impact did the grants have on business operators and on business resilience?**
SEQ 9: Which of the grants and related outcomes contributed the greatest and least value to recipients and the Victorian community?

Finding 10: Based on the available secondary data, the grants appeared to have a positive correlation with business survival.

Data analysed as part of this evaluation generally indicated that the program had a positive impact on key outcomes such as business survival and to a lesser extent employment. This was evident through both self-reported data and descriptive analysis of secondary data sources where outcomes were compared across jurisdictions.

As outlined in Appendix A, this evaluation examined the impacts of the grants programs by leveraging secondary data sources relating to business survival and employment outcomes.

Business survival

In assessing the impacts of the grants on **business survival**, regression analysis was undertaken based on both ABR data and ASIC insolvency data. This analysis, supported by the business survey, indicated the grants appeared to have a positive relationship with business survival.

Regression analysis based on ABR data which compared business exit rates between treated and non-treated businesses showed that, for businesses with an Australian Company Number (ACN) **receipt of a grant was associated with an average reduction of 8.6 percentage points and 6.4 percentage points in the likelihood of business exit** from 2021 to 2023 for BCAP and LHV, respectively. This indicates that **businesses with ACNs which received BCAP and LHV grants were significantly less likely to exit than businesses that did not**. This analysis relates to any form of business exits and assumes ABN cancellation is equivalent to business exit, as outlined in Appendix A.

However, considering insolvencies exclusively, regression analysis based on ASIC data which compared treated and non-treated businesses within Victoria found that companies which received a grant entered insolvency at a higher rate than businesses that did not, even after controlling for industry (see Appendix A). However, it is expected this result is due to the inability for the model to control variables which make a business more or less likely to go insolvent (omitted variable bias).

The regression analysis that informs these findings includes fixed effects for both industry and location, meaning any industry- or location-specific effects on business survival have been controlled for.

The positive correlation with grant receipt and business survival is also apparent when considering more descriptive analysis. In particular, ASIC data also showed that insolvency rates were lower in key treated industries in Victoria relative to NSW over the relevant period. This is shown in Table 2.3.

Table 2.3: Insolvency rates in Victoria and NSW between 2021 and end of 2023.

Measure	Victoria	NSW
Insolvency among all companies		
Total number of companies	686,463	1,018,131
Number of insolvent companies	4,835	11,240
Insolvency rate across all companies	0.7 per cent	1.1 per cent
Insolvency among BCAP-eligible industry		
Total number of companies	123,304	161,545
Number of insolvent companies	1,384	2,268
Insolvency rate across companies in BCAP eligible businesses	1.1 per cent	1.4 per cent
Insolvency among BCAP grant recipient companies		

Measure	Victoria	NSW
Total number grant recipient companies [‡]	94,368	N/A
Number of insolvent companies	1,058	N/A
Insolvency rate grant recipient companies	1.1 per cent	N/A

Source: ASIC insolvency statistics and data extracted from the Department's grants database.

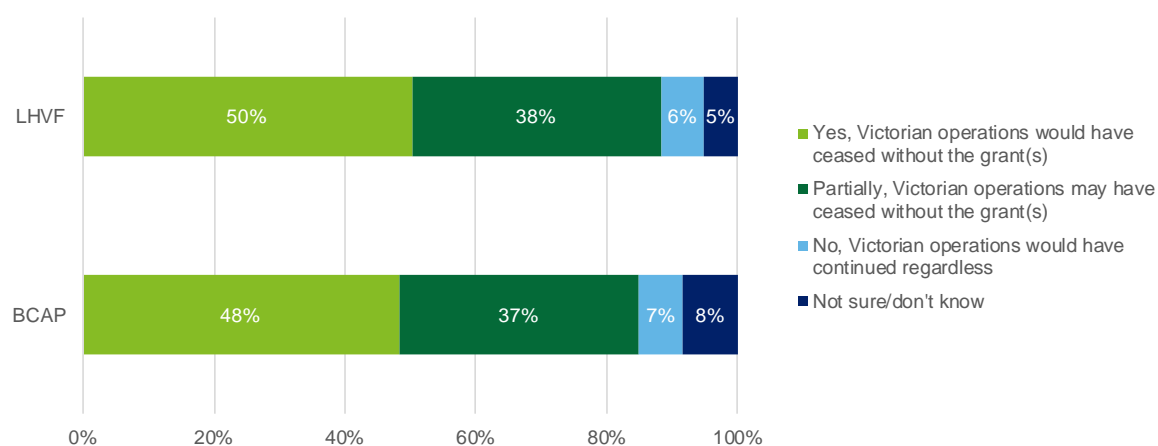
While comparisons against NSW cannot be considered a truly causal estimate as they do not account for factors such as equivalent interventions in NSW and varying COVID-19 impacts, it is expected these confounders would bias the estimate downward (meaning they push the estimate of the impact on survivability downward) as they would be expected to decrease insolvency rates in NSW relative to Victoria.

NSW, like Victoria, had significant grant programs to support small businesses through the pandemic. These grants were found to have had a small, but statistically significant, positive impact on business survival.

A positive impact on business survivability was also evident through the business survey, with respondents generally indicating the programs had a positive impact on **business resilience and, in particular, their likelihood of survival**. Approximately 85 per cent of BCAP respondents and 88 per cent of LHVf respondents which are still operating indicated that their business would or may have ceased operating without these grant programs (Chart 2.5). This was supported by qualitative data provided through both the business survey and case studies, through which a number of business owners reflected that the grants provided a crucial lifeline for their business throughout the pandemic period, including a children's sporting organisation which had only opened in January of 2020, and attributes their continual operation to their reception of BCAP grants (see Appendix D: Children's sporting organisation). In considering these survey results, it is important to note the reported survival rate by survey respondents (84 per cent for BCAP and 83 per cent for LHVf) was lower than the actual rate of company grant recipients based on ASIC and ABR data (87.2 per cent).

Of businesses responding to the survey, 16 per cent and 17 per cent of BCAP and LHVf participants indicated their business had ceased operating since receipt of the grants. ABR data indicates that as of May 2024, 5.1 per cent of BCAP recipients and 11.6 per cent of LHVf recipients had cancelled their ABNs or become insolvent since receiving a grant, with these figures including sole traders. Over the same period 23.4 per cent of ABNs were cancelled, although 86.7 per cent of these were cancellation of ABNs to sole traders.

Chart 2.5: Share of survey respondents indicating whether the grants supported their business to stay afloat during the COVID-19 pandemic.



Source: Business survey.

"If not for the grant, I believe I would have lost my family business [and] lost the house.... Thank you for helping us" – BCAP participant.

[‡] The businesses that actually received grants are not necessarily in the industries defined by the BCAP documentation.

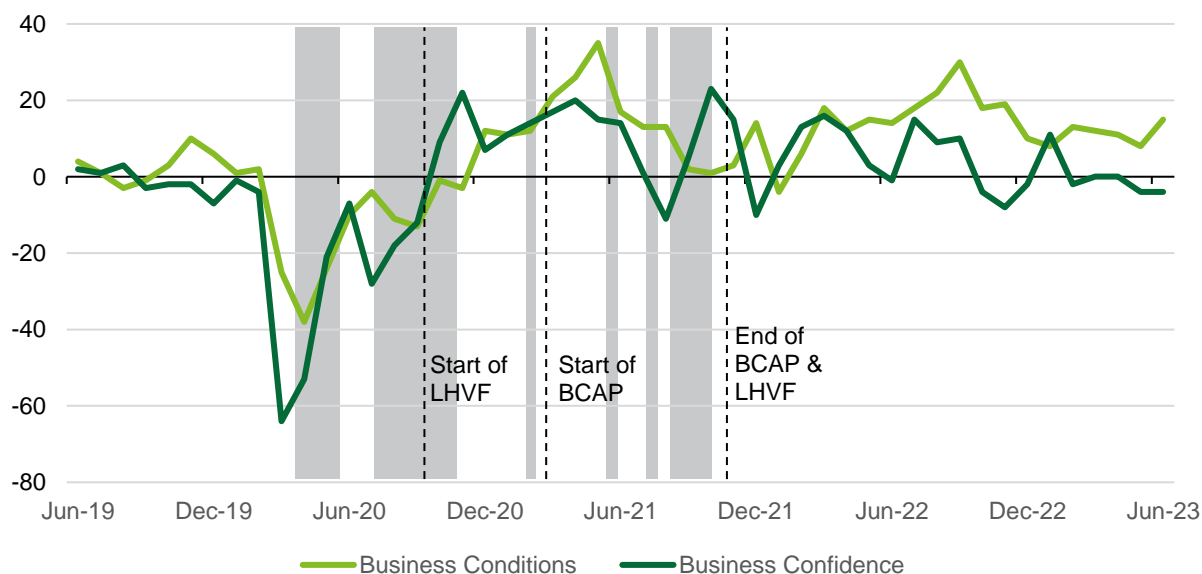
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It is also important to acknowledge that businesses enter and exit from the economy on a regular basis and that business turnover is considered to be important in a healthy economy.²⁵ While supporting business survival to avoid widespread business failure was a key objective of this program, some level of business exits is normal and healthy for an economy.

Business confidence

The grants were also intended to support **business confidence** by both supporting businesses directly and providing a significant fiscal injection. Analysis of the effect on business confidence was limited by data, with viable data sources only available at the state level. However, it is possible to consider the trends in business confidence in Victoria relative to the timing of grant round and in other states.

Chart 2.6: Business sentiment in Victoria, net balance – shaded regions indicate lockdowns.



Source: NAB Quarterly Business Survey.

From 2019 to 2023, business conditions and confidence fluctuated significantly due to economic and public health challenges. In early 2020, both conditions and confidence dropped sharply as the COVID-19 pandemic introduced uncertainty, but by the end of 2020, they had rebounded to pre-pandemic levels due to eased restrictions and business adaptations.

In 2021, volatility increased with frequent changes in public health measures, making consistent business operations difficult. Business sentiment was high in early 2021 but declined later in the year as COVID-19 cases rose.

The introduction of LHFV and BCAP coincided with improvements in business conditions and confidence. However, this improvement cannot be solely attributed to the grants due to the complex interplay of public health developments, global economic trends, and domestic political dynamics.

Employment outcomes

The grants were also intended to support **employment outcomes** by providing business with cash flow to stay operational and directly pay wages. These employment effects were assessed through regression analysis of hours worked by industry (see Appendix A). No significant relationship was identified between the number or value of grants and employment outcomes, which is reflective of data challenges and in particular, a lack of business level data. This does not necessarily indicate that the grants had no impact on employment.

However, trends in total hours actually worked across Victoria and NSW based on key industries can provide a sense of the outcomes realised in Victoria which the grants programs likely contributed to:

- In the 34 ANZSIC groups[§] which received the greatest value of grants, hours worked in Victoria in 2021 were 3.5 per cent below their level in 2019 compared to an 11.3 per cent decline in NSW for the same industries.
- If the level of contraction seen in NSW had been observed in Victoria, then Victorians would have worked approximately 2 million hours less per week over 2021, which is equivalent to 52,500 Full Time Equivalent

[§] ANZSIC group is otherwise referred to as ANZSIC 3-digit.

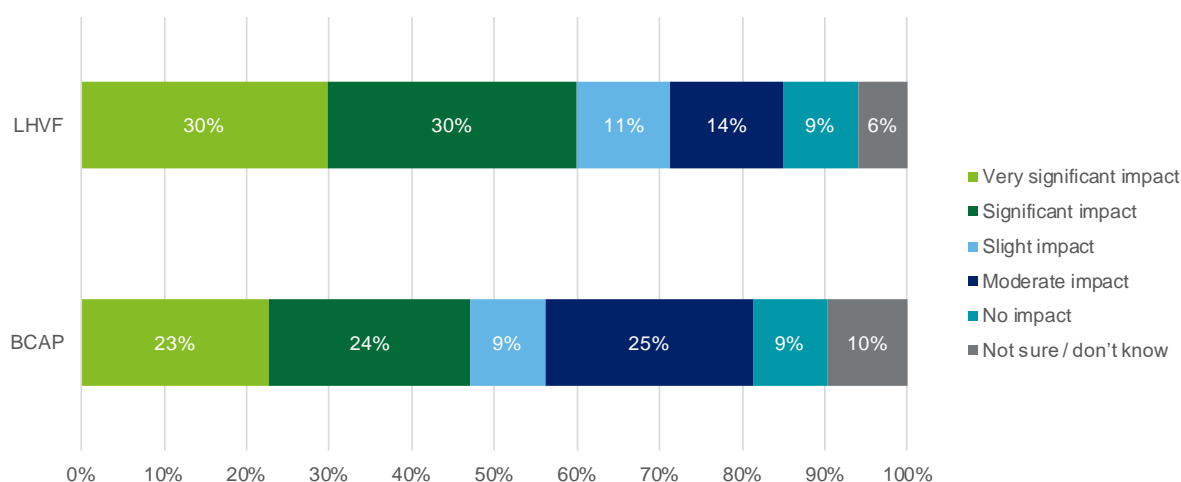
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(FTE) workers. Implicit in this counterfactual is the impact of NSW Government business support, including JobSaver.

While there is insufficient evidence to estimate the causal impact of the grants programs on employment, the available data does display a positive relationship between the targeting of grants and employment outcomes by industry.

Surveyed employing businesses also reported positive impacts on **employment and wages paid** at their business as a result of the grants. In particular, 30 per cent of employing LHVf respondents indicated that their business would not have been to retain any FTE employment without the support of the grants, compared to 23 per cent of employing BCAP respondents. A further 28 per cent and 17 per cent respectively for LHVf and BCAP reported that FTE employment would have been significantly lower without the support of the grants (see Chart 2.7)

Chart 2.7: Self-reported impacts of the grants on the level of FTE employment.



Source: Business survey.

It is important to note that while detailed statistical analysis of secondary data was undertaken in attempting to assess the impact of the programs on key outcomes such as survival and hours worked, this did not yield causal estimates due to data limitations and not being able to specify an appropriate counterfactual group within the parameters of this evaluation (see Appendix A).

Finding 11: Businesses reported the grants to have a positive impact in terms of meeting business costs and personal wellbeing.

Analysis of outcomes related to wellbeing relied more heavily on self-reported, business level data, which showed strong positive impacts. This, in addition to analysis of the grants as a cost-coverage tool, is examined below.

Cost coverage

Analysis of secondary data was undertaken to assess the grants as a **cost-coverage** mechanism, comparing the average value of grants received by industry and estimates of expected typical costs incurred over the relevant period. This analysis provides a sense of the extent to which grant revenue provided a financial base through which to cover costs at the business level, and how this likely varied based on program and industry. This analysis is detailed in Appendix A. The analysis showed:

- average per business BCAP grant revenue covered 6 per cent of individual business costs over the COVID-19 lockdown periods.
- average per business LHVf grant revenue covered 23.1 per cent of individual business costs over the COVID-19 pandemic lockdown periods.
- results varied by industry, with an estimated 21.6 per cent for BCAP participants in the Rental Hiring and Real Estate Services industry, compared to 1.0 per cent for manufacturing businesses.

It is also important to note that although the grants covered a proportion of costs, businesses were not necessarily incurring all their typical costs throughout restriction periods.

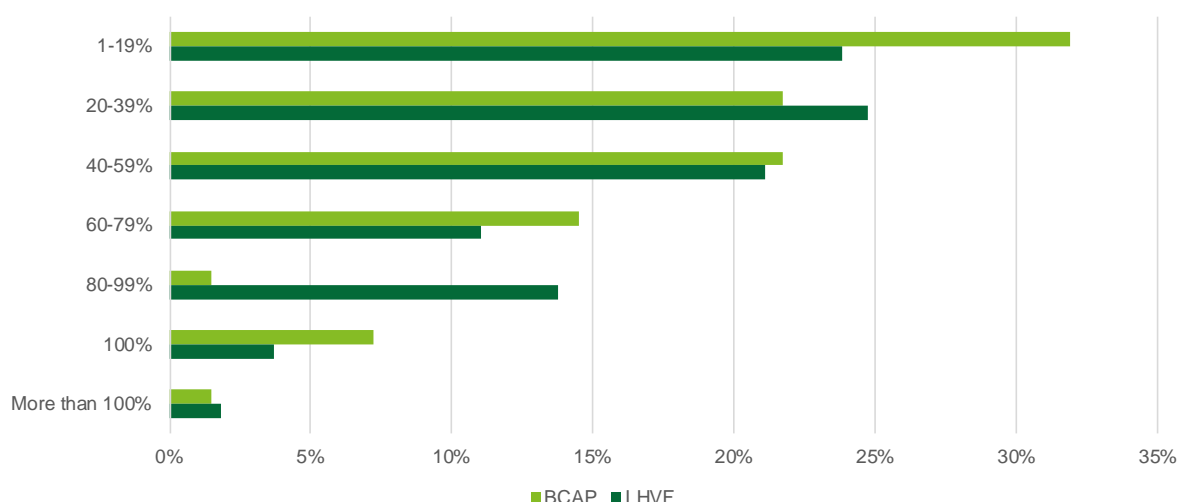
Additionally, **survey respondents** were asked to indicate whether the grants enabled them to cover costs in addition to other uses, such as accessing financial or legal advice. The majority of business reported they used the grants to cover costs, which was 68% of BCAP participants and 72% of LHVf participants. Qualitative feedback

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provided by businesses through the survey and case studies also indicated that many businesses found the grants to be a useful mechanism for covering costs over the period. For instance, the case study of the local independent theatre company, who performed and ran programs out of the Melbourne suburbs, used the BCAP grants to continue operations and hold planned events. Without the grant, the company indicated that they would have struggled to remain open (see Appendix D: Independent theatre company).

Employing businesses that reported a positive impact on FTE employment were also asked to estimate the extent to which the grants supported them in paying wages (Chart 2.8). Approximately 68 per cent of these respondents reported a positive impact on wages paid of at least 20 per cent for BCAP, compared to 76 per cent for LHVf, suggesting the grants supported businesses in meeting wage expenses.

Chart 2.8: Self-reported impacts of the grants on wages paid by employing businesses.



Source: Business survey.

Wellbeing

The impacts of the grants on **wellbeing** were assessed through analysis of primary data, including the business survey, with the grants being intended to provide a sense of security and stress relief to business owners during the pandemic.

Similar to the other key outcomes already discussed, the survey indicated the grants had a strong positive impact on business owner wellbeing, measured in terms of impacts on reduced stress and feelings of relief and security. The survey also considered the extent to which the grants supported the wellbeing of others in the business (in addition to the business owner/respondent). Chart 2.9 and Chart 2.10 indicate these results for BCAP respondents and LHVf respondents, respectively, with 80 per cent of BCAP respondents and 71 per cent of LHVf respondents agreeing it helped to reduce stress. Further, 72 per cent of BCAP respondents and 69 per cent of LHVf respondents indicated the grants supported the wellbeing of others in the business. By all the included measures, the majority of respondents agreed the grants had a positive impact on wellbeing. The positive impact of the grants on wellbeing was echoed in the case studies. A licensed casual eatery based in the Melbourne central business district (CBD) was under significant stress trying to cover their costs during the COVID-19 pandemic; however, after receiving the LHVf grants, reported an alleviation of that stress (see Appendix D: Fast, casual eatery case study).

Considering Chart 2.9, BCAP appeared particularly effective in providing business owners with a sense of relief, reducing stress and feelings of support. These outcomes appeared less pronounced for LHVf, particularly in terms of helping respondents to feel more secure (with 70 per cent agreeing for LHVf relative to 80 per cent for BCAP). This is possibly related to the targeted cohorts for LHVf generally being more adversely impacted by pandemic restrictions (e.g., the hospitality sector).

A number of survey respondents also provided written responses to the business survey, expressing that the grants provided a sense of relief, reduced stress and supported their wellbeing during the pandemic.

Recognising that the grants were likely to have flow-on impacts to the community beyond the immediate grant recipients, the analysis also considered broader community impacts that could be tied to the grants, including supporting the wellbeing of the community more broadly:

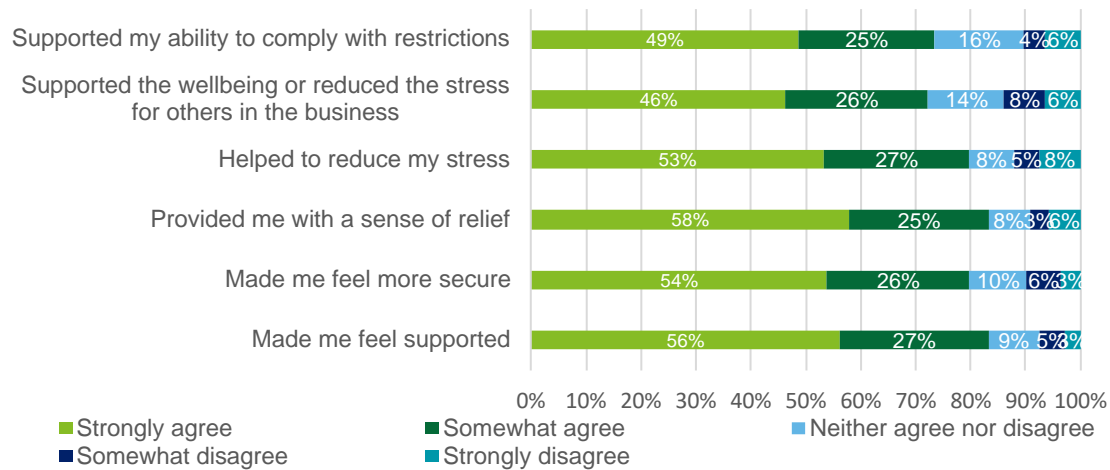
- around 77 per cent of BCAP respondents agreed that the grants supported the wellbeing of the community more broadly.

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- this was less evident in terms of LHVf respondents of which 60 per cent agreed.

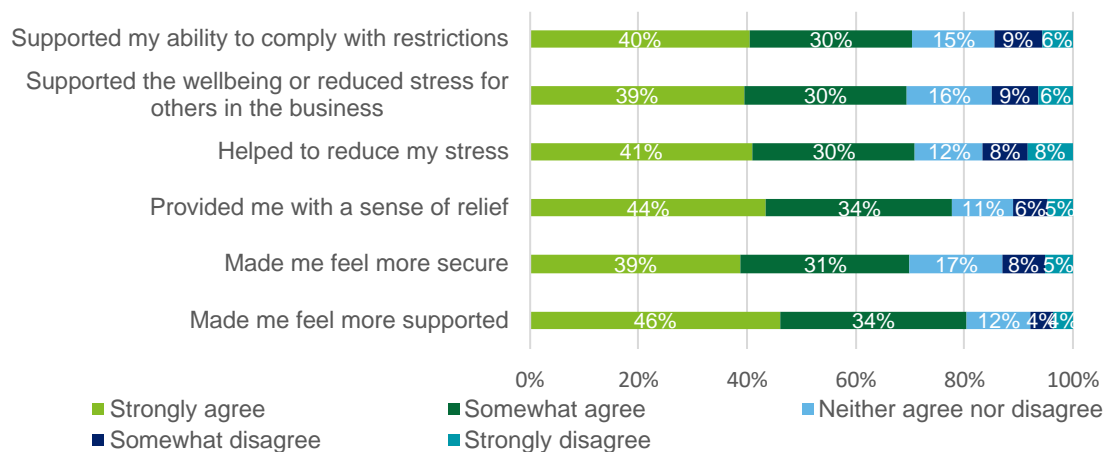
“As a not-for-profit community organisation, the government support provided at this uncertain time was invaluable to our business, to our staffing community, our volunteers and our wider community. It gave us the support needed to continue to provide community programs and operate our social enterprises. Thank you.”
– LHVf participant

Chart 2.9: Self-reported impacts of the grants on wellbeing, BCAP.



Source: Business survey.

Chart 2.10: Self-reported impacts of the grants on wellbeing, LHVf.



Source: Business survey.

Detailed survey analysis including sample sizes, limitations and all relevant charts and tables are included in Appendix E.

"When the first locked down occurred, I had to borrow \$4500 from my parents to pay for the first month's wages to staff. It was extremely stressful, and I still suffer from anxiety which I never had before. It was the worst thing I have ever experienced. Not knowing whether your business was going to survive. Without the grants I would have had to close. The application was time consuming and a little stressful, but I made it in the end. It's definitely impacted my business." – BCAP participant

Data from the HILDA Survey was also analysed to investigate the impact of grants programs on the wellbeing of business owners and sole traders, who were the direct beneficiaries of the COVID-19 Business Supports Grants program. Analysis of other variables showed a clear deterioration in self-reported mental health and life satisfaction amongst Victorian business owners and sole traders, with this decline in outcomes being more acute in Victoria than other states. This is likely reflective of the unequal burden of COVID-19 and public health restrictions on Victorians relative to the rest of the country. The complex impact of COVID-19 and public health restrictions and data limitations make it challenging to draw any conclusions on the impact of the grants on the welfare of grant recipients, based on the available secondary data.

Overall, Victorian business owners and sole traders reported lower levels of work-related stress than their peers in other states. As grant recipients cannot be identified in this data, causal inferences cannot be drawn between grants and this data.

Broader economic impacts

Given the scale and nature of the COVID-19 Business Support Grants, it is reasonable to expect the programs would have broader economic impacts, beyond individual businesses and industries. However, a significant challenge in estimating the broader economic impacts of support during the COVID-19 pandemic is the lack of a viable counterfactual. This is largely due to Victoria being more severely impacted by the pandemic compared to other Australian states and territories, and all other comparable jurisdictions having implemented similar business support programs. In particular, the scale of the BCAP and LHVf grants, along with other Victorian Government programs, likely resulted in broader economic effects given the size of fiscal injection, beyond the employment and business survival effects for program participants. While it is not possible to measure these impacts within the parameters of this evaluation, they can be considered qualitatively.

Business level profitability – This evaluation was unable to access data on firm-level profitability and, as such, cannot estimate the impact of these grants on the profitability of recipients. However, other analyses of COVID-19 pandemic-related economic supports found that payments targeted at businesses, such as JobKeeper, were associated with significant increases in business profitability.

Business closure – In the absence of these grants, business and consumer confidence might have declined significantly. Risk-averse businesses might have opted to cease operations rather than attempt to continue through the challenging business environment of 2021. Business insolvency laws were suspended in 2020, as a part of the Coronavirus Economic Response Package Omnibus Act 2020. Following the reintroduction of these laws from 31 March 2021, insolvencies stayed at historically low levels until 2024. The low insolvency rate can be attributed to looser enforcement of tax debts by the ATO and loose monetary policy; however, the BCAP and LHVf grants may have also supported some businesses in avoiding insolvency. Widespread business closure could have led to a significant economic downturn in Victoria in 2021, and a subsequent substantial increase in unemployment and the number of Victorians receiving JobSeeker. This would have placed significant fiscal burden on the Commonwealth Government.

Employment – The JobKeeper program provided \$89 billion to businesses across Australia, which is approximately 14 times the combined grants volume of BCAP and LHVf. However, JobKeeper provided payments continuously for 12 months to eligible businesses and covered the entire Australian economy, of which Victoria represents 22.2 per cent. Consequently, within the context of eligible businesses in Victoria, the scale of the BCAP and LHVf grants approached a similar magnitude to that of JobKeeper. JobKeeper was estimated to have prevented unemployment from rising by an estimated three percentage points. While this is not a directly applicable comparison, it provides context for the potential scale of the impact of LHVf and BCAP within the relevant industries in Victoria. However, it should also be noted that Victoria did have alternate and targeted employment programs, including Working for Victoria, which would have also contributed to the overall macroeconomic impact.

Positive employment impacts would likely have had a proportionately large benefit for younger Victorians. Younger Victorians are more likely to be employed in hospitality and retail than those in other age groups and are more likely to be employed in casual or insecure work. As such, the grants likely assisted younger Victorians in retaining their jobs. The labour market conditions at the time of entry for a younger worker have a lasting impact on the earnings of an employee. This expansionary fiscal policy from the Victorian Government, which likely tightened the overall labour market, is expected to have impacts on wages for those who entered the labour market in 2021 and 2022, with these impacts anticipated to last roughly a decade.²⁶

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Furthermore, in a counterfactual scenario where many additional businesses decided to temporarily shut down, it is unlikely that the majority of employees would have returned to their roles. Analysis of labour market dynamics from early 2020 indicated that only roughly one-third of the 300,000 workers who were temporarily laid off ever returned to their roles.²⁷ Interventions that enabled businesses to retain employees likely preserved some amount of job specific knowledge and skills which would have otherwise been lost without the grants program.²⁸

Supply chain – The design of the program, which associated grants with public health restrictions, was intended to provide businesses the confidence and cash flow to plan their operations as though trading would eventually continue, unaffected by these restrictions. This allowed venues to place orders for perishable goods, such as foodstuffs, and roster on employees, with the knowledge that the cost of potential waste would be offset by the grants programs. Consequently, this likely increased spending across the supply chain, realising flow-on benefits by supporting wholesalers and intermediate producers.

Inflation – Research literature suggests that the Australian policy response to COVID-19, combined with easing monetary policy, was a major contributor to the post-pandemic high-inflation environment. Research estimates that policy responses nationally generated excess demand that temporarily added three percentage points to inflation.²⁹ Given the magnitude of spending associated with BCAP and LHVf over a relatively short period, it would be expected the grants added to aggregate demand and were thereby additive to inflation. However, the high-inflation environment was likely to occur regardless due to broader factors, such as supply chain challenges and global conflict.

2.3.2 SEQ 11: To what extent did the external factors outside of the Department's control affect the extent to which the grants benefitted the recipients and the broader Victorian economy?

The effectiveness of the grant programs and the extent to which they delivered benefits was influenced by a number of external factors outside of the Department's control, largely related to pandemic related and economic factors. This included the following:

The uncertain nature and timeline of the COVID-19 pandemic – The grants programs provided a direct response to support businesses through periods of shutdown, with the decisions made around restrictions and shutdown periods made by government centrally in reaction to the spread of COVID-19. In this sense, the delivery of and outcomes realised from the grant programs were directly tied to these decisions related to restrictions. Further, the decisions were often made suddenly due to the uncertain nature of pandemic, impacting on the ability for the Department to undertake forward planning. Internal stakeholders noted that the grants programs were not designed for the repeated nature and extent of shutdown periods that occurred. Similarly, different industries were affected in different ways by the various and often different restrictions imposed over the course of the COVID-19 pandemic, which could impact on the efficacy of the grants based on industry.

Broader economic conditions – Given the economic nature of the outcomes the grants programs sought to achieve, they are inherently tied to broader and confounding economic factors (as discussed above). For example, business survivability and insolvency rates have been impacted by a number of economic trends following the COVID-19 pandemic, including slow overall growth, high inflation and input costs. Further, employment outcomes immediately following the pandemic were influenced by a significant labour shortage, particularly in the service sector (e.g., hospitality).

Broader policy environment – Key intended outcomes of the programs in business survival, employment and wellbeing were also significantly affected by the broader policy environment throughout the COVID-19 pandemic. This included targeted interventions, such as rent relief, payroll tax deferment and grants to support outdoor dining for the hospitality sector. It also included broader policies including the pandemic-related restrictions themselves.

2.3.3 SEQ 10: How did the benefits of the programs vary for different cohorts, contexts and geographical locations (i.e., metropolitan, outer-metropolitan, regional and rural locations)?

Finding 12: Impacts from LHVf appeared to be more pronounced than BCAP, with recipients benefitting from a sector-specific lens.

A comparison of outcomes between BCAP and LHVf where possible generally showed that outcomes appeared to be more pronounced for LHVf. This was based on a combination of industry level and business level analysis of secondary data, the business survey and thematic analysis of consultation data, with stakeholders noting the LHVf participants benefited from a more targeted, sector-specific lens.

Where possible, the evaluation also considered how outcomes differed based on business size and geographic location. Analysis of the program data showed that the vast majority of funding went to supporting sole traders and small businesses within metropolitan regions, with further detail outlined in the text below.

Outcomes delivered uniquely by BCAP and LHVf can be compared directly through the business survey and, in some instances, the analysis of secondary data:

As outlined in the preceding section, self-reported outcomes were greater for LHVf in relation to:

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- the share of businesses that feel the grants supported them to stay afloat.
- positive impacts on FTE employment.
- the impact on wages paid.
- the persistence of positive impacts beyond the COVID-19 pandemic period.

However, the impacts on wellbeing related outcomes were reported to be notably higher in relation to BCAP based on survey results (see Finding 11).

“The grants were lifesaving to our business as we were totally shutdown under the COVID restrictions. Even when partially lifted, it did not earn us enough income to pay rent, wages or operating costs. We only started generating enough to cover these costs after ALL restrictions were lifted for venues. It took us another eight months to pay the landlord the deferred rent. However, the grants also enabled us to bring back bands and musicians and pay them generously as they were even more impacted by COVID than anyone else. We were saddened to see so many businesses close down in our street during the year of shutdown and are thankful for the assistance we received to survive that period.” – LHVF participant

Analysis of ABR data which estimated the impact of the grants on business exit rates showed a comparable outcome for BCAP and LHVF (see Finding 10). An equivalent comparison based on the analysis of employment outcomes was not possible due to the analysis being undertaken at an industry level (see Finding 10).

Cost coverage analysis compared the value of grants received per business to estimated average costs over the shutdown periods based on industry (see Finding 11). The estimated average proportion of costs covered by LHVF grants, at 23.1 per cent, was much higher than the estimate for BCAP, at 6.0 per cent. This is largely attributable to LHVF grants being much greater in value per business than BCAP, which reflects the more extreme impacts faced by the hospitality sector.

Distribution of benefits

Analysis of the program data allows an examination of the distribution of grant funding based on industry, geographic location and business size. While this does not necessarily represent how the impacts at a business level varied based on these characteristics, it provides a sense of the likely distribution of aggregate benefits.

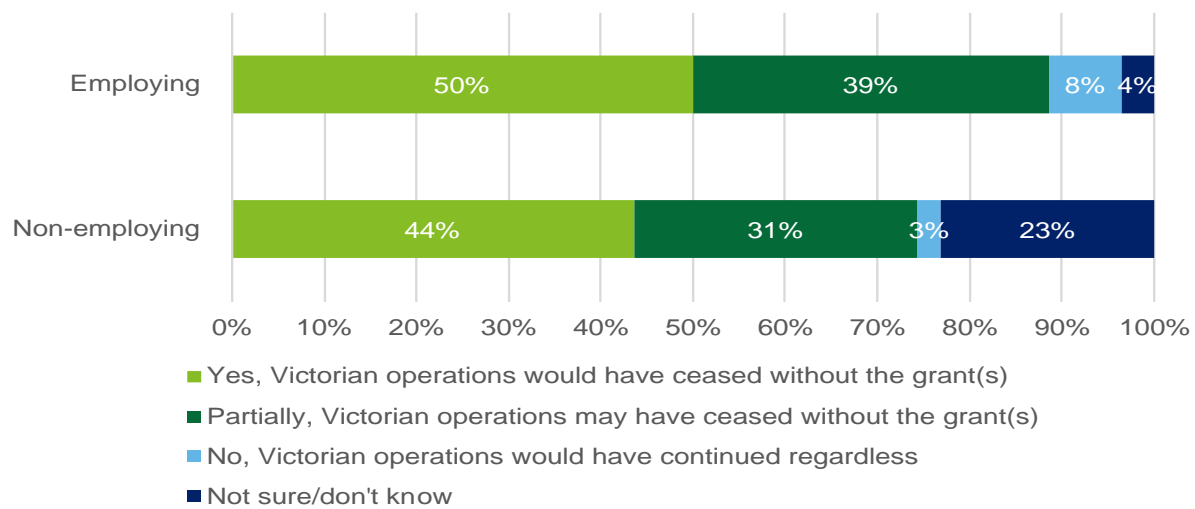
Analysis of the distribution of grant funding is outlined under Finding 6, which generally shows that, for BCAP, the majority of funding went to non-employing or small businesses operating in metropolitan areas. In terms of industry, taxi and rideshare drivers received a large portion of funding, while Cafes and Restaurants, Hair and Beauty and Building and Other Industrial Cleaning Services were also prominent.

Comparatively, this analysis showed that a much greater portion of LHVF funding was distributed to employing businesses, also largely in metropolitan areas (see Finding 6 for further detail).

While a fulsome evaluation of business level outcomes based on industry, business size and geography were not feasible within the constraints of the data available, a discussion of the variation in impacts based on survey analysis for employing and non-employing businesses is considered below in relation to business survival and wellbeing.

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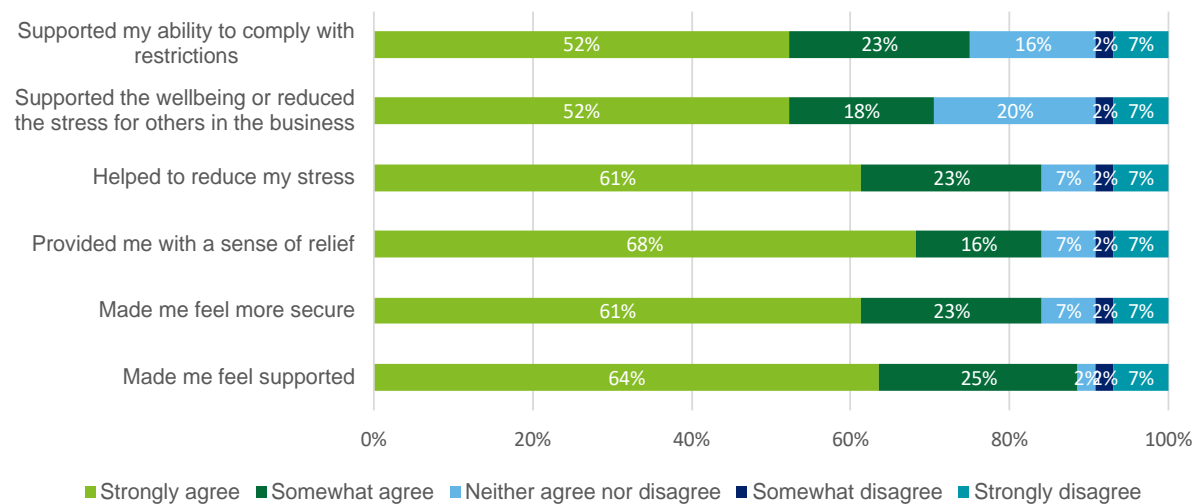
Chart 2.11: Impact of BCAP grant on business survival, employing vs non-employing businesses.



Source: Business survey.

As shown in Chart 2.11, 50 per cent of employing survey respondents indicated that they would have closed their business operations during the COVID-19 pandemic period if they had not received the BCAP grants, and 39 per cent indicated that they may have had to close. In comparison 44 per cent of non-employing businesses said they would have closed and 31 per cent may have had to close. The largest difference between the employing and non-employing businesses came from those who did not know if their business would have close, only 4 per cent of employing businesses were unsure, in comparison, 23 per cent on non-employing businesses did not know if they would have had to close. Additionally, both employing and non-employing businesses reported that BCAP had a positive effect on their wellbeing. Overall, non-employing businesses reported a more significant positive impact, however they also had a higher per cent of respondents who identified that BCAP did not have a significant impact on their wellbeing during the COVID-19 pandemic period.

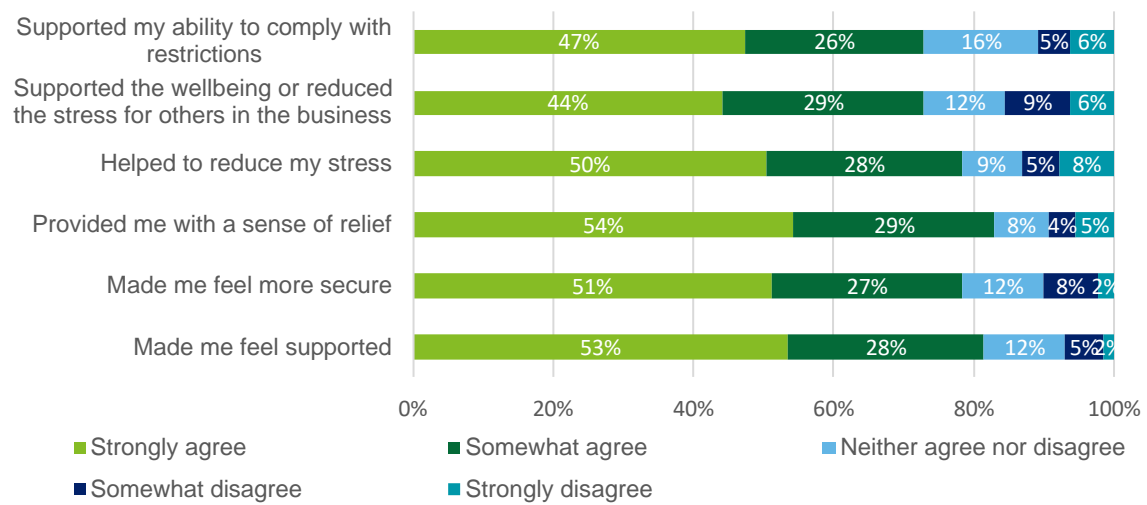
Chart 2.12: Impact of BCAP of respondent wellbeing (non-employing businesses).



Source: Business survey.

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Chart 2.13: Impact of BCAP on respondent wellbeing (employing businesses).



Source: Business survey.

2.4 Value for money

KEQ 4: Were the BCAP and LVHF worth implementing? Did the value of the outcomes outweigh the value of the resources used to obtain them?

2.4.1 SEQ 13: How valuable were the outcomes to recipients and the community?

Finding 13: The CBA suggests that the programs delivered a return to the Victorian economy in that the estimated benefits outweighed the economic costs of delivering the program.

Assessment of value for money and the value of outcomes to recipients and the community has been informed by a CBA. A CBA considers economic, environmental and social impacts attributable to an intervention or policy. The CBA only estimates the incremental impact of the programs – that is, the costs and benefits attributable to the programs relative to a defined base case. In this instance, the base case assumes that the Victorian Government did not operate BCAP and LHVf.

In this analysis, we estimate the net benefits that accrue within the Victorian economy and costs incurred within Victoria.

Where possible, the incremental costs and benefits of the in-scope programs have been monetised. This is not always possible either due to the effects being non-financial or intangible or there being insufficient data to value those benefits. The CBA framework is outlined below in Table 2.4. This shows the categories of costs and benefits measured in this CBA and the evaluation method.

CBA results are presented for both BCAP and LHVf in aggregate given the econometric modelling did not yield markedly different results between the two programs for key treatment effects.

All benefits and costs are presented in net present value (NPV) terms. Historical costs and benefits are inflated to 2024 dollars using consumer price index (CPI) over the relevant period. Future costs and benefits are discounted using a real discount rate of 7 per cent as per Department of Treasury and Finance (DTF) guidance for benefits which are more easily translated into monetary terms (e.g., producer surplus, labour surplus).³⁰

Table 2.4: CBA framework.

Measure	Evaluation
Benefits	
Business survival	Monetised
Employment benefits (increased hours worked)	Monetised
Grant payments	Monetised
Wellbeing benefits	Qualitative
Business confidence	Qualitative
Cost coverage	Qualitative
Costs	
Resourcing and administrative costs	Monetised
Marginal excess burden of taxation	Monetised
Grant payments	Monetised

Source: Deloitte Access Economics.

Business survival

Benefits related to business survival were modelled based on regression outputs which estimate the effect of the grants on survival rates in 2021 and 2022 (see Appendix A and Table A.5 for description and outputs of the regression analysis). This analysis was used to estimate the number of grant recipients that survived in the project case relative to the base case. In particular, the number of businesses that survived in the project case was estimated by applying the observed survival rate for all Victorian businesses in addition to the estimated

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effect of grant receipt on survival. The base case survival rate was estimated based on the observed survival rate for all Victorian businesses.

This provided estimates of the number of businesses within each industry which would not have survived in the base case, with the monetary benefit quantified being the gross operating surplus (GOS) (or producer surplus) that these businesses received over the relevant period.

GOS per business was estimated by combining an assumption of average revenue per business (based on ABS Australian Industry data and ABS Counts of Australian Businesses data) and a ratio of GOS to revenue (based on ABS 2021-22 Input-Output tables). This was then aggregated over all businesses that survived relative to the base case in each year to determine the aggregate benefit.

Increased hours worked

Employment benefits were estimated as the labour surplus associated with increased hours worked attributable to the programs. The increase in hours worked relative to a base case was estimated in 2021 through jurisdictional comparison where NSW was used as a counterfactual. NSW was selected as the most comparable state to Victoria in terms of population, GSP, COVID-19 impacts and government policy during the period. While econometric analysis in relation to hours worked was undertaken (see Appendix A and Table A.8), it did not yield results that could be applied in the CBA.

In particular, the change in hours worked in NSW between 2019 and 2021 (in percentage terms) in key treated industries was applied to 2019 hours worked in Victoria to estimate counterfactual or base case hours worked in Victoria. This was then compared with actual (project case) hours worked in Victoria to determine the difference in hours worked in these key industries. This analysis was only undertaken for businesses that were 'intensely' treated where it would be more likely to observe an effect. Data on hours worked was sourced from ABS Labour Force Detailed. This analysis is detailed in Appendix A.

Assumptions of average hourly wage by industry (based on ABS Average Weekly Earnings) were then applied to these additional hours to estimate the increased wages paid. The opportunity cost of forgone time was also applied (assumed to be equivalent to the minimum wage) to estimate the labour surplus benefit.

Other benefits which are considered qualitatively and based on analysis of survey data and secondary data are detailed in Section 2.3 and Appendix A.

Resourcing and administrative costs

Resourcing and administrative costs associated with delivering the programs are included as a cost in the CBA. This relates to the salary and employment costs for all VPS staff involved in program delivery as well as other administrative expenses. Data on the resourcing and administrative costs associated with the programs was provided by the Department.

Interest payments

In acknowledgement of the likelihood that the Victorian Government borrowed money to fund BCAP and LHVf, the cost of interest associated with borrowing to fund BCAP and LHVf is also considered as part of the CBA. For simplicity, it is assumed that annual interest payments are equal to the cost of long-term government debt in 2021 as measured by 10-year government bond rates. It is assumed that equal payments are made over a period of 10 years and that these payments are funded by taxation in the corresponding year.

Marginal excess burden of taxation

While the costs of the grants themselves are exactly offset by the benefit to business in receiving them, it is important to consider the marginal excess burden of taxation (deadweight loss) associated with raising money via taxes to finance government expenditure. The marginal excess burden of taxation considers the loss of welfare for every dollar of tax raised. This is particularly relevant when the expenditure is of the scale of these programs, and it is unlikely this level of spending would have occurred elsewhere in the economy in the base case.

The marginal excess burden of taxation associated with these programs is assumed to be 24.5 cents per dollar, which reflects the midpoint of estimates for the marginal excess burden of land tax (8 per cent) and payroll tax (41 per cent) in Australia based on the Henry Tax Review.³¹ This aligns with the Victorian Government's 2023-24 COVID Debt Repayment Plan which notes changes to both payroll tax and land tax as key mechanisms for funding COVID-19 debt repayment.³² The core assumption of 24.5 per cent also aligns with estimates from Campbell (1997) that the marginal tax burden for Australia was around 25 per cent of general taxation revenue.³³ Sensitivity analysis based on this assumption is also presented below to reflect there are a range of differing estimates of the marginal excess burden of taxation in Australia.

Given in all likelihood BCAP and LHVf was funded through new state borrowing, the revenue to repay this debt would be raised over time. It is assumed that the marginal excess burdens are incurred over a period of 10 years from 2021 onward, reflecting a likely debt repayment period.

Grant payments

The grant payments have been included as both a cost and a benefit in the CBA. On the cost side, this reflects that there is an opportunity cost associated with the grant funding not being invested elsewhere in the economy.

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On the benefit side, the grant payment is assumed to have benefits to the participant equal to the size of the payment (i.e., it is a cash injection they would not have received in the base case with limited to no conditions on usage).³⁴

Given the costs of the grant payments made by government are equal to the benefits received by businesses, the inclusion of grant payments in the CBA has a net zero impact on the total estimated net benefits of the programs.

Results

In the CBA, the net return (benefits over costs) is expressed in the form of a ratio, referred to as the benefit-cost ratio (BCR). A BCR greater than one indicates that the net benefits related to the program are greater than the net costs (or for every \$1 of government spending, a return greater than \$1 is achieved). The reverse is true for a BCR of less than one.

Table 2.5 displays the results of the model under the core scenario where benefits persist until 2022 and a conservative scenario where benefits only accrue in 2021 (see below for a discussion of the timeframe of benefits).

Under the core scenario, total NPV benefits are equivalent to \$9,540 million. Excluding transfer payments, the majority of these benefits are attributable to business survival (\$1,716 million). Comparing total NPV benefits to total costs of \$9,538, **this yields a BCR of 1.00 in the core scenario, suggesting the programs delivered a return to government investment and delivered net benefit to the Victorian economy (\$2 million NPV).**

Under the more conservative scenario where benefits do not persist beyond the period of grant receipt (2021), the BCR is lower at 0.89, reflecting lower business survival benefits at \$687 million.

Table 2.5: CBA results, NPV 2024 dollar terms.**

CBA results	Core scenario (benefits to 2022)	Benefits do not persist (benefits to 2021)
Benefits (NPV, \$ million)		
Business survival	1,716	687
Increased hours worked	553	553
Grant payments	7,270	7,270
Total benefits	9,540	8,511
Costs (NPV, \$ million)		
Resourcing and administrative costs	42	42
Marginal excess burden of taxation	1,387	1,387
Interest payments	838	838
Grant payments	7,270	7,270
Total cost	9,538	9,538
BCR	1.00	0.89

Source: Deloitte Access Economics.

Benefit persistence

While it would be expected that benefits would be delivered over the period for which grants were largely delivered (2021), there is inherent uncertainty as to the extent to which these benefits persisted beyond the payment period (i.e., into 2022 and beyond). The CBA results are sensitive to any changes in the assumed persistence of benefits.

** Totals may not add due to differences in rounding.

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It is reasonable to assume there is some persistence of benefit beyond the immediate receipt of grant funding particularly in relation to business survival benefits. If a business would have failed in the base case, they would not be operating and generating profit during and beyond the grant period.

Further, the regression analysis which examined the impact of the grants on business survival showed a positive effect in both 2021 and 2022, suggesting the grants had an impact on survival in 2022. The business survey also asked the extent to which benefits persisted beyond the COVID-19 pandemic period (i.e., beyond 2021), with the majority of respondents who indicated there was some persistence reporting that it was less than a year (see Appendix E). Based on this analysis, in the core scenario survival benefits were assumed to persist into 2022, but not 2023 and beyond. A unique estimate of the impact on survival in 2021 and 2022 based on regression analysis was applied.

In both scenarios, labour surplus benefits were only modelled for 2021. This reflects that the grants were generally intended to provide immediate support during and around periods of restriction (i.e., in 2021) to cover cost, pay wages and stay operational (and increasing hours worked). Further, labour market dynamics were markedly different and unusual in 2022 making it difficult to infer a relationship with the grants.

Assessment of value for money

These results indicate that the programs delivered value to the Victorian community as measured through both business survival benefits and employment benefits, notwithstanding the noted impact of providing BCAP grants to non-employing businesses. From a value for money perspective, the core scenario suggests that the programs delivered a return to the Victorian economy in that the estimated benefits outweighed the economic costs of delivering the program in NPV terms.

Further, as indicated above, there were probably broader economic impacts resulting from the program that could not be quantified through the CBA, which considers only the direct effects of the intervention. These outcomes are explored in Section 2.3 and further add to the argument that these programs delivered significant value to the Victorian economy and community.

Sensitivity analysis – Marginal excess burden of taxation

Given the uncertainty related to the marginal excess burden of taxation, sensitivity analysis was undertaken where the lower bound was set to be equivalent to the estimate for land tax (8%) and the upper bound set to the estimate for payroll tax (41%). The results of this analysis in terms of BCR are presented below:

Table 2.6: Sensitivity analysis.

CBA results	Core scenario (benefits to 2022)	Benefits do not persist (benefits to 2021)
Low marginal excess burden (8%)	1.11	0.99
Midpoint marginal excess burden (24.5%)	1.00	0.89
High marginal excess burden (41%)	0.91	0.81

Source: Deloitte Access Economics.

Limitations and assumptions

Some important limitations of this analysis are:

- Key assumptions related to the effect of grant receipt on survival rates and hours worked were subject to the limitations of the underlying analysis as explored in Appendix A.
- Estimates of increased producer surplus associated with survival assume that business revenue and GOS shares for surviving grant recipients were equal to the average of their industry over the relevant period.
- The full range of benefits of the program were not able to be fully considered due to more general data limitations. This included wellbeing-related benefits and any broader economic impacts beyond business survival and hours worked.
- Similarly, it was not possible to model the full array of costs associated with the programs. There are likely additional costs to businesses associated with the opportunity cost of time required to apply for the grants, however it was not feasible to model this.

2.4.2 SEQ 14: How did the cost of delivery compare to other similar grant programs?

Finding 14: The combined LHVf and BCAP grant programs outlaid similar expenditure to comparable programs in NSW, which is the most relevant comparator.

Both the Victorian Government and NSW Government delivered various business support programs during the COVID-19 pandemic including the Business Support Fund, Business Hardship Fund and Small Business COVID Hardship Fund for Victoria, and the Small Business Support grant, 2021 COVID-19 Business Grant and COVID-19 Micro-Business Grant for NSW.

In Victoria, BCAP and LHVf combined formed the largest business support grant program of the state, costing \$6.30 billion (1.25 per cent of GSP). In NSW, the largest business support program, the JobSaver wage subsidy, cost more in absolute terms (\$7.15 billion), though slightly less relative to GSP (1.06 per cent) than BCAP and LHVf.

When combined with other key business grants delivered around a similar time period (2021), both states spent similar amounts, with NSW spending approximately 1.53 per cent of GSP (\$9.59 billion) and Victoria spending 1.51 per cent of GSP (\$7.60 billion). It is noted that both jurisdictions also provided business support through other programs that did not directly seek to cover business costs, such as Working for Victoria, the Visitor Economy Recovery and Reform Plan and Melbourne City Funds in Victoria or the Alfresco Restart Rebate and Dine and Discover Vouchers in NSW.

Though Victoria and NSW spent similarly, this expenditure was significantly more than that spent by other Australian state and territory governments to support businesses during the COVID-19 pandemic. In absolute aggregate spending terms, this is expected since Victoria and NSW are larger states and have more businesses. For example, Victoria had a total of 660,214 businesses in 2019-20 and spent \$6.3 billion on its largest COVID-19 business support grant program, compared to NSW who had 820,375 businesses and spent \$7.15 billion on their largest program, QLD who had a smaller total of 464,990 businesses and therefore spent less at \$316.6 million on their largest program, and the ACT who only had 30,858 businesses in 2019-20 and spent \$325.6 million, though slightly higher than QLD.³⁵

However, even as a proportion of GSP, accounting for differences between states with respect to the number of businesses, population and level of economic activity, grant programs in other jurisdictions cost less than that in Victoria and NSW, ranging between 0.03 per cent of GSP and 0.72 per cent of GSP. Further detail on business support programs in other Australian states and territories is outlined in Appendix Table C.3.

Yet, this was to be expected given the extensive impacts and restrictions in Victoria (and to a lesser extent NSW) compared to other jurisdictions. Victorian businesses were subject to 262 days under intensive public health restrictions and prolonged unexpected business closure across 2020 and 2021, with 43 of these days under nationwide intensive public health restrictions and 219 additional days under Victorian-specific restrictions.³⁶ As discussed in Finding 1, this would have impacted cash flow, revenue and costs significantly. Comparatively, NSW spent fewer days under intensive public health restrictions, with only 107 additional days under state-specific restrictions, while other jurisdictions spent even less time under intensive public health restrictions at 63 days for the ACT, 20 days for QLD and 13 days for WA.³⁷

2.5 Lessons learned

- 2.5.1 **SEQ 5:** What has the Department learned in relation to its role in supporting businesses under emergency circumstances?
SEQ 6: What are the continuous improvement opportunities identified relating to grant design and implementation?

Finding 15: Lessons learned include the importance of facilitating appropriate data sharing and in establishing effective automation of key processes (e.g., eligibility checks).

A number of lessons learned were identified through the delivery of the grants programs that should be considered as part of future programs, including:

- information sharing across government bodies, including state and federal governments.
- automation in relation to key grant processes.
- ongoing and consistent communication to grant applicants and recipients.

Information sharing across government bodies, including state and federal governments

the importance of information sharing became apparent throughout the delivery of the programs, particularly in relation key datasets that would support robust eligibility criteria and checks. A number of stakeholders commented on the challenges related to data and information sharing, and in particular that the lack of access to ATO single touch payroll and income statement data to discern an eligibility significantly limited the ability to apply an eligibility measure related to actual or potential business income (see Finding 7). However, the Department was able to establish ongoing data sharing practices in relation to other key data sets, such as ABR and WorkSafe payroll data (see Finding 4). Future grants programs should build on this and consider the immense value of information sharing between government bodies, e.g., streamlined and effective information sharing would support the determination of criteria and overall program delivery.

Automation in relation to key grant processes

The programs relied on automation of key processes to ensure timely and accurate delivery, where historically a number of key grants processes were manual. The benefits of automation were evident from an efficiency standpoint but also highlighted the importance of ensuring key checks and integrity measures were built into any automated processes. In the context of BCAP and LHVf, this included a number of key processes as outlined in Finding 3. Further, Departmental staff acknowledged that automation also supported in the freeing up of staff capacity to focus on more complex processes or those requiring additional validation. Future grants programs should leverage these learnings and processes related to automation. The programs would have likely also benefitted from an automated appeal or review process for businesses that were incorrectly assessed due to common and identifiable data issues (such as incorrectly specified industry classifications in the ABR data). Future programs could consider developing automated review processes for resolving common issues (such as incorrect industry classification).

Ongoing and consistent communication to grant applicants and recipients

Businesses were informed of any follow-up grant rounds they may have been eligible for as well as any key developments in relation to their grant application, including acceptance, denial or any payments made. However, some businesses indicated that they were negatively impacted by limited or irregular communication, which caused a degree of uncertainty and stress while awaiting notification of their application's outcome. Some businesses also indicated that greater communication and follow up in how the business was progressing during closure would have further supported businesses in feeling heard and supported and ensured businesses were using the grants as intended. This highlights the importance of ongoing and clear communication, particularly in relation to emergency support provision. Some businesses also reported a lack of clarity as to what grants or grant amounts, they were eligible for, due to the nature of the eligibility criteria, which further highlights the need for clear and ongoing communication.

Finding 16: A framework for monitoring and evaluation should be embedded during the design stage of a program to support future evaluation and accountability.

Monitoring and evaluation is an important aspect of any program and the policy lifecycle, and as such a framework for monitoring and evaluation should be embedded during the design stage of any program or intervention. Limited consideration for monitoring and evaluation across the life of the grant programs was evident and ultimately created limitations for this evaluation, including:

- the extent of data captured throughout the program relating to outcomes, limiting the availability of secondary data informing assessment of program effectiveness.

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- the elapsed time between the intervention and evaluation impacting on stakeholder accessibility (due to staff turnover) or the ability of stakeholders to recall activities and associated outcomes, which limited the assessment of program implementation and effectiveness based on primary data.
- the compressed evaluation timeframes impacted the ability to acquire the necessary data for economic evaluation, in particular ABS BLADE data.

By planning for what data needs to be collected against the programs' intended objective and outcomes, progress could be monitored and a more comprehensive evaluation be undertaken. This process should be undertaken even if program design and implementation is compressed.

Noting evaluation timeframes are not always possible to predict, future evaluations of comparable programs should also consider sufficient lead time to enable access to microdata sets (e.g., the ABS' BLADE), which would enable the more robust determination of a control group and allow for more sophisticated analysis of outcomes.

Future evaluation would also be supported by more systematic documentation of decision-making processes and program design, including grant amounts. There was limited information as to how the grant amounts were determined across the relevant rounds, which impacted on the extent to which this evaluation could consider whether they were appropriately determined. More consistent documentation of key program design features and the underpinning rationale would support both evaluation and future design of programs.

3 Recommendations

Recommendation 1: Ensure Victoria's emergency preparedness plans consider business support needs

The Department and Victorian Government more broadly should ensure that pandemic and emergency response guidelines are cognisant of, and appropriately consider, the impact on Victorian businesses during periods of major disruption. If there is a pandemic or equivalent crisis in future, there should be clear steps and guidelines as to the specific approach, including in relation to determining the appropriate intervention types, and the necessary processes, systems and design features to associated with each. This could also include a basic framework for determining eligibility criteria.

Though a pandemic-specific response is the responsibility of the Commonwealth Government, the Victorian Government should advocate for such disaster response and recovery arrangements. At a state level, these considerations could also be built into the framework detailed in the existing Victorian State Emergency Management Plan for state-related disasters.³⁸ Grant administration activities including grant guidelines and compliance frameworks that are part of the Department's core emergency relief and recovery offerings have been updated since the COVID-19 pandemic. However, these only directly apply to earthquakes, floods, windstorms, fires and other natural events, where Disaster Recovery Funding Arrangements with the Commonwealth are in place, and public health emergencies such as epidemics are not directly included.^{††} While these could be expanded to cover epidemics, plagues and contaminations, given differing breadth and type of impacts on businesses between natural disasters and public health emergencies,³⁹ consideration should also be given to specific guidelines for business support initiatives in public health or equivalent emergencies. These activities and guidelines should consider key learnings from recent COVID-19 business and citizen support programs.

Recommendation 2: Ensure data sharing arrangements are appropriately in place to ensure seamless data sharing and rollout of business support when needed

The Department should ensure that necessary data sharing arrangements have been prepared and are ready to be activated in the event of emergency and subsequent disruption there can be a seamless rollout of government supports for business, including through the implementation of key criteria and systems necessary for overall efficiency (e.g., eligibility criteria). While not necessarily required on an ongoing basis, preparations and agreements should be made in advance so that data can be readily shared if the need arises.

The Department could identify what data sources are likely to be necessary for future emergency response programs and ensure that data sharing arrangements are serviceable in future and, to the extent possible, facilitate additional arrangements as needed. For example, the data sharing arrangements the Department developed with WorkSafe would ideally be leveraged in future programs as needed.

These preparations should align with the Victorian Public Sector Data Sharing Policy.⁴⁰ Consideration would likely need to be given to the approach to data sharing arrangements separately for local, state and federal government bodies. For example, while it is understood that some progress has been made already, extensions to data sharing arrangements established with the ATO in 2021 for a subset of COVID-19 business support grant programs should continue to be explored as part of future emergency management preparations.

Recommendation 3: Ensure standards for monitoring and evaluation are applied as part of any future emergency response program

Given the importance of monitoring and evaluation, a framework for monitoring and evaluation should be embedded at the inception phase of future emergency response programs. Program design in emergency response settings can often be undertaken under compressed timeframes, hence upfront investment in ensuring adherence to appropriate standards for monitoring and evaluation is required. This should include consideration of the types of data that would need to be collected to support future evaluation in the context of a business support program (e.g., data related to typical business outcomes), and the viable methods for obtaining this data. This could be integrated within the Department's existing monitoring evaluation guidelines.

^{††} Though such guidelines may be used to inform grant programs for such an emergency.

Appendix A Economic analysis

The economic analysis in this evaluation used a variety of publicly available data sets in addition to data provided by the Department to estimate the impact of the BCAP and LHVf grants on the Victorian economy.

A.1. Business survival

The impact on business survival was assessed based on business level regression analysis using ABR data, ASIC insolvency data and the grants database. The analysis compared insolvency and business exit outcomes for treated and non-treated businesses. This was supported by a jurisdictional comparison based on the ASIC insolvency data as well as data from the business survey.

In this analysis, business survival was measured against two metrics: business insolvency and ABN cancellation. Analysis was done on business insolvency rates, as defined by series 1 appointments in the ASIC insolvencies dataset (the first time a company becomes insolvent). Insolvency occurs when a business is unable to service their debts or pay creditors. Some insolvent businesses are able to restructure their liabilities and continue operation, while many unprofitable businesses may wind up without becoming insolvent. When a business ceases operation, they will cancel their ABN registration. As such, this was used as an indicator for business exit. ABN cancellation, however, may also capture the impacts of changes in complex business structures.

The regression analysis of business survival was restricted to companies, a definition which excludes sole traders. The exclusion of sole traders was for the following reasons:

- sole traders do not benefit from the protections of insolvency and are personally responsible for debts acquired by their business, meaning they must either honour the debts of their business or declare personal bankruptcy.
- entry and exit dynamics of sole traders are influenced by both the health of their business and the state of the labour market, since sole traders may choose to become employees, potentially biasing estimates.
- this evaluation did not have the ability to identify turnover of a business, or whether a particular ABN was a sole traders' main source of income, which limits the effectiveness of analysis on sole traders.
- personal bankruptcy statistics are not made publicly available.

In order to undertake the analysis, program data provided by the Department was merged with data from the ABR (also provided by the Department), by matching ABNs. Insolvencies data published by ASIC was then merged with this by matching ACNs.

This data was then restricted to businesses whose main business address was located in Victoria on the ABR. This decision was made as the impact of COVID-19 and the associated public health restrictions on the economies of other states was significantly different to the impact on Victoria. Additionally, as discussed in Appendix C.2, other states provided grants to businesses through a variety of mechanisms. Given that other states targeted similar sectors to Victoria, an analysis on insolvency rates or business survival would be at risk of suffering from omitted variable bias. Assuming that business grants reduced insolvencies and business exits in other states, including such data in the analysis would negatively bias the estimates generated for Victoria.

This restriction of the data was seen to be the best approach as it ensures the closest counterfactuals and ensures that all businesses in the analysis have some level of operation in Victoria. However, there are some limitations to this approach, including that:

- it would omit some businesses that did receive grants as a part of BCAP and LHVf but were registered as having their main business location in another state.
- it may have also failed to exclude national businesses registered as being located in Victoria, but operating in, and receiving grants from, another jurisdiction.

While it is possible that the regression analysis does not control for all variables which may impact business survival of grant recipients, the analysis provides estimates of the unique impact of BCAP/LHVf on business survival.

Insolvency analysis

A series of regressions were run on the individual business level data. In this analysis, a business was identified as insolvent if they appeared in the ASIC series 1 data as published on 26 June 2024. This date was chosen as 2022 and 2023 experienced historically low insolvencies, which would limit the power of potential analysis.

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The most basic regression was a linear specification which included dummy variables indicating grant receipt under each program. It also included fixed effects for industry group (ANZSIC 3) and a dummy variable to indicate whether the business was located in Metro Melbourne.^{‡‡}

$$\text{Insolvent}_i = \beta_0 + \beta_1 \text{BCAP}_i + \beta_2 \text{LHVF}_i + \beta_3 \text{ANZSIC } 3_i + \beta_4 \text{Metro}_i (1)$$

This specification was then repeated with a logit specification:

$$\text{Insolvent}_i = \beta_0 + \beta_1 \text{BCAP}_i + \beta_2 \text{LHVF}_i + \beta_3 \text{ANZSIC } 3_i + \beta_4 \text{Metro}_i (2)$$

The basic model was also repeated with the addition of a dummy variable called 'Above mean'. This was a dummy variable which took a value of one if the business received a grant value per employee greater than the mean within that industry in that geographical area, as identified by ABS Statistical Area 4 (SA4).

$$\text{Insolvent}_i = \beta_0 + \beta_1 \text{BCAP}_i + \beta_2 \text{LHVF}_i + \beta_3 \text{Above mean}_i + \beta_4 \text{ANZSIC } 3_i + \beta_5 \text{Metro}_i (3)$$

This specification was then also repeated with the addition of a dummy variable called 'Above one SD'. This was a dummy variable which took a value of one if the business received a grant value per employee greater than one standard deviation (SD) above the mean within that industry in that SA4. Interaction terms were not included in this specification since being intensely treated is conditional on grant receipt.

$$\text{Insolvent}_i = \beta_0 + \beta_1 \text{BCAP}_i + \beta_2 \text{LHVF}_i + \beta_3 \text{Above one sd}_i + \beta_4 \text{ANZSIC } 3_i + \beta_5 \text{Metro}_i (5)$$

Specifications (3) and (5) were also run as logit regressions, noted as (4) and (6), respectively.

The results of the key variables are displayed below for specifications (1) to (6).

Table A.1: Relationship between grant receipt and insolvency regression results.

Variable	(1) (marginal effects)	(2) (log odds)	(3) (marginal effects)	(4) (log odds)	(5) (marginal effects)	(6) (log odds)
Intercept	0.00075	-5.5532***	0.0006	-5.5552***	0.0006	-5.5580***
BCAP	0.0095***	0.7160***	0.0111***	0.7925***	0.0102***	0.7369***
LHVF	0.0341***	1.2567***	0.0400***	1.2753***	0.0344***	1.2580***
Above mean			0.0181**	-0.3140***		
Above one SD					-0.0055***	-0.2482***

Source: Deloitte Access Economics.

* = p-value <0.1, ** = p-value <0.05, *** = p-value <0.01

Specifications (1) and (2) were preferred specifications when evaluating insolvency, as (3) and (5) seemed to give contradicting results. All specifications demonstrated a significant positive relationship between the receipt of BCAP and LHVF grants and business insolvency. This result was unexpected, particularly given the nature of the grants, which were distributed without any restrictions on how the funds were to be spent by the recipients. There is little reason to view this relationship as causal. One would anticipate that the provision of unconditional grants would decrease the probability of insolvency for businesses. The BCAP and LHVF grants were intended to provide financial support during the challenging economic environment of 2020 and 2021, enabling businesses to maintain operations.

The observed positive relationship between grant receipt and insolvency could have been indicative of a selection effect in the allocation of these grants. That is, businesses that were ex ante more likely to suffer insolvencies would have been more likely to be eligible and apply for the business support grants, as opposed to more successful businesses, preventing a direct causal comparison between the treatment and control group. This evaluation was unable to access business level data on revenue, costs or employment, limiting the analysis to control for these factors which appear to have impacted selection into treatment.

Specifications (3) to (6) included a measure of treatment intensity. Across these there was some evidence that a higher treatment intensity, here defined by grant value per employee, reduced the likelihood of a business becoming insolvent. Specifically, a business that received grants which were one SD above the mean, within that

^{‡‡} As defined by Australian Statistical Geography Standard – Remoteness Area.

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business's industry division and SA4, was estimated to have a 0.55 percentage point lower likelihood of becoming insolvent than a business that received a smaller grant.

While this was significant across specifications (5) and (6), the estimated magnitude was well below the estimates for BCAP and LHVf, indicating that these businesses were still more likely to become insolvent than untreated businesses.

Insolvency and ABN cancellation analysis

An alternate indicator of business survival is the cancellation of an ABN. ABN cancellation data, which is captured in the ABR data, represents a broader view of business survival than insolvencies alone, but may include a number of ABN cancellations which do not represent businesses failures, such as:

- many businesses that have low or no profits will choose to wind up operations, and cancel their ABNs prior to becoming insolvent.
- some profitable businesses may wind up operations and cancel their ABNs.
- some profitable businesses may in fact cancel their ABNs and continue operating under a different ABN, or as a part of an alternate business structure.
- some businesses that become insolvent may be able to restructure their liabilities and not cancel their ABN.

The evaluation undertook analysis based on an indicator which tracked if a business had either become insolvent or cancelled their ABN. These, being two separate indicators which reflect poor health of a business, are not conditional on each other. In further discussion in this report, this variable will be referred to as *exited*.

As a result of choosing this approach, sole traders were again omitted from the analysis, as they definitionally cannot become insolvent (discussed above).

In the following regression, *impacted* is a dummy variable indicating a business that has either cancelled their ABN or become insolvent.

The most basic specification was a linear regression defined as:

$$exited_i = \beta_0 + \beta_1 BCAP_i + \beta_2 LHVf_i + \beta_3 ANZSIC\ 3_i + \beta_4 Metro_i \quad (7)$$

This was then repeated as a logit regression as specification (8).

Regressions of a similar specification to that outlined above were also run:

$$exited_i = \beta_0 + \beta_1 BCAP_i + \beta_2 LHVf_i + \beta_3 AboveMean_i + \beta_4 ANZSIC\ 3_i + \beta_5 Metro_i \quad (9)$$

$$exited_i = \beta_0 + \beta_1 BCAP_i + \beta_2 LHVf_i + \beta_3 AboveOneSD_i + \beta_4 ANZSIC\ 3_i + \beta_5 Metro_i \quad (11)$$

These were also run as logit models as specifications (10) and (12).

The results of the key variables are displayed below for regressions (7) to (12).

Table A.2: Relationship between grant receipt and business exit regression results.

Variable	(7) (marginal effects)	(8) (log odds)	(9) (marginal effects)	(10) (log odds)	(11) (marginal effects)	(12) (log odds)
Intercept	0.1504***	-1.7623***	0.1502***	-1.7643***	0.1500***	-1.7650***
BCAP	-0.0856***	-0.8628***	-0.0811***	-0.8135***	-0.0839***	-0.8424***
LHVf	-0.0652***	-0.5354***	-0.0630***	-0.5053***	-0.0646***	-0.5258***
Above mean			-0.0145***	-0.1588***		
Above one SD					-0.0149**	-0.1723**

Source: Deloitte Access Economics.

* = p-value <0.1, ** = p-value <0.05, *** = p-value <0.01

Across all specifications there was a significant negative relationship between a business receiving a grant and the likelihood of that business being impacted. When adding in indicators for intense treatment, the overall relationship

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between treatment and a business becoming impacted remained negative and significant. Additionally, there was a consistent and significant negative relationship between receipt of an intense grant and a business becoming impacted. This indicates a positive relationship between grant amount and business survival.

These results support a positive relationship between grant receipt and business outcomes, in contrast to the analysis on insolvencies. This supports the contention that this unexpected result was driven by selection and an inability to effectively control pre-treatment business health.

This also likely suggests that the businesses that were ex ante very likely to become insolvent received little benefit from the grant. In contrast, businesses that had a more marginal likelihood of business failure were most able to benefit from the grants. This phenomenon was observed by an evaluation into COVID-19 pandemic-related business support grants in NSW, where, amongst unviable businesses, business grants had no impact on survival, but a positive relationship between grant receipt and survival was observed across the population.⁴¹

This should limit concerns that the grants program kept businesses alive which were otherwise economically unviable. If the grants had in fact supported the operation of unviable businesses, then the misallocation of labour and capital towards these businesses would need to be considered as an economic cost. While some unviable businesses may have continued for a time as a result of these grants, there is no evidence to support the idea that these grants were particularly distortionary in preventing the exit of unviable businesses. While evaluations of other similar programs such as JobKeeper have highlighted there is a fine line between supporting the hibernation of businesses and supporting unproductive businesses, it has been generally shown that these effects have been insignificant, if any.⁴²

Another specification ran included an interaction between grant receipt and industry to estimate the differential impacts of the grants across industry.

$$exited_i = \beta_0 + \beta_1 BCAP_i * ANZSIC\ 1_i + \beta_2 LHVF_i * ANZSIC\ 1_i + \beta_4 Metro_i + \beta_5 ANZSC\ 1_i \quad (13)$$

This was repeated as a logit for specification (14). These results are shown below.

Table A.3: Relationship between grant receipt and business exit regression results by industry division.

Specification	(13) (marginal effects)	(13) (marginal effects)	(14) (log odds)	(14) (log odds)
Variable	BCAP	LHVF	BCAP	LHVF
Intercept	0.1797***		-1.5694***	
BCAP/LHVF	-0.0569***	-0.0650***	-0.4289***	-0.5113
Administrative and Support Services	-0.0479***	0.0262	-0.5485***	0.2172
Agriculture, Forestry and Fishing	-0.0522	-0.0441	-9.0377	-8.9552
Arts and Recreation Services	-0.0134	0.0167	-0.2998***	-0.0466
Construction	-0.0286***	-0.0684	-0.6254***	-9.1809
Education and Training	-0.0542***	0.0421	-0.7913***	0.33746
Electricity, Gas, Water and Waste Services	-0.0543	N/A	-9.0547	N/A
Financial and Insurance Services	0.0106	0.0665	-0.3214	0.5121
Health Care and Social Assistance	-0.0147**	-0.0314	-0.8897***	-8.8244

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Specification	(13) (marginal effects)	(13) (marginal effects)	(14) (log odds)	(14) (log odds)
Information Media and Telecommunications	-0.0798	-0.0394	-1.2927***	-0.6755
Manufacturing	-0.0066***	0.0497**	-0.3057	0.36573
Mining	N/A	N/A	N/A	N/A
Other Services	0.0011	0.1574*	-0.1416	1.1954*
Professional, Scientific and Technical Services	-0.0184	-0.0600	-0.5427***	-9.1081
Public Administration and Safety	-0.0223	0.5611***	-0.2631	2.8008**
Rental, Hiring and Real Estate Services	0.0211	0.0202	-0.0134	-0.0924
Retail Trade	-0.0516***	0.0162	-0.68318***	0.0937
Transport, Postal and Warehousing	-0.0114	0.1348**	-0.31612***	1.0806**
Wholesale Trade	-0.0575***	-0.0042	-0.9796***	-0.1541

Source: Deloitte Access Economics.

* = p-value <0.1, ** = p-value <0.05, *** = p-value <0.01

For ease of interpretation of the logit regressions, a counterfactual estimate for the number of businesses that would have been impacted was generated based on the results from specifications (8), (10), (12) and (14). The difference between observed outcomes and this counterfactual provided a modelled estimate of the number of businesses saved. This is described in Table A.4.

Table A.4: Estimated number of businesses saved by specification.

Specification	(8)	(10)	(12)	(14)
Estimated businesses saved	3,922.44	3,998.06	3,990.63	3,800.70

Source: Deloitte Access Economics.

Estimates for the number of companies saved by the grant programs varied between 3,800 and 4,000. This analysis covered businesses with an ACN that were registered as having their main business location in Victoria on the ABR. A total of 52,164 businesses met these criteria, and in reality, 4,034 of these businesses either became insolvent or cancelled their ABN. If regressions (8), (10), (12) and (14) are taken as causal estimates, this means that amongst treated companies business exits/ insolvencies would have been between 94 per cent to 99 per cent higher if the grants program did not run.

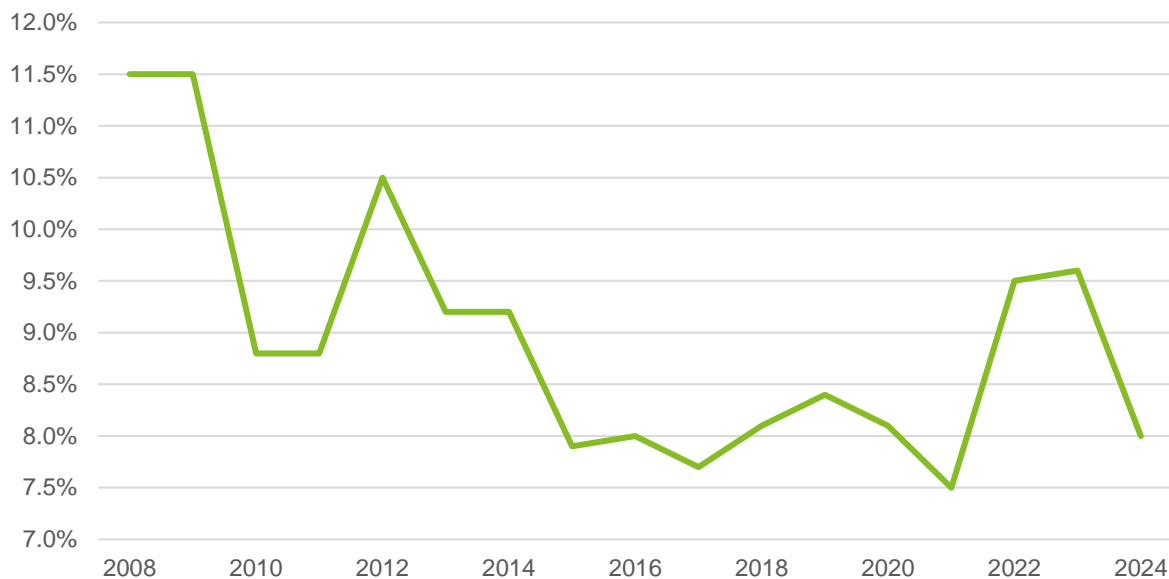
Sole trader analysis

While not included in the above regressions for reasons discussed earlier in this section, sole traders have the outside option of becoming an employee. For example, if the grants supported businesses in retaining or expanding employment during and immediately following the COVID-19 pandemic, then a significant number of sole traders may have turned to salaried work to capture the benefits of the tight labour market.

Over the year to February 2022, 9.5 per cent of employed people changed jobs, the highest rate since 2013 (see Chart A.1). As a result, the number of ABN cancellations for sole traders would be expected to increase as the number of available jobs increased.

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Chart A.1: Employed people who changed jobs during the year.



Source: ABS Job Mobility.

However, it is noted that is no cost to apply for, or hold, an ABN, while there is a cost associated with holding an ACN. This means that ABN cancellations may happen months or years after a sole trader has ceased operation, as compared to an ACN which is much more likely to be unregistered when a company stops trading.

These limitations aside, between 2021 and June 2024, 475,949 of the 1,688,615 sole traders registered in Victoria cancelled their ABNs at a rate of 28.2 per cent. Only 1,869 of the 65,059 sole traders registered in Victoria who received a grant cancelled their ABN between 2021 and June 2024. This represents an exit rate of 2.9 per cent.

Sole traders who received a grant were 89.8 per cent less likely to cancel their ABNs than sole traders who did not receive a grant. This should not be viewed as a causal effect. The application for the grants placed some level of administrative burden on businesses. Additionally, tax agents were allowed to lodge grant applications on business' behalf. The combination of these two factors likely skewed grant treatment towards a subset of sole traders which were ex ante significantly more likely to continue to operate.

This evaluation did not have access to ATO data and as such cannot control for variables such as if a sole trader has other employment, or previous revenue of the sole trader. Given these limitations, the statistics on survival of sole traders should be regarded with caution.

Regression inputs into the CBA

In estimating the economic benefits associated with business survival, estimates of the impact of the grants on business survival rates over time were required (Section 2.4). To estimate this, a simplified version of specification 7 was used. A series of regressions were then run with a dependent variable which indicated business exit before a certain date. This specification also uses *treated* to indicate if a business had received either a BCAP or LHVf grant. This specification provides more power when analysing shorter time periods of data. In the below specification, *exited2021* indicates that a business exited at some point before the end of 2021.

$$exited2021_i = \beta_0 + \beta_1 treated_i + \beta_2 ANZSIC\ 3_i + \beta_3 Metro_i$$

This was then repeated with *exited2022*, *exited2023* and *exited2024*. With *exited2024* taking a value of 1 if the business had exited before May 2024, which was the most recent date in the ABR data provided to the evaluation. Beyond this point the grants are assumed to have no further impact on business survival. The coefficient on *treated* was then taken as the percentage point reduction in the likelihood of exit following receipt of a grant.

While generating estimates by industry would have been preferred, the lack of significance across most industries seen in specifications (13) and (14) made that impractical.

Baseline business exit rates were estimated by calculating the share of employing businesses in Victoria which exited within each relevant time period, again using the ABR data provided to the evaluation.

Table A.5: Estimates of survival rates to inform CBA.

Specification	Exited 2021	Exited 2022	Exited 2023	Exited 2024
Uplift in survivability relative to base case (percentage point difference)	4.0 percentage points	7.0 percentage points	8.7 percentage points	9.0 percentage points
Actual failure rate of treated business	4.9 per cent	8.9 per cent	12.8 per cent	13.5 per cent

Source: Deloitte Access Economics.

A.2. Employment

Employment outcomes were analysed based on industry and regional level regression analysis using ABS data on the number of hours worked by industry. In this analysis data from ABS Labour Force detailed tables EQ06 and RQ01 were used. Program data provided by the Department was also used.

Program data was aggregated to an SA4 level by industry division. Time variation only exists in the dependent variable of the regressions in this section, since the program data did not identify the timing of grant. As such, the independent variables do not vary over time, as indicated in the notation.

Hours worked, as well as total grant amount, and grant per worker were transformed by the natural log. This sought to aid in the interpretation of the results and to account for the fact that the residuals in the regressions are not expected to be normally distributed, which violates a key assumption of ordinary least squares (OLS).

Hours actually worked was chosen as a measure of employment, as opposed to employment figures, since the industries targeted by both BCAP and LHVf have significant portions of their workforce on casual contracts. A person employed on a casual contract who works zero hours in a week will be counted as employed but will not appear in the labour force hours worked data. For much of 2020, the Australian unemployment rate was distorted by these 'employed' people who were not in fact working.⁴³ This analysis is concerned with actual economic activity and as such focused on hours.

Establishing an appropriate counterfactual was difficult given the varied impact of COVID-19 and public health restrictions across states. Data limitations meant that this evaluation could only use aggregated data and could not access firm level employment, which would have afforded greater power to the analysis.

To avoid endogeneity, the number of workers used to estimate grant per worker was the average number of workers in that industry and geography across 2019.

The most basic specification (15) considered the relationship between hours worked in an industry, in a region and the average grant per worker in that industry in that region.

$$\ln(Hours_{ijt}) = \beta_0 + \beta_1 \ln(grant\ per\ worker_{ij}) + \beta_2 year_t + \beta_3 \ln(grant\ per\ worker_{ij}) * year_t + \beta_4 ANZSIC\ 1_i + Metro_j + State_j \quad (15)$$

The next pair of specifications (16) and (17) utilised the measures of intensity discussed in the business survival section. This means that the regression captured both average grant amount and the distribution of grants across businesses.

$$\ln(Hours_{ijt}) = \beta_0 + \beta_1 \ln(grant\ per\ worker_{ij}) * year_t + \beta_2 above\ mean + \beta_3 \ln(grant\ per\ worker_{ij}) * above\ mean + \beta_4 ANZSIC\ 1_i + Metro_j \quad (16)$$

$$\ln(Hours_{ijt}) = \beta_0 + \beta_1 \ln(grant\ per\ worker_{ij}) * year_t + \beta_2 above\ one\ sd + \beta_3 \ln(grant\ per\ worker_{ij}) * above\ one\ sd + \beta_4 ANZSIC\ 1_i + Metro_j \quad (17)$$

The results of the key variables are shown below.

Table A.6: Results of key variables in specifications 15 to 17.

Variable	(15) (marginal effects)	(16) (marginal effects)	(17) (marginal effects)
Intercept	1.169e+01***	1.174e+01***	1.172e+01***

Variable	(15) (marginal effects)	(16) (marginal effects)	(17) (marginal effects)
Year 2021	-1.417e-02	-1.209e-02	-1.319e-02
Grant per worker	-2.532e-05*	-1.310e-04***	-8.410e-05***
2021 * Grant per worker	-2.894e-05*	-1.525e-04	-3.343e-05
Above mean		1.871e-03***	
Above one SD			2.278e-03***
2021*Above mean		-1.525e-04	
2021*Above one SD			-2.747e-05
2021*Above mean*Grant per worker		9.057e-09	
2021*Above one SD*Grant per worker			2.393e-08

Source: Deloitte Access Economics.

* = p-value <0.1, ** = p-value <0.05, *** = p-value <0.01

The estimates generated by the employment analysis do not provide any evidence to suggest that the grants had a significant impact on employment. The variable of interest in specification (15) is significant at the 10 per cent level but generates a negative estimate for the relationship between grant amount and hours worked. In (16) and (17) the variables of interest *2021*Above mean*Grant per worker* and *2021*Above one SD*Grant per worker* produced extremely small and non-significant positive estimates for the employment impact of the grants.

An alternate approach is to interact total grant amount with total employment to attempt to isolate the marginal impact of the grants. This was considered in specification (18), with the results of key variables being shown in Table A.7.

$$\begin{aligned} \ln(Hours_{ijt}) = & \beta_0 + \beta_1 \ln(grant\ total_{ij}) + \beta_2 \ln(employees\ 2019_{ij}) + \beta_3 \ln(grant\ total_{ij}) * (employees\ 2019_{ij}) \\ & + \beta_4 \ln(grant\ total_{ij}) * year_t + \beta_5 \ln(employees\ 2019_{ij}) * year_t + \beta_6 \ln(grant\ total_{ij}) \\ & * (employees\ 2019_{ij}) * year_t + \beta_7 year_t + \beta_8 Metro_j + \beta_9 ANZSIC\ 1_i + \beta_{10} State\ (18) \end{aligned}$$

Table A.7: Results of key variables in specification 18.

Variable	(18) (marginal effects)
Intercept	4.861e+00***
Year 2021	8.451e-01***
Grant total	1.586e-09
Employees 2019	8.028e-01***
Grant total* Employees 2019	-1.221e-10
2021* Grant total	-3.265e-08**
2021* Employees 2019	-1.027e-01***
2021* Grant total* Employees 2019	3.178e-09***

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Source: Deloitte Access Economics.

* = p-value <0.1, ** = p-value <0.05, *** = p-value <0.01

This specification again failed to provide any evidence that the grants program had a positive impact on employment, with the key variable being *2021* Grant total* indicating a negative significant relationship between grant amount and hours worked, although the magnitude of this estimated relationship was very low.

This does not necessarily support the idea that the grants had a negative impact on employment. The evaluation analysis was limited in the employment data it was able to access. It is likely that this analysis suffered from omitted variable bias. Industries were impacted heterogeneously by the COVID-19 pandemic and associated public health restrictions. These industries would then have actual hours worked numbers fall. By design, the BCAP and LHVf grants were targeted towards struggling industries, and the analysis would benefit from a variable or instrument which could proxy the level of disruption experienced by a particular industry.

Additionally, the evaluation did not have access to program data from the NSW JobSaver program, or other NSW business support grants, which were of similar magnitude to the level of intervention in Victoria. Grants in NSW and Victoria targeted similar industries, and as such, if the grants in NSW did in fact support employment outcomes, then the estimates of the regressions would be biased downwards.

Estimates of changes in hours worked to inform CBA

To estimate the employment benefits of the programs (Section 2.4), this evaluation first estimated the change in hours worked that could be attributable to the programs.

The grants provided a direct incentive for businesses to continue trading within an uncertain economic environment in 2021. More than 97.5 per cent of businesses received all grant funding from the programs before 31 December 2021. As a result, no direct employment effects of the grants are assumed to have occurred beyond 2021. The grants may have improved employment outcomes beyond this point, but likely would have done so through general equilibrium effects, which are not quantified in this evaluation.

Given that the above economic analysis on the employment impacts of grants was inconclusive, an alternate approach was used. There were 35 ANZSIC groups in which employing businesses received at least \$10 million in grant funding. These were identified as 'intensely' treated industries. Growth in hours actually worked within these industries was calculated between 2019 and 2021 in both Victoria and NSW using ABS Labour Force Detailed data from table EQ06.

Growth rates in these industries in NSW were then applied to hours worked in Victoria over the period to determine counterfactual hours worked in 2021. NSW was used as a counterfactual, given NSW was the most similar in terms of COVID-19 impacts (in addition to other factors such as population and GSP). It should be noted that NSW also delivered business support programs, which would likely bias down results.

The difference between hours worked in Victoria and a counterfactual number of hours worked based on NSW growth rates was estimated, and then aggregated by ANZSIC division. For industries which were not identified as intensely treated, or where no positive impact of the grants was estimated, the change in hours is listed as zero.

The change in hours in a scenario without grants was then estimated to be:

Table A.8: Change in hours worked relative to a counterfactual in Victoria in 2021.

Industry	Change in hours in 2021 relative to base case
Agriculture, Forestry and Fishing	0
Mining	0
Manufacturing	0
Electricity, Gas, Water and Waste Services	0
Construction	0
Wholesale Trade	0
Retail Trade	9,611,308
Accommodation and Food Services	10,020,618

Industry	Change in hours in 2021 relative to base case
Transport, Postal and Warehousing	6,039,921
Information Media and Telecommunications	0
Financial and Insurance Services	0
Rental, Hiring and Real Estate Services	2,611,778
Professional, Scientific and Technical Services	2,085,523
Administrative and Support Services	0
Public Administration and Safety	0
Education and Training	0
Health Care and Social Assistance	3,885,207
Arts and Recreation Services	0
Other Services	2,784,711

Source: Deloitte Access Economics.

A.3. Wellbeing

The impact of the grants on the wellbeing of business owners and sole traders was assessed by using data from the HILDA survey. Comparisons were made across employment characteristics and geographies.

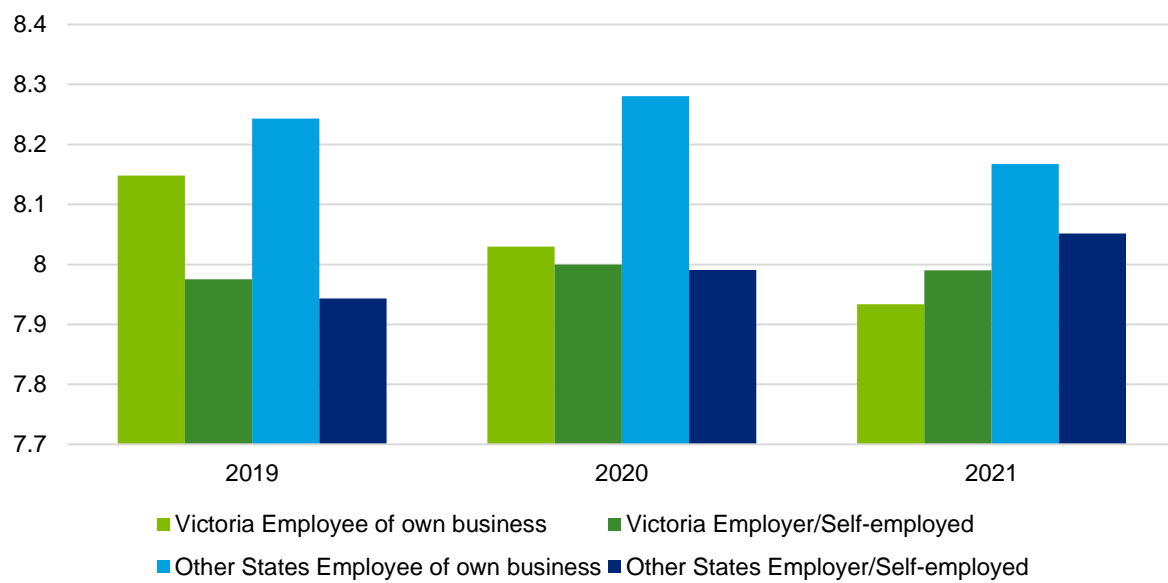
The data from the HILDA survey indicates that in 2021, overall life satisfaction amongst Victorian employers and employees of their own businesses was lower than the rest of Australia (see Chart A.2). This was also reflected in the mental health of business owners and employees of their own businesses.

There was a clear downward trend in the mental health of Victorian employers between 2019 and 2021 in Victoria, with this trend also present among Victorian employees (see Chart A.3). A similar but weaker downward trend was observed in job stress concerns (see Chart A.4). The deterioration in mental health and life satisfaction can likely be explained by significant impact of the COVID-19 pandemic and the associated public health restrictions, which impacted Victoria relatively more than the rest of Australia.

Given the overall downwards trend of mental health, it is difficult to identify any impact from the grants, particularly as the evaluation was not able to identify treated individuals in the sample.

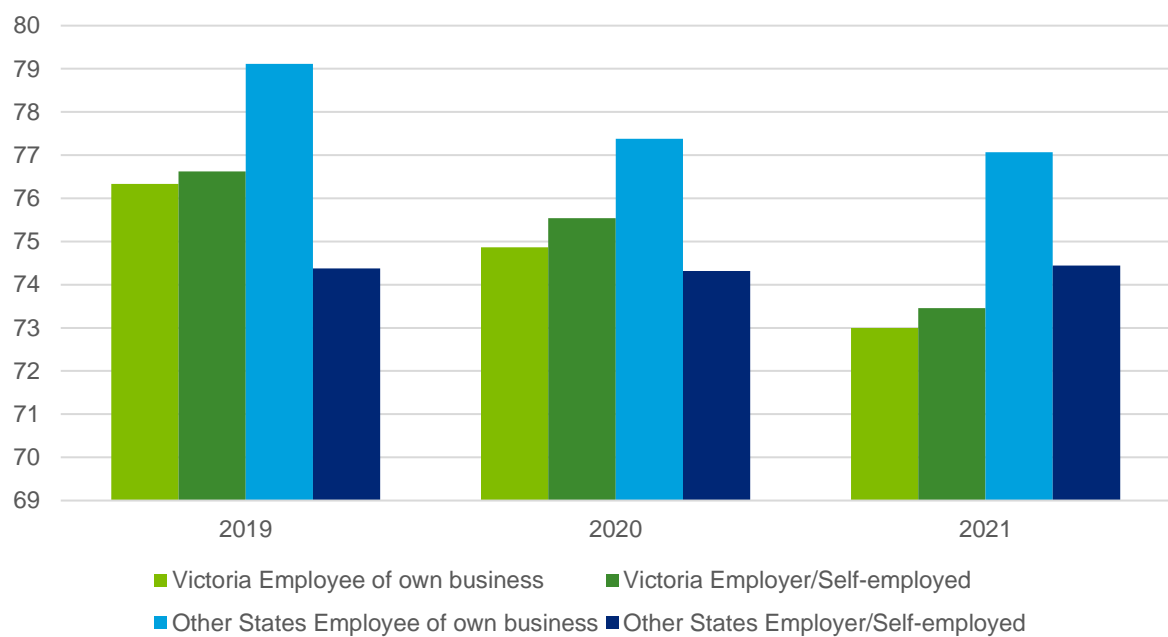
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Chart A.2: Self-reported life satisfaction by state and employment status (scale 1-10).



Source: HILDA Survey.

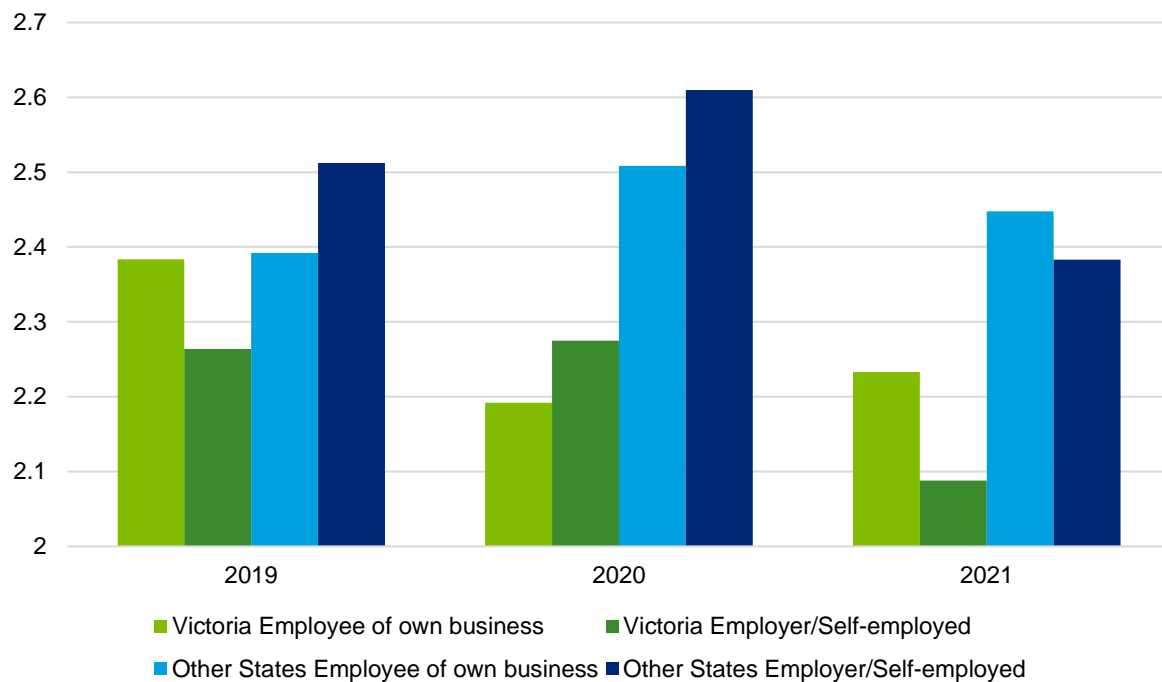
Chart A.3: Mental health score (out of 100).



Source: HILDA Survey.

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Chart A.4: I fear that the amount of stress in my job will make me physically ill.



Source: HILDA Survey.

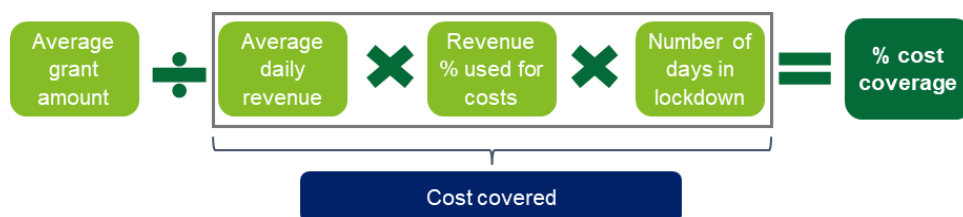
A.4. Cost coverage

The extent to which the grants supported participating business in covering costs during periods of shutdown was examined based on analysis of the ratio of grant revenue per business to estimated business costs over a defined period, using both the program data and ABS National Accounts data. This was also supported by data from the business survey.

In particular, analysis of grant cost coverage by industry was undertaken based on an estimate of average costs over restriction periods, proportionate to the average grant amount by industry:

- the assumption of forgone revenue was based on the average revenue per business by industry in 2019.
- average revenue was calculated based on ABS Industry Performance data and ABS Counts of Australian businesses.
- total industry revenue was adjusted to exclude revenue from large firms (\$5 million or more in revenue) to avoid skewing the results.
- the share of revenue attributed to large firms was calculated as the implied share of revenue of \$5 million or more turnover businesses in the ABS Counts of Australian business by turnover size.
- total industry revenue was then adjusted to account for the portion associated with costs such as intermediate goods and services, wages and production taxes (profit excluded) based on ABS Input Output Tables.
- the assumptions of average revenue directed towards costs per business were then converted to a daily figure so that it could be compared over the timeframe for which Victoria was under lockdown restrictions.

Figure A.1: Calculation of % cost coverage.



Source: Deloitte Access Economics.

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The results were as follows:

Table A.9: Proportion of average revenue covered by the grants, based on 2019 average revenue, average grant amounts and average duration of payments by industry.

Industry	BCAP	LHVF
Agriculture, Forestry and Fishing	39.4%	77.0%
Mining	*	*
Manufacturing	5.6%	10.3%
Electricity, Gas, Water and Waste Services	*	*
Construction	48.6%	
Wholesale Trade	6.0%	32.3%
Retail Trade	7.7%	9.5%
Accommodation and Food Services	16.6%	40.2%
Transport, Postal and Warehousing	30.7%	*
Information Media and Telecommunications	5.9%	*
Financial and Insurance Services	27.4%	57.2%
Rental, Hiring and Real Estate Services	88.4%	
Professional, Scientific and Technical Services	22.5%	56.2%
Administrative and Support Services	18.6%	37.3%
Public Administration and Safety	22.1%	25.6%
Education and Training	46.0%	*
Health Care and Social Assistance	12.4%	*
Arts and Recreation Services	22.1%	70.6%
Other Services	12.6%	*
Total	16.0%	33.4%

Source: Deloitte Access Economics.

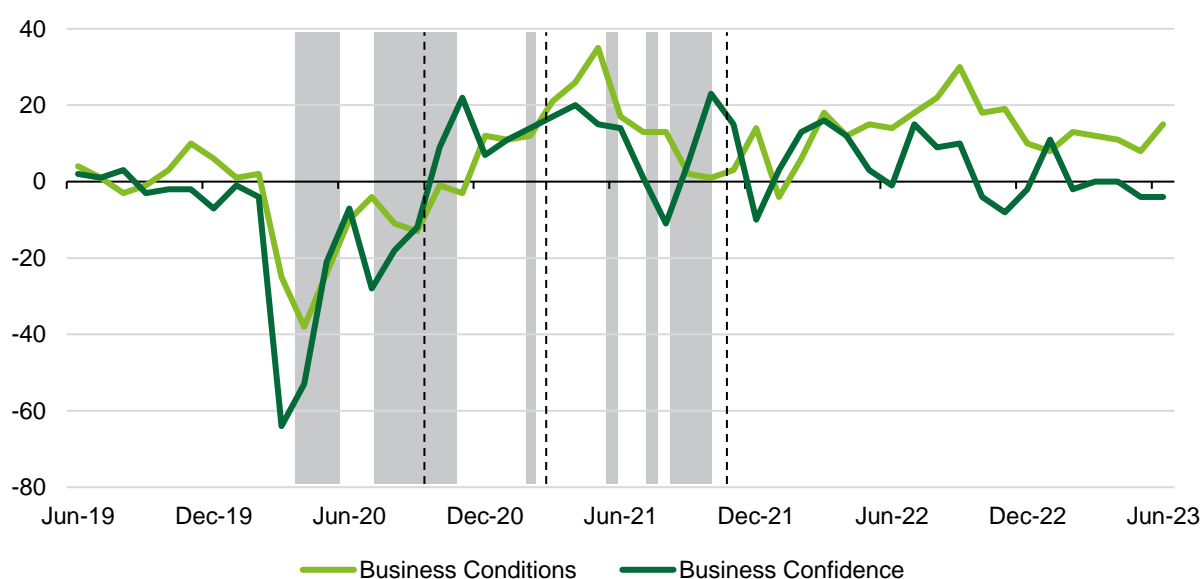
*Industries with less than 50 businesses that received grants were excluded due to small sample size.

A.5. Business confidence

Business sentiment was collected from the NAB Quarterly Business Survey which reports both reported confidence of businesses and perceptions of business conditions.

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Figure A.2: Perceptions of business conditions and business confidence in Victoria.



Source: NAB Quarterly Business Survey.

The period from 2019 to 2023 was marked by significant fluctuations in business conditions and confidence, reflecting the broader economic and public health challenges of the time. In early 2020, both business conditions and confidence experienced sharp declines as the onset of the COVID-19 pandemic introduced unprecedented uncertainty. The implementation of strict public health measures and widespread economic disruptions contributed to this initial downturn. However, by the end of 2020, a notable recovery had taken place, with both indicators returning to their pre-pandemic levels. This rebound can be attributed to the gradual easing of restrictions and the adaptation of businesses to the new operating environment.

The year 2021 specifically was characterised by heightened volatility in both business conditions and confidence. Frequent changes in public health restrictions, including snap lockdowns and phased reopening, created an unstable environment that made it challenging for businesses to plan and operate consistently. This volatility underscored the correlation between changes in business sentiment and the intensity of public health measures. Business sentiment in the first half of 2021 was significantly above its pandemic level; however, both conditions and confidence declined in the second half of the year as COVID-19 case numbers once again increased.

While there was an increase in business conditions and confidence following the introduction of both LHVf and BCAP, it is important to note the complexity of the economic and political context of the time. The improvement in business sentiment cannot solely be attributed to the impact of the grant programs. The interplay of various factors, including ongoing public health developments, global economic trends and domestic political dynamics, complicates the establishment of a clear causal link between the grants program and the observed changes in business confidence.

A.6. CBA assumptions

Table A.10: Key inputs used to inform CBA modelling.

Description of input	Unit of measurement	Value	Source
Number of grant recipients by industry	#	Multiple	The Department's grants database
Uplift in survival rate relative to base case - 2021	%	4.0%	Regression analysis
Uplift in survival rate relative to base case - 2022	%	7.0%	Regression analysis
Base case failure rate - 2021	%	4.9%	Regression analysis
Base case failure rate - 2022	%	8.9%	Regression analysis

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Description of input	Unit of measurement	Value	Source
Employing businesses – Average revenue (varies by industry)	\$ p.a.	373,749 – 7,937,303	Calculated from ABS: Australian Industry (2021) and ABS: Australian Counts of Australian Businesses (2021)
Non-employing businesses – Average revenue (varies by industry)	\$ p.a.	80,982 – 1,203,366	ABS: Australian Industry (2021)
GOS as a share of revenue (varies by industry)	%	8.5% - 52.7%	Calculated from ABS Australian National Accounts: Input-Output Tables (2021-22)
Change in hours worked (2021) – Retail Trade	#	9,611,308	Hours worked analysis
Change in hours worked (2021) – Accommodation and Food Services	#	10,020,618	Hours worked analysis
Change in hours worked (2021) – Transport, Postal and Warehousing	#	6,039,921	Hours worked analysis
Change in hours worked (2021) – Professional, Scientific and Technical Services	#	2,085,523	Hours worked analysis
Change in hours worked (2021) – Health Care and Social Assistance	#	3,885,207	Hours worked analysis
Change in hours worked (2021) – Other Services	#	2,784,711	Hours worked analysis
Change in hours worked (2021) – All other industries	#	0	Hours worked analysis
Average hourly wage (2021) (varies by industry)	\$ per hour	32-55	Calculated from ABS: Average Weekly Earnings, Australia (2023)
Opportunity cost of time – minimum wage per hour	\$ per hour	24	Australian Government FairWork Ombudsman – Minimum wages
Inflation rate (compound annual rate, 2021 to 2024)	% p.a.	5.3	Calculated from ABS: Consumer Price Index, Australia (2024)
Discount rate	% p.a.	7.0	Department of Treasury and Finance. (2013). Economic Evaluation for Business Cases Technical Guidelines
Ten-year Australian government bond rate (2021 average)	% p.a.	1.5	Reserve Bank of Australia. (2024). Statistical tables – F2 Capital Market Yields – Government Bonds
Marginal excess burden of taxation	%	8.0 – 41.0	KPMG Econtech for Commonwealth Treasury (2010). CGE Analysis of the current Australian tax system - Final Report.

Source: Multiple (see table).

Appendix B Public health response from other states and territories

All other Australian states and territories implemented public health restrictions aimed at curbing the spread of the virus. While the specifics varied, there were common themes, particularly in how essential and non-essential businesses were defined and the types of restrictions imposed. However, Victoria implemented the strictest measures, including curfews and travel limits, setting it apart from other states.

NSW, being one of the most densely populous states with a relatively higher risk of transmission from overseas arrivals, experienced multiple extended lockdowns with phased easing of restrictions (assessing the reduction in restrictions by stage). It focused heavily on essential versus non-essential designations, but these were generally less severe than those in Victoria. NSW first implemented stay-at-home orders from 31 March 2020 to 15 May 2020, requiring residents to remain at home except for essential activities such as shopping for groceries, medical care, exercise, and work or education if not possible from home. During this period, only essential services like supermarkets, pharmacies and medical services remained open, while non-essential businesses such as gyms, entertainment venues and beauty services were closed—similar to Victoria's initial restrictions.

The Greater Sydney lockdown from 26 June 2021 to 9 July 2021, while stringent, was less so than Victoria's 'Stage 4' restrictions. Victoria's Stage 4 Restrictions from 2 August 2020 to 27 September 2020 included a curfew from 8 PM to 5 AM, mandatory face masks and limitations on travel to within a 5 km radius. Subsequent lockdowns in NSW varied in terms of their requirements, with phased easing of restrictions, mask mandates and social distancing, but without the prolonged and intense restrictions seen in Victoria.

The **ACT** also implemented stay-at-home orders and essential and non-essential business designations between 30 March 2020 to 15 May 2020 and during the ACT lockdown from 12 August 2021 to 15 October 2021. Once these periods concluded, restrictions were fewer and less prolonged compared to other jurisdictions.

QLD's approach was more lenient than other jurisdictions. The initial stay-at-home orders from 30 March 2020 to 15 May 2020 mirrored those in NSW and Victoria, with essential services remaining open and non-essential businesses including gyms and entertainment venues closed. However, QLD avoided prolonged lockdowns akin to Victoria's 'Stage 3' and 'Stage 4' restrictions. The Greater Brisbane Lockdown from 29 March 2021 to 15 April 2021 featured brief, targeted lockdowns used strategically to contain outbreaks. These short-term measures were effective in managing the virus without the extended disruptions seen in Victoria. A similar approach was taken by **SA**, where stay-at-home orders from 18 November 2020 to 22 November 2020, and the Circuit Breaker lockdown from 20 July 2021 to 27 July 2021 involved short, sharp lockdowns to quickly contain a cluster. SA's circuit breaker lockdown included extensive restrictions including a 2.5km travel limit, mandatory face masks and only five reasons to leave home: exercise, essential work, compassionate and care giving, shopping for essential goods and medical reasons. For both SA and QLD, types of business closures were similar to those in Victoria and NSW.

WA maintained a hard border policy for the majority of the COVID-19 pandemic. The state's focus on border controls allowed greater flexibility in local restrictions, resulting in fewer and shorter internal lockdowns. The contrast between essential and non-essential businesses remained similar to other states and territories during the pandemic. Similarly, the **Northern Territory (NT)** border closures from 24 March 2020 to 23 November 2020 imposed quarantine requirements for interstate travellers, allowing local businesses to operate more freely compared to other states and territories. The Greater Darwin Lockdown from 16 August 2021 to 23 August 2021 imposed stay-at-home orders and closed non-essential businesses.

Appendix C Economic policy responses to the COVID-19 pandemic in other jurisdictions

The disruption to economic activity placed enormous pressure on business' revenue, profits and jobs, and as such, many governments intervened with response and recovery measures to financially support businesses. Across the Organisation for Economic Co-operation and Development (OECD) member countries, economic and financial policies to mitigate the effects of the COVID-19 pandemic on businesses generally included one or more of the following:

- **tax-based measures**, including deferring tax payments and providing tax credits;
- **balance-sheet measures**, including loans and liability guarantees to delay the impact of cash deficits;
- **spending measures**, including the provision of grants and subsidies.⁴⁴

This chapter provides an overview of spending measures (i.e., business subsidies and direct business grants) across jurisdictions similar to Victoria, including Australia, New Zealand, Canada, France, the UK and all Australian states and territories.^{§§}

C.1. Commonwealth policy responses

C.1.1. Subsidies

In **Australia**, the JobKeeper wage subsidy introduced by the Commonwealth Government was the largest economic stimulus policy for the country, totalling \$88.9 billion (4.5 per cent of GDP) over the life of the scheme from March 2020 to March 2021.⁴⁵ JobKeeper sought to cover the cost of employee wages and assist businesses in retaining staff. It was accompanied by several other Commonwealth expenditure programs, including the Cashflow Boost for small to medium enterprises (SMEs) and not-for-profits (NFPs),⁴⁶ an apprenticeship-specific wage subsidy,⁴⁷ and the SME Recovery Loan Scheme.⁴⁸ Eligible employers under the JobKeeper program were paid \$1,500 per eligible FTE per fortnight. Eligibility included employers who had an annual turnover of \$1 billion or less, were not subject to the Major Bank Levy and had an estimated 30 per cent fall in turnover.⁴⁹

New Zealand implemented a NZ\$18.8 billion wage subsidy for businesses, amounting to a similar spend at approximately 4.6 per cent of GDP. Employers who predicted or experienced a 40 per cent decline in revenue over a consecutive 14-day period compared to the six weeks prior were eligible to receive up to NZ\$585.80 per week for each employee previously working more than 20 hours per week.⁵⁰

Likewise, the **Canada** Emergency Wage Subsidy provided a wage subsidy in 2020 and 2021 to businesses that experienced a decline in revenue, at a rate based on the business' drop in revenue. It had the same objectives of preventing job losses and keeping employees on payroll but spent relatively more than New Zealand and Australia at approximately 5.5 per cent of GDP (C\$105.2 billion).⁵¹ Canada also introduced the Canada Recovery Hiring Program (C\$814 million), whereby Canadian businesses could receive a subsidy of up to 50 per cent on incremental remuneration of wages, capped at C\$1,129 per employee per week.⁵²

The €8.4 billion **French** wage subsidy for SMEs, to the value of 80 per cent of salaries of beneficiary staff, also had objectives to support businesses to resume activities and prevent layoffs.⁵³ Although France provided less relative support through this wage subsidy at 1.1 per cent of GDP,⁵⁴ it was also accompanied by other large programs such as the Solidarity Fund (see Section C.1.2).⁵⁵

^{§§} This may not include the full suite of business supports available during the COVID-19 pandemic and focuses on programs similar to the evaluand.

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In the **UK**, the Coronavirus Job Retention Scheme spent relatively less than Australia, New Zealand and Canada at approximately 3.0 per cent of GDP (£70 billion) but was accompanied by a number of other grants (see Section C.1.2). The UK wage subsidy was more broadly targeted than other countries that limited eligibility to certain levels of turnover or revenue decline. It subsidised 80 per cent of wages up to £2,500 per month per employee for all UK firms registered with government pay-as-you-earn (PAYE) payroll. It also paid an additional grant to cover the cost of Employer National Insurance and pension contributions.⁵⁶

In addition to wage subsidies, some jurisdictions provided subsidies for other costs. For instance, the Canada Emergency Rent Subsidy (CERS) was introduced in September 2020 (C\$6.55 billion) and subsidised up to 65 per cent of commercial rent and other property expenses faced by businesses depending on the percentage of revenue decline.⁵⁷ On top of this, businesses could receive a 25 per cent top-up on the rent subsidy through the Lockdown Support Program (C\$1.11 billion).⁵⁸

Some jurisdictions provided more targeted business support for particular sectors. For instance, a smaller €200 million **French** aid scheme provided a wage subsidy to businesses hospitality, tourism and catering and events that were forced to cease activities for at least 140 days or experienced a drop in turnover exceeding 90 per cent.⁵⁹ Similarly, **Canada** implemented the Tourism and Hospitality Recovery Program and Hardest-Hit Business Recovery Program targeted at tourism and hospitality businesses. These two programs subsidised wages and rent at a rate of 75 per cent and 50 per cent, respectively, for businesses experiencing a loss of turnover between 40 per cent and 50 per cent.^{60 61}

A summary of key federal subsidies implemented for businesses is provided in Table C.1.

Table C.1: Federal subsidies to support businesses impacted by COVID-19.

Jurisdiction	Subsidy	Dates	Spend as % of GDP (dollar value)	Value of subsidy	Type of business eligible
Wage subsidies					
Australia	JobKeeper	March 2020 to March 2021	4.5% (AU\$88.9 billion)	AU\$1,500 per fortnight per eligible FTE	<ul style="list-style-type: none"> Annual turnover less than AU\$1 billion 30% or more fall in turnover Not subject to Major Bank Levy
	Supporting Apprentices and Trainees and Boosting Apprenticeship Commencements Wage Subsidy	April 2020 to June 2021	0.1% (AU\$2.8 billion)	50% wage subsidy for apprentices up to AU\$7,000 per quarter	<ul style="list-style-type: none"> Employing less than 200 people An apprentice or trainee is undertaking an Australian Apprenticeship in the businesses
New Zealand	Wage Subsidy Scheme	March 2020 to August 2021	4.6% (NZ\$18.8 billion)	NZ\$585.80 per week per employee previously working more than 20 hours per week	<ul style="list-style-type: none"> 40% decline in revenue over consecutive 14 days compared to the six weeks prior
Canada	Canada Emergency Wage Subsidy	March 2020 to April 2022	5.5% (C\$105.2 billion)	75% of employee wages on the first C\$58,700 per employee, up to C\$847 per week	<ul style="list-style-type: none"> Employers with at least 30% decline in revenue during an eligible period
	Canada Recovery Hiring Program	June 2021 to May 2022	0.03% (C\$814 million)	50% of wages, capped at C\$1,129 per employee per week	<ul style="list-style-type: none"> Employers with at least 30% decline in revenue during an eligible period
France	Activité partielle	March 2020 to September 2021	1.1% (€8.4 billion)	100% of wages at minimum wage or 84% of higher gross wages up to a maximum of 4.5 times the	<ul style="list-style-type: none"> All private employers could access the scheme as it was a previously existing temporary scheme for certain classes of

Jurisdiction	Subsidy	Dates	Spend as % of GDP (dollar value)	Value of subsidy	Type of business eligible
				minimum wage, with employer contributions required from June 2020	workers, with increased scope and duration during COVID-19
UK	Coronavirus Job Retention Scheme	March 2020 to September 2021	3.0% (£70 billion)	80% of wages up to £2,500, with a reduction to 60% in September 2020	• All firms registered for PAYE payroll
Other subsidies					
Canada	CERS and Lockdown Support Program	September 2020 to October 2021	0.2% (C\$7.66 billion)	CERS subsidy of commercial rent and other property, capped at C\$75,000: 80% of revenue drop for businesses with 1% - 49% drop in revenue 40% of expenses + (revenue drop – 50%) x 1.25 for businesses with a 50% - 69% revenue drop 65% of expenses for businesses with 70% or more drop in revenue. Lockdown payment: Top-up 25% of expenses covered by CERS for businesses receiving CERS affected by more than one week of restrictions	

Source: Deloitte Access Economics.⁶²**C.1.2. Direct business grants**

Many federal governments also provided direct grants to businesses to assist in meeting costs and lost turnover as a result of the COVID-19 pandemic. However, these reflected relatively less expenditure than subsidies.

In **New Zealand**, a Resurgence Support Payment (NZ\$2.9 billion) was introduced in February 2021 to assist businesses that experienced more than seven consecutive days of public health restrictions at Alert Level 2.⁶³ It provided \$1,500 per business plus an additional \$400 per FTE to the lesser of a total of 50 FTEs or four times the experienced revenue drop over the period of restrictions.⁶⁴

In **Australia**, the SME Cashflow Boost (\$35.4 billion) provided temporary cash flow boosts for SMEs and NFPs between March and June 2020, varying between \$20,000 and \$100,000, depending on the amount of pay as you go (PAYG) tax withheld. While businesses did not need to apply, lodging an activity statement with the tax office for GST subsequently delivered credits to businesses with an ABN and turnover less than \$50 million through the system.⁶⁵

In the **UK**, multiple business grants were introduced at different times, varying in quantum. The Small Business Grants Fund (SBGF) was distributed by Local Authorities and provided £10,000 to £25,000 one-off payments to all UK businesses eligible for the existing Small Business Rates Relief and Rural Rates Relief programs between March and September 2020. This was supported by targeted grants for hospitality, retail and leisure businesses more adversely affected by the COVID-19 pandemic through the Retail Hospitality and Leisure Grant Fund (RHLGF), which provided one-off payments of £25,000 per property. Combined, the SBGF and RHLGF distributed £22.2 billion to businesses.⁶⁶

To support small and micro businesses not eligible for the Rates Relief programs and therefore not eligible for either the SBGF and RHLGF, the Local Authority Discretionary Grant Fund was introduced. This fund (£4.1 billion) covered fixed property costs up to the value of £25,000, distributed at the discretion of Local Authorities to businesses. As the pandemic progressed, further one-off grants were also provided by the UK Government, including through the:

- **Christmas Support Payment** (£46 million), providing a one-off £1,000 payment per business for all wet-led pubs in areas experiencing Tiers 2-4 restrictions during December 2020.
- **Restart program** (£6 billion), providing £6,000 for non-essential retail and up to €18,000 for hospitality, leisure, personal care and accommodation businesses in 2021.

- **Omicron Hospitality and Leisure Grant** (£912.5 million), providing a one-off payment of £6,000 to hospitality, leisure and accommodation businesses operating in fixed rate paying premises in 2021 to 2022.⁶⁷

France's Solidarity Fund (€38.8 billion) sought to support microenterprises and self-employed people affected by the economic repercussions of the COVID-19 pandemic. These direct grants initially allowed beneficiaries to face the operating costs and lost turnover of the business up to the value of €1,500, with additional top-ups of €2,000 to €5,000 if severe economic consequences to the business were demonstrated.⁶⁸ A second tranche allowed initial beneficiaries of the Solidarity Fund to receive an additional lump sum proportional to lost turnover if their balance sheet was negative and they could not access a cash loan.⁶⁹

Additional larger grants and subsidised loans for French SMEs and large corporates provided up to €800,000 in all sectors under the 'Regime Cadre Temporaire' scheme (€7 billion), with the exception of those in the primary agricultural and fishery and aquaculture sectors who received a smaller amount.⁷⁰ Subsequent grants were introduced to complement these measures and mitigate liquidity shortages as the pandemic progressed into 2021, including a €2 billion scheme to provide direct grants to all companies, irrespective of size or sector, suffering a monthly turnover decline of at least 30 per cent, up to the value of €10 million per company.

Further, the French Government provided one-off grants to specifically affected sectors such as furniture, clothing, IT and sport retailers, household good repair, hairdressing and beauty care services, and catering, events, accommodation, travel agency, gym and museum businesses to assist in covering rent and turnover losses during COVID-19 shutdown periods.⁷¹ Similarly, grants were provided for French businesses in the beef cattle, horticulture, sports and ski sectors at various points during the pandemic. The quantum of each of these grants depended on the extent of turnover loss the business experienced.⁷²

A summary of key federal grants implemented for businesses is provided in Table C.2.

Table C.2: Summary of key federal grants to support businesses impacted by COVID-19.

Jurisdiction	Subsidy	Dates	Spend as % of GDP (dollar value)	Value of grant per business
Australia	SME Cashflow Boost	March 2020 to September 2020	1.8% (AU\$35.4 billion)	Two payments of \$10,000 - \$50,000 , depending on the amount of PAYG tax withheld
New Zealand	Resurgence Support Payment	February 2021 to August 2021	0.7% (NZ\$2.9 billion)	NZ\$1,500 Additional \$400 per FTE to the lesser of a total of 50 FTEs or four times the experienced revenue drop over the restrictions period
France	Solidarity Fund	March 2020 to June 2022	1.6% (€38.8 billion)	€1,500 Additional top-up of €2,000 - €5,000 if severe economic consequences, one-off.
	Regime Cadre Temporaire	March 2020	0.2% (€7 billion)	€100,000 for businesses in the primary agricultural sector €120,000 for businesses in the fishery and aquaculture sector €800,000 for all other sectors
UK	SBGF and RHLGF	March 2020 to September 2020	1.0% (£22.2 billion)	SBGF: £10,000 - £25,000 per business RHLGF: £25,000 per property
	Local Authority Discretionary Grant Fund	May 2020 to September 2020	0.2% (£4.1 billion)	£25,000, £10,000, or any amount under £10,000 at the discretion of local authorities
	Christmas Support Fund	December 2020	0.002% (£46 million)	£1,000
	Restart program	April 2021	0.3% (£6 billion)	£6,000 for non-essential retail £18,000 for hospitality, leisure, personal care and accommodation
	Omicron Hospitality and Leisure Grant	Dec 2021	0.04% (£912.5 million)	£6,000

C.2. Sub-national policy responses

C.2.1. Sub-national government support programs

State and territory governments in many jurisdictions provided grants to businesses to supplement Commonwealth grants and subsidies. Their purpose was to support businesses amidst a loss of income associated with restrictions. Some supports were one-off grants, while others were recurring payments on a weekly or monthly basis. Grants provided by state and territory governments were specific to particular periods of restrictions or types of public health restrictions (e.g., border closures) but often much smaller.

A key distinction between Australia and comparable jurisdictions overseas is that the primary Australian Government subsidy program, JobKeeper, was phased out relatively early in 2021. This motivated state and territory governments to introduce or significantly increase business support programs to a level not seen sub-nationally elsewhere.^{***}

For example, in **Canada**, while the federal response consisted primarily of wage and rent subsidies, the Ontario Small Business Support Grant (C\$939 million) provided \$10,000 to \$20,000 one-off grants for small businesses in the Ontario province that were severely impacted by specific periods of restrictions over winter in 2020.⁷³ While a large expenditure for the province was at 0.12 per cent of gross product, it was relatively small compared to expenditure by some Australian states and territories on business support.

Likewise, the **UK** introduced Local Restrictions Support Grants (approximately £10.6 billion) in March 2020 for businesses in certain regions.⁷⁴ Though initiated federally, the Local Restriction Support Grants functioned like state grants in that they were distributed through local authorities. However, these grants were recurring and provided relatively more funding overall to businesses that were forced to close or could remain open but were severely impacted by COVID-19 pandemic restrictions (£2,100 to £3,000 per month).⁷⁵

In the early stages of the pandemic, some Australian state and territory governments supplemented Commonwealth business support payments with state-level grants. In **Victoria**, the \$1.3 billion Business Support Fund provided \$10,000 grants to eligible businesses between May and June 2020. At 0.28 per cent of Victoria's GSP, this was a significant business support expenditure for a broad range of businesses compared to other jurisdictions in 2020, where support was targeted to particular localities and on a smaller scale. In **NSW**, the largest expenditure at this time equated to only 0.08 per cent of the state's GSP. This expenditure was a \$10,000 Small Business Support Grant, introduced to support the ongoing operation and survival of small businesses by meeting their fixed costs while they experienced a revenue downturn. This was followed by a smaller \$3,000 recovery grant to help small businesses meet the costs of safely reopening or upscaling operations once public health restrictions lifted. Southern Border Small Business Support Grants (\$15.3 million) were subsequently introduced to recognise the economic impacts of state border closures on business activity. However, in most other jurisdictions, there was limited to no additional business support in the form of grants provided by state and territory governments throughout 2020.

In 2021, business support provided by Australian state and territory governments expanded, particularly in Victoria and NSW, which spent significantly more than other Australian jurisdictions. Grants varied in size between \$6,000 and \$100,000 per business and were mostly broad-based grants targeting small to medium businesses experiencing significant hardship.

Grant programs were often expanded as the pandemic progressed. For example, the initial QLD 2021 COVID-19 Business Support Grants program was extended to businesses on the border of NSW and QLD that were previously ineligible for state-administered grants.⁷⁶ In NSW, multiple extensions and amendments to programs such as JobSaver expanded the eligibility to include more impacted sectors and NFPs, while payments were steadily tapered down as public health restrictions eased.⁷⁷ For two jurisdictions (NSW and NT), some grants were recurring on a weekly basis.⁷⁸ NSW was also the only state or territory jurisdiction where some business support was more reminiscent of a wage subsidy like JobKeeper than a grant, paid at a set rate of payroll.

In Victoria, \$11 billion (2.2 per cent of GSP) was spent on business support during the pandemic in 2020 and 2021, with \$7.6 billion of this across three key programs and the remainder across a large number of smaller programs. In NSW, a similar amount was spent on business support at \$11.5 billion (1.7 per cent of GSP), but primarily concentrated within three programs in 2021.⁷⁹

Further detail on Australian sub-national grants is summarised in Table C.3.

^{***} Does not include US.

Table C.3: Business support provided by Australian state and territory governments.^{†††}

Jurisdiction	Support	Date	Spend as % of GSP (dollar value)	Support amount per business
Victoria	Business Support Fund	May 2020 to June 2020	0.28% (\$1.3 billion)	\$10,000 , one-off
	LHVF	September 2020; June 2021 to November 2021	0.27% (\$1.4 billion)	\$3,500 - \$30,000 depending on the round, varying between one-off and recurring weekly payments, with tiers based on patron capacity and location
	BCAP	February 2021; June 2021 to November 2021	0.98% (\$5.0 billion)	\$2,000 - \$8,400 depending on the round, varying between one-off and recurring weekly payments, with tiers based on payroll
	Small Business COVID Hardship Fund	May 2021 to August 2021	0.26% (\$1.3 billion)	\$20,000 , one-off
	Business Hardship Fund, Circuit Breaker Business Support Package, Hospitality Support Program and other COVID-19 Grants	May 2020 to December 2021	0.44% (\$2.0 billion)	\$250,000 to major event organisers, hosts and suppliers under Sustainable Event Business Program, one-off \$25,000 to event organisers and up to \$10,000 to suppliers of Tier 1 and Tier 2 public events under Impacted Public Events Support Program, one-off Other various grant amounts , one-off
NSW	\$10,000 Small Business Support Grant	April 2020	0.08% (\$520.9 million)	\$10,000 , one-off
	\$3,000 Small Business Recovery Grant	April 2020	0.02% (\$109.1 million)	\$3,000 , one-off
	Southern Border Small Business Support Grant	September 2020 to October 2020	0.002% (\$15.3 million)	\$5,000 for businesses with at least 30 per cent decline in business turnover, one-off \$10,000 for businesses with at least 75 per cent decline in business turnover, one-off
	Northern Beaches Small Business Hardship Grant	February 2021 to June 2021	0.002% (\$11.7 million)	\$3,000 for small businesses with 30% decline in turnover for minimum two weeks, one-off \$5,000 for small businesses with 50% decline in turnover for minimum two weeks, one-off
	2021 COVID-19 Business Grant	June 2021 to July 2021	0.35% (\$2.36 billion)	\$7,500 for businesses with 30% or more decline in business turnover, one-off \$10,500 for businesses with 50% or more decline in business turnover, one-off \$15,000 for businesses with 70% or more decline in business turnover, one-off
	JobSaver	July 2021 to November 2021	1.06% (\$7.15 billion)	<u>For businesses with a 30% or more decline in turnover for a minimum of two weeks, compared to 2019-20:</u>

^{†††} This may not include the full suite of business supports available during the COVID-19 pandemic and focuses on programs similar to the evaluand. Some business supports do not provide a total spend or estimated spend value publicly online.

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Jurisdiction	Support	Date	Spend as % of GSP (dollar value)	Support amount per business	
				40% of payroll per week (minimum of \$1500 and maximum of \$100,000), reduced to 30 per cent in October 2021 \$1,000 per week for non-employing businesses	
	COVID-19 Micro-Business Grant	July 2021 to November 2021	0.12% (\$781.1 million)	<u>For businesses with a 30% or more decline in turnover for a minimum of two weeks, compared to 2019-20:</u> \$1,500 per week	
	Small Business Support Grant	February 2022 to April 2022	0.01% (\$99.2 million)	20% of payroll per week, with a minimum – maximum of \$750 - \$5,000	
ACT	COVID-19 Business Support Grant	August 2021 to May 2022	0.72% (\$326.5 million)	Non-employing businesses: Payment 1: \$1,000 (expanded to \$7,500) Payment 2 (additional extension for businesses still impacted by restrictions): \$7,500 Payment 3 (additional extension for Tourism, Accommodation, Arts and Events, Hospitality and Fitness sectors): \$5,000 All one-off payments	Employing businesses: Payment 1: \$3,000 (expanded to \$20,000) Payment 2 (additional extension for businesses still impacted by restrictions): \$20,000 Payment 3 (additional extension for Tourism, Accommodation, Arts and Events, Hospitality and Fitness sectors): \$8,000 for businesses with < \$2 million turnover, \$15,000 for business with \$2 million - \$5 million turnover, \$25,000 for businesses with > \$5 million turnover Payment 4: \$20,000 for businesses with \$2 million - \$5 million turnover, \$40,000 for business with \$5 million - \$10 million turnover, \$60,000 for businesses with >\$10 million turnover
	COVID-19 Small Business Hardship Scheme	November 2021 to June 2022	0.03% (\$13.3 million)	Up to \$10,000 for utilities, rates and commercial vehicle registration, three payments	
QLD	COVID-19 Small Business Adaptation Grants	May 2020 to August 2020	0.0002% (\$634,888)	\$10,000 , one-off	
	COVID-19 Border Business Zone Hardship Grants	August 2021 to November 2021	Unavailable publicly	\$5,000 for employing businesses, one-off \$1,000 for non-employing sole traders, one-off.	
	2021 COVID-19 Business Support Grant	August 2021 to November 2021	0.08% (\$316.6 million)	\$1,000 for non-employing sole traders \$10,000 for businesses with <\$1.3 million payroll, one-off \$15,000 for businesses with \$1.3 million-\$15 million payroll, one-off \$30,000 for businesses with >\$10 million payroll, one-off	
	COVID-19 Tourism and Hospitality Sector Hardship Grant	August 2021 to November 2021	0.03% (\$132.1 million)	\$30,000 for tourism and hospitality businesses with <\$1.3 million payroll, one-off \$50,000 for tourism and hospitality businesses with \$1.3 million - \$10 million payroll, one-off \$100,000 for tourism and hospitality businesses with >\$10 million payroll, one-off	

Jurisdiction	Support	Date	Spend as % of GSP (dollar value)	Support amount per business
	Major Tourism Experiences Hardship Grant	October 2021 to December 2021	Unavailable publicly	\$2 million for tourism businesses with >\$25 million turnover, >50 employees, across two payments \$3 million for tourism businesses with >\$100 million turnover, >200 employees, across two payments \$4 million for tourism businesses with >\$200 million turnover, >500 employees, across two payments
SA	COVID-19 Business Support Grant and Additional Business Support Grant	July 2021	0.01% (\$18 million)	\$1,000 for non-employing businesses or \$3,000 for employing businesses for each grant, one-off. Additional \$1,000 when located in Adelaide CBD
	COVID-19 Business Hardship Grant	July 2021; December 2021	0.01% (\$15 million)	July: \$2,000 for non-employing businesses or \$6,000 for employing businesses, one-off. December: \$6,000 , one-off. Additional \$2,000 when located in Adelaide CBD.
	COVID-19 Tourism and Hospitality Support Grant	July 2021 to August 2021		\$1,000 for non-employing businesses or \$3,000 for employing businesses for each grant, one-off. Additional \$7,000 for employing businesses with turnover >\$2 million or \$17,000 for employing businesses with turnover >\$5 million.
	Major Events Grant	July 2021	Unavailable publicly	Up to \$100,000 for organisers of cancelled or postponed major public events.
WA	Small Business Hardship Grant	December 2021 to January 2022	0.03% (\$107.9 million)	\$3,000 for sole traders, one-off \$7,500 for businesses with 1-5 FTE, one-off \$20,000 for businesses with 6-19 FTE, one-off \$50,000 for businesses with 20+ FTE, one-off
NT	COVID-19 Lockdown Payment Program	November 2021 to January 2022	Unavailable publicly	\$1,000 per week for businesses with \$75,000 - \$2 million business turnover \$2,000 per week for businesses with \$2 million - \$5 million business turnover \$4,000 per week for businesses with \$5 million - \$10 million business turnover
	Visitation Reliant Small Business Support Program	August 2021 to January 2022	Unavailable publicly	Round 1: \$1,000 for sole traders, one-off \$3,000 for employing businesses, one-off Round 2: \$3,000 for sole traders, one-off \$9,000 for employing businesses, one-off
	Tourism Survival Fund	August 2021 to January 2022	Unavailable publicly	Round 1: \$5,000 for businesses with up to \$250,000 in turnover, one-off \$10,000 for businesses with \$250,000 - \$1 million in turnover, one-off \$20,000 for businesses with \$1 million - \$5 million in turnover, one-off \$30,000 for businesses with more than \$5 million in turnover, one-off Round 2: \$15,000 for businesses with \$75,000 to \$250,000 in turnover, one-off \$30,000 for businesses with \$250,000 - \$1 million in turnover, one-off \$60,000 for businesses with \$1 million - \$5 million in turnover, one-off

Jurisdiction	Support	Date	Spend as % of GSP (dollar value)	Support amount per business
				\$90,000 for businesses with more than \$5 million in turnover, one-off
TAS	COVID-19 Micro and Small Business - Border Closure Critical Support Grant Program	August 2021 to October 2021	0.20% (\$73 million)	\$7,000 total for non-employing businesses with turnover of \$25,000 - <\$50,000, two rounds (\$4,000 an \$3,000) \$14,000 total for non-employing businesses with turnover of \$50,000 - <\$1 million, two rounds (\$8,000 an \$6,000) \$35,000 total for employing businesses with turnover of \$50,000 - <\$1 million, two rounds (\$20,000 an \$15,000) \$60,000 total for employing businesses with turnover of \$1 million - \$5 million, two rounds (\$35,000 an \$25,000) 1100,000 total for employing businesses with turnover of \$5 million - \$10 million, two rounds (\$60,000 an \$50,000)

Source: Deloitte Access Economics.⁸⁰

C.3. Eligibility criteria and distribution of COVID-19 pandemic business support programs

Across each business support program, eligibility criteria varied but generally required the demonstration of a combination of:

- holding a business identifier, such as an ABN;
- minimum and maximum number of employees (for employing businesses);
- maximum annual turnover, tax revenue or payroll;
- minimum decline in revenue as a result of COVID-19 pandemic restrictions as compared with a previous period;
- operation in certain sectors or locations

The primary requirement for COVID-19 business grants in every jurisdiction was that the business must have been impacted by COVID-19 pandemic-related public health restrictions. For most jurisdictions assessed, with the exception of the UK and the Australian Commonwealth, impact was measured by a reduction in business revenue or turnover, demonstrated through reporting and business activity statements when compared to previous periods. The threshold varied from any reduction (or no specification of value) in New Zealand for its Resurgence Support Payment, to more than 75 per cent in NSW for its Southern Border Small Business Grant in 2020.⁸¹ However, majority ranged between 30 per cent to 50 per cent.⁸²

Other business grants applied broader eligibility and did not consider the specific impact of COVID-19 pandemic restrictions. For example, the Australian Commonwealth SME Cashflow Boost only required businesses to have held an ABN on 12 March 2020, have aggregated turnover of less than \$50 million and be paying any appropriate salaries, wages and other payments.⁸³ Similarly, most other Australian jurisdiction business grants, including the NSW JobSaver Payment and COVID-19 Micro Business Grant, ACT COVID-19 Business Support Grant, the SA COVID-19 Business Hardship Grant, QLD COVID-19 Business Support Grants and WA Small Business Hardship Grants, required businesses to hold a valid and active ABN as at a particular date. Likewise, the New Zealand Resurgence Support Payment required businesses to hold a New Zealand Business Number.⁸⁴ Some additionally required businesses to be registered for GST.⁸⁵

Further to be eligible for any business grant in NSW, aggregated turnover needed to exceed \$75,000, with a cap of \$250 million for 2021 NSW JobSaver.⁸⁶ Grants in the ACT similarly required a minimum annual turnover of \$75,000,⁸⁷ while the federal business supports such as the Solidarity Fund in France and JobKeeper wage subsidy in the Australian Commonwealth required a maximum turnover of €1 million and \$1 billion, respectively.⁸⁸ Alternatively to business turnover, some jurisdictions used payroll. For instance, the WA Small Business Hardship Grant required businesses' payroll to be less than \$4 million, while the 2021 NSW COVID-19 Business Grant, QLD 2021 COVID-19 Business Support Grant, SA COVID-19 Business Hardship Grant and ACT COVID-19 Business Support Grant required payroll of a business to be less than \$10 million in the previous year.⁸⁹

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Canadian, French and UK jurisdictions restricted business grant eligibility to particular sectors such as tourism, hospitality and leisure,⁹⁰ while some Australian jurisdictions granted higher payments for businesses in these sectors or made concessions in eligibility criteria, such as a higher payroll threshold or turnover.⁹¹ Similar patterns of lenient eligibility were also observed for QLD, SA and NSW with respect to location of the business in the CBD or on a border.⁹²

Regarding number of employees, the threshold varied between self-employed or less than 10 employees in France,⁹³ to less than 100 employees in Canada,⁹⁴ or within a range between 0.5 and 19 employees in NSW.⁹⁵ QLD and WA additionally distributed grant amounts by number of employees.⁹⁶

As opposed to creating newly assessed eligibility criteria, some jurisdictions used participation in a previous program to determine eligibility. For example, the UK SBGF required businesses to have been previously eligible for the preexisting Small Business Rates Relief or Rural Rates Relief Programs, leveraging the rateable threshold measured in these programs to determine the grant amount.⁹⁷ Likewise, the SA COVID-19 Tourism and Hospitality Support Grant was provided to businesses that had previously received the COVID-19 Additional Business Support Grant.⁹⁸

C.4. Previous evaluations of COVID-19 economic business support programs

Though not every COVID-19 economic business support program has been evaluated, those evaluated have indicated positive impacts on businesses and the economy.^{***} For example, the 2020 NSW Government COVID-19 Small Business Grants, including the \$10,000 Small Business Support Grant, \$3,000 Small Business Recovery Grant and the Southern Border Small Business Support Grants, generated small but consistent and positive impacts on business survival, where an evaluation concluded that receiving the grant increased the likelihood of survival for small businesses in the short to medium term.⁹⁹ Further, though the quantifiable benefits did not exceed costs, it was suggested that non-quantifiable scale and long-term qualitative benefits, such as the improved business confidence and avoiding costs associated with belief scarring, increased risk aversion and 'economic long-COVID', were material and significant.¹⁰⁰ Similarly, an evaluation of the ACT COVID-19 Business Support Grant found that the initiative was effective in assisting businesses to manage the impact of public health measures and meet some costs faced while being unable to trade and operate.¹⁰¹

In addition to grant programs, some subsidy programs have also been evaluated, indicating that such initiatives were cost-effective crisis interventions to support business survival and job retention in the short and medium term. For instance, the Canadian Emergency Wage Scheme found that businesses receiving the subsidy had a 6.9 percentage point probability of being closed during 2020 and 2021.¹⁰² Regarding job retention, the Australian JobKeeper scheme was estimated to have supported around 3.5 million workers and preserved more than 700,000 jobs that might otherwise have been lost between April and September 2020.¹⁰³ Similar findings were found for the UK Coronavirus Job Retention Scheme and New Zealand wage subsidy, with businesses more likely to retain staff or plan to increase staff.¹⁰⁴ The UK scheme was estimated to have protected around 4 million jobs, at a social benefit to cost ratio of 4:1.¹⁰⁵

The Australian JobKeeper scheme also maintained employer-employee relationships, facilitating a quicker recovery as restrictions eased and businesses began to reopen, and was effective in supporting part-time and casual workers who were most vulnerable to job losses during the pandemic.¹⁰⁶ Likewise, an evaluation of the New Zealand wage subsidy program found that job retention was higher for vulnerable workers such as young workers and Asian and Pacific workers.¹⁰⁷

Some evaluations have taken a more holistic approach to government support. In France, it was observed that the number of business failures in 2020 decreased due to COVID-19 pandemic government business support measures, such as grants, delaying the fall in employment. This was particularly for SMEs that received more targeted support.¹⁰⁸ While a similar decrease was observed for bankruptcies, it has been acknowledged that the bankruptcy rate did not change for some subsectors; however, this is likely to depend on the type of government support each sector received.¹⁰⁹

Evaluations have also commented on the design and delivery of business support programs. Canadian grant schemes and Australia's JobKeeper scheme have been similarly critiqued for not being proportional to business and worker needs.¹¹⁰ Jurisdictional evaluations in the ACT, NSW and Canada have also commented on the risk of fraud and payments made to ineligible recipients.¹¹¹ For the UK Coronavirus Job Retention Scheme, the evaluation found that the design achieved an appropriate balance between getting support to employers quickly and managing the risk of error and fraud.¹¹² For Australia's JobKeeper scheme, some studies have suggested that it might have prolonged the life of non-viable businesses, potentially delaying necessary economic adjustments.¹¹³ However, one study of COVID-19 pandemic business support in France demonstrated that 'Zombie' or defaulting firms that would have been unviable without the government support received no more financial assistance from such initiatives than their share of the economy.¹¹⁴

**** Grants administered by the NSW government in 2021, including the 2021 COVID-19 Business Grant, JobSaver Payment and COVID-19 Micro-Business Grant, are currently undergoing evaluation in 2024.

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While many support programs used tax data from previous years to verify claims and calculate the amount to pay, this may have excluded some self-employed workers who recently opened their business and had not previously submitted tax returns. As such, many evaluations acknowledged that while post-payment controls were preferred to pre-payment controls to limit this impact, an increased risk of incorrect payments and fraud was consciously accepted.¹¹⁵ Although some countries sought to increase the complexity of eligibility to ameliorate this, this was at the cost of clarity for applicants and a slower roll out.¹¹⁶ Approaches to business support where a business received a grant to be used for a variety of purposes but was required to report back on how funding was used, as well as clear and specific eligibility criteria, have been suggested to have mitigated the risk of fraud and incorrect or disproportional payments.¹¹⁷ While subsidies may be limited in scope to particular costs and necessitate greater administrative complexity, they can be designed to be proportional to the needs of the business in a way that a flat grant amount cannot.

Appendix D Case Studies

BCAP Case Study: Children's sporting organisation



Business Description

A children's sporting business combines three entities: two dedicated to teaching sports and one providing administrative support. These businesses work collaboratively with staff teaching across the two locations while the administrative business handles payroll. The teaching entities are the public-facing side of the company and generate revenue.

This case study highlights the impact of COVID-19 lockdowns on the newest business, which began operations in January 2020, and how the BCAP2 program impacted it.

Impact of COVID-19

The business had to close in March 2020 due to COVID-19 public health restrictions and remained closed until October 2020. Further restrictions in 2021 led to additional closures, with full trading only resuming in October 2021. Since the classes were the sole source of revenue, no income was generated during the lockdowns. As the business had just opened in January 2020, it wasn't eligible for government support and lacked established savings. To cover costs, the business relied on a \$100,000 private investment and support from the other two businesses within the company. The administrative division received JobKeeper funding, enabling them to pay all employees.

Engagement with BCAP

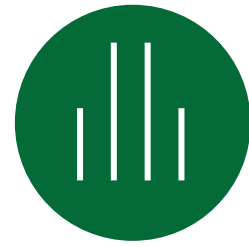
The business first learned about the BCAP through emails from Business Victoria and other professional associations. Initially, it was ineligible for the first round of BCAP due to its ANZIC code but later qualified for BCAP2 and subsequent rounds. The grant funds were used to pay outstanding bills and contribute to staff wages after the conclusion of JobKeeper.

However, the business also acknowledged that without the support of the other businesses in the company, their loyal customer base and their understanding landlord, they would have closed despite receiving the grants. Many customers did not request refunds for missed classes, allowing the business to use the prepaid fees to stay afloat. Additionally, their landlord permitted reduced rent payments during the restrictions, although the accrued debt had to be paid later.

Improvement Opportunities

The business found the online application process challenging, contributing to the overall stress they were feeling from the COVID-19 lockdowns. The manager couldn't confirm if the required information was entered correctly, as there was no confirmation of the application progressing to the next round. The stress was only alleviated when the payment was received. The business manager reported a need for clear and regular communication throughout the process to improve the experience.

LHVF Case Study: Local sports and recreation club



Business description

The community sports and recreation club plays a pivotal role in the local community by hiring out its facilities for little or no fee for events such as birthdays, weddings, fundraisers and community gatherings. Additionally, it hosts functions for local sporting clubs. When COVID-19 public health restrictions were announced, the club had two part-time employees but was mainly run by community volunteers. Most of the club's operating profits were used to support local sports clubs, covering utilities, equipment maintenance, player payments and other costs.

This case study highlights the impact of COVID-19 lockdowns on the community sports and recreation club, and how the LHVF program impacted it.

Impact of COVID-19

The COVID-19 public health restrictions forced the club to cease operations. Since all profits were directed to local sports clubs, the club lacked reserves to cover essential bills like insurance and utilities. To meet these payments, the club sold its remaining alcohol stock. They were on the verge of requesting donations to cover outstanding costs before learning about the LHVF grants.

Engagement with LHVF

The club received three rounds of LHVF funding. The club's treasurer described the initial application as "simple", and noted that subsequent applications were easier due to prepopulated forms, making the process "straightforward".

The club was satisfied with the grant amount received, acknowledging their smaller business size but appreciating that it allowed them to cover costs and continue operations once restrictions eased. LHVF funds were utilised to pay outstanding and incoming bills, support their two part-time employees and restock the liquor supply in preparation for reopening. The club credits these grants for enabling them to reopen and continue operations post-restrictions. However, following the reopening, the club has closed again for renovations and has not been generating revenue recently.

The closure of the club had ripple effects on the community. Local sporting clubs, deprived of a source of income during the restrictions and unable to receive government support, couldn't replace broken equipment or pay players. Consequently, they sought alternative income sources, including sponsorships, and lost players to other clubs.

Improvement opportunities

The club's treasurer felt that more communication and follow-up on the club's progress during the closure period would have been beneficial. They noted limited communication from the Department, aside from notifications of new grant rounds. The treasurer believed that increased communication, including checks and balances on fund utilisation, would be advantageous and could reduce instances of businesses accessing grants without genuine need.



BCAP Case Study: Independent theatre company

Business description

An independent theatre company operates creates and performs its own work, holding an established residency at a local venue in the Melbourne suburbs which provides consistent and ongoing income. The company also runs youth drama programs and works with communities to build opportunities and interest in the performing arts.

This case study highlights the impacts of COVID-19 lockdowns on the theatre company and how they were able to leverage the BCAP program to cover costs and grow the business.

Impact of COVID-19

As a result of the COVID-19 pandemic, public health restrictions prevented the theatre company from performing or running its programs, resulting in a complete loss of income. Even when the company could reopen, audiences were restricted to a maximum of 10 people initially, drastically reducing the income potential of the business. Consequently, the theatre company was unable to pay staff and fund its programs, facing the possibility of cancelled tours.

Engagement with BCAP

The theatre company first learned about the BCAP grant online. Though it was initially ineligible due to its ANZSIC code, expansions in the eligibility criteria enabled the theatre company to receive grants in BCAP2 and subsequent rounds. Not only did it use the grants to cover costs and keep the company in operation, but it was also able to grow the business by purchasing new costumes, complete a tour (including venue hire fees) and establish a post-pandemic marketing fund to boost presence and attract patrons.

With a “refreshingly easy” application process that made the process “almost stress free”, the theatre company was able to recover financially and facilitate a successful return to operation following the pandemic.

Improvement opportunities

Though the theatre company was generally positive towards the grants and could not identify specific opportunities for improvement, it did note that the breadth of how the grants could be used did leave the grants vulnerable to misuse.

LHVF Case Study: Restaurant and event space



Business description

The business is a licensed restaurant and event space located in the Mornington Peninsula within an established winery. They have a long-established community presence and are well-known in the area. With a large seating capacity, they regularly host weddings and other large events.

This case study highlights the impacts of COVID-19 lockdowns on the restaurant and event space and their experience with the LHVF program.

Impact of COVID-19

When COVID-19 public health restrictions were introduced, the restaurant had to close its operations. On the first weekend of the restrictions, the venue was booked for three separate weddings, all of which had to be rescheduled. The food prepared for these events was sold online at a discount as 'ready meals'. Although the restaurant attempted to continue providing these meals as a source of income, it proved financially unsustainable.

Despite the closure, ongoing costs such as rent, utilities, staff wages and other unavoidable expenses persisted. While the restaurant received JobKeeper to pay eligible staff, those ineligible due to their visa status were paid from the business's reserves. These ongoing costs significantly strained the business, leading the owner to use personal funds to cover expenses. As public health restrictions gradually eased, the restaurant struggled to recover. Density limits reduced seating capacity, and travel restrictions in other parts of the state impacted patronage. Reduced headcounts at weddings further diminished revenue, prolonging the recovery process.

Engagement with LHVF

The restaurant applied for LHVF once the program was announced. However, the liquor licence associated with the property had not been updated for 20 years, inaccurately reflecting the venue's current capacity. Since this outdated information was relied on to determine grant amounts, the restaurant consequently received a grant tier equivalent to a small café, rather than the 150-capacity venue registered with the local council. This amount was insufficient to cover many unavoidable costs experienced by the restaurant.

Once JobKeeper concluded in March 2021, the restaurant lacked support to pay staff wages, requiring the owner to use personal savings and business reserves to ensure staff wages, rent and utilities were paid. To rectify the liquor licence issue, the restaurant hired a bookkeeper to provide all requested information; however, this additional cost did not lead to more grant funds.

Due to the financial strain, the owner is now considering closing the business after 20 years.

Improvement opportunities

Though the grants helped cover some costs, the restaurant was generally dissatisfied with the perceived lack of compassion from the government. They believed that more open communication from the Department may have enabled them to explain their liquor licence conditions and access the appropriate grant amount for their seating capacity.

BCAP Case Study: **Independent myotherapist**



Business description

A sole trader operates their own myotherapy practice, renting a space from a larger clinic but operating independently.

This case study highlights the impact of COVID-19 public health restrictions on the myotherapy practice and the impact of BCAP2.

Impact of COVID-19

The COVID-19 public health restrictions severely impacted the ability of the myotherapist to generate income, requiring their operations to close. Unable to see clients, the myotherapist was unable to generate income, nor pay rent and associated utility costs under their agreement with the larger clinic.

Engagement with BCAP

Hearing about the BCAP grants through a friend, the sole trader qualified for BCAP2 and subsequent rounds. The funds received through the program enabled the myotherapist to pay rent and utility costs and avoid surrendering their lease which would have likely ended their practice and ruined their efforts to establish themselves in the local community. Without the grants they believed they would have needed to find alternative employment through a larger company. The sole trader also found the application process and associated instructions to be easy and clear.

Improvement opportunities

The myotherapist was generally positive towards the BCAP grants and could not offer any specific improvement opportunities for the program.

LHVF Case Study: Fast, casual eatery



Business description

Located in the heart of Melbourne's CBD, an eatery specialises in fast and casual dining. While the eatery is part of a larger group, they operate as an independent business.

This case study considers the impact of COVID-19 lockdowns on the eatery and the impact of the LHVF program.

Impact of COVID-19

Following the introduction of COVID-19 public health restrictions, the eatery was forced to restrict operations to takeaway through delivery apps only. Despite this revenue stream, sales dropped 85 per cent when compared to periods of unrestricted trading. Though the eatery worked to reduce costs where possible and JobKeeper supported some wage costs, the business ultimately had to let multiple staff go.

Engagement with LHVF

Since the eatery held a liquor licence, it was eligible to access the LHVF program, and used the grants to cover rent and utility costs, as well as wages upon the conclusion of JobKeeper. Between LHVF and income from delivery apps, the business was able to break-even with respect to its revenue and costs, pay staff and relieve some financial stress.

The eatery appreciated the automatic nature of subsequent LHVF rounds and was able to complete the required administration for the application "pain free". Overall, the business reported a positive experience with the program.

Improvement opportunities

Generally, the eatery was impressed by the program and the speed of its establishment. However, it suggested that grant distribution be based on actual or potential revenue of the business rather than seating capacity which does not always reflect business size. For example, a business may report a large revenue potential but have a small seating capacity due to location or business model.

Appendix E Business survey results

To inform this evaluation, Deloitte fielded an online survey of BCAP and LHVf grant recipients. The survey was distributed via email by the Department. The survey was sent to 5,000 grant recipients from each program, this was a sample from the total 9,763 LHVf grant recipients and 141,789 BCAP recipients. A total of 478 responses were received, including 125 partial responses, reflecting a response rate of 4.8 per cent. Of the 478 responses, 435 were deemed viable. The survey received marginally more responses for LHVf than BCAP (240 and 238, respectively).

While this sample size is small relative to the entire population, it allows confidence in the results at the 90 per cent confidence level and 10 per cent confidence interval when considering basic descriptive statistic for both BCAP and LHVf.

The survey included questions covering the size and industry of the respondent businesses, along with the impact of the grants on business survival, FTE, wellbeing, and the possible usage of the grants. To ensure a distinction between the two grant programs, the survey had two streams, one for BCAP and one for LHVf.

Survey limitations include the following:

- **The survey sample may be biased** – In particular, people with stronger opinions may be more likely to engage with the survey than those with a more neutral perspective.
- **Significant time has elapsed since the fielding of the survey and the administration of BCAP and LHVf** – This extended gap between the grant programs and the survey mean that data collected may not be as accurate as if the survey had been performed sooner. The accuracy of responses is therefore reliant on resident memory to some extent.
- **The survey relies on the respondents to accurately distinguish the effects of the grants on their businesses** – This is likely difficult given there were a range of different interventions and events occurring throughout the COVID-19 pandemic that likely impacted on the same outcomes as the grants.

Table E.1: Business survey response breakdown.

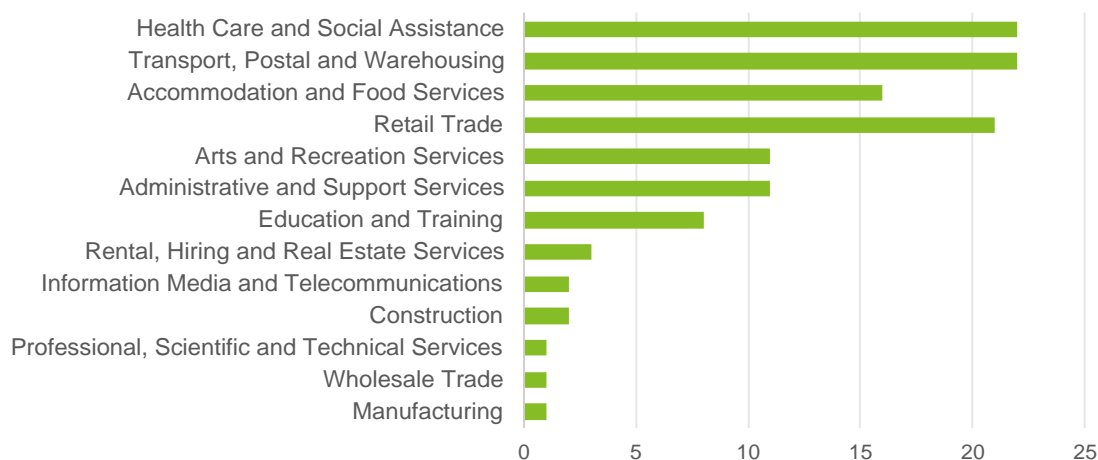
Respondent	BCAP	LHVf
Owner-Operator	196	217
Advisor (e.g., accountant, tax agent, other financial service provider)	10	12
Total viable responses	206	229
Total partial responses	66	59
Did not receive or recall receiving a grant	32	11
Total responses	238	240

Source: Business survey.

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3.1 Business characteristics and background

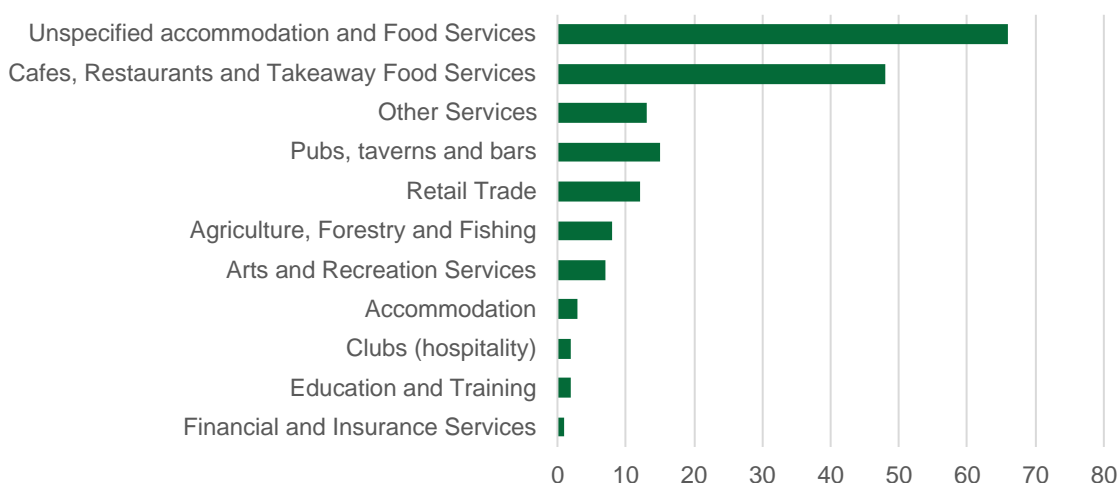
Chart E.1: Primary industry of respondents (BCAP).



Business survey.

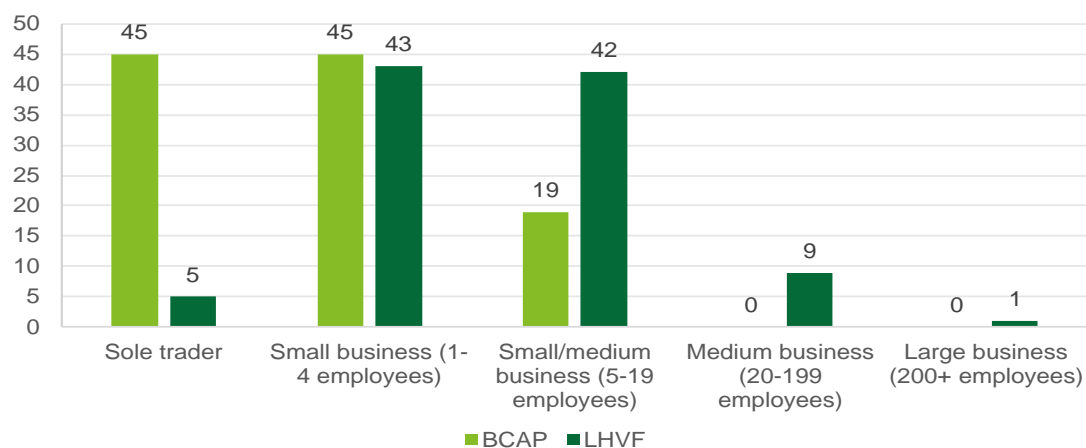
Source:

Chart E.2: Primary industry of respondents (LHVF).



Source: Business survey.

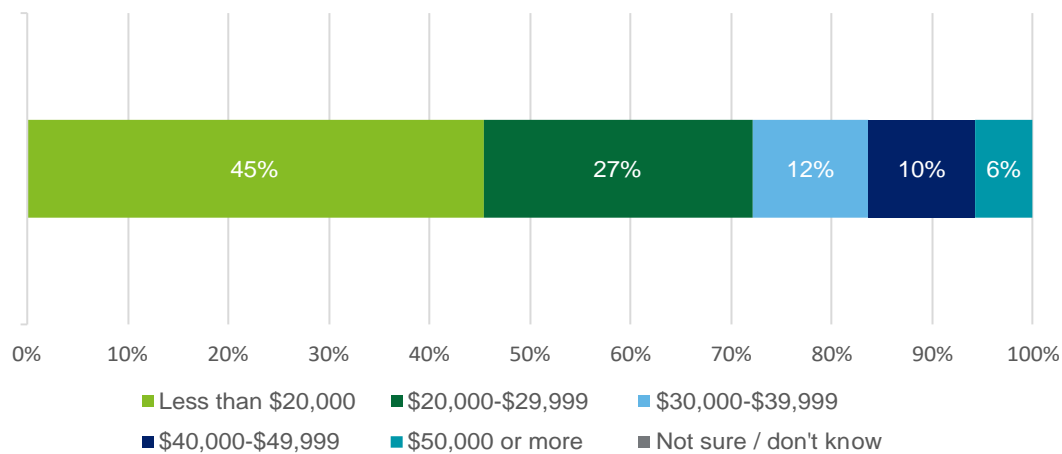
Chart E.3: Survey respondent business size based on number of FTE employees.



Source: Business survey.

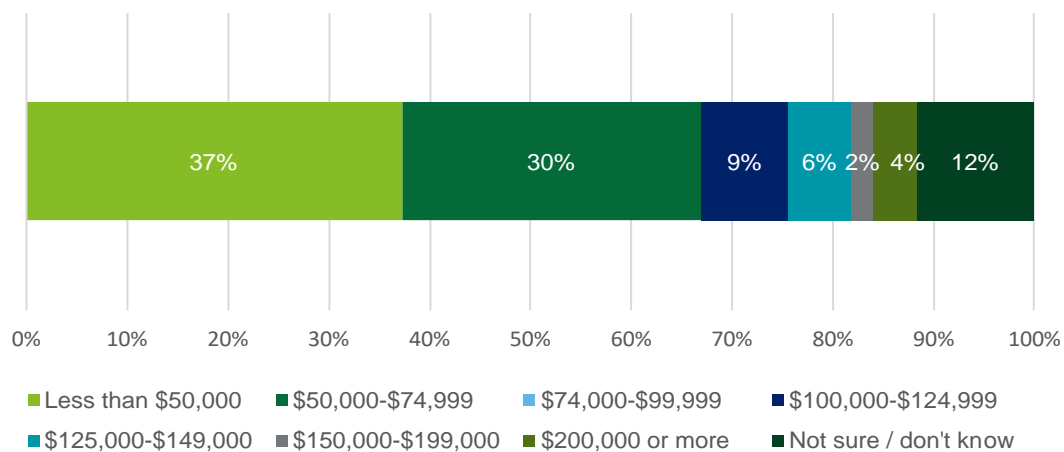
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Chart E.4: Distribution of grant amounts received by individual respondents (BCAP).



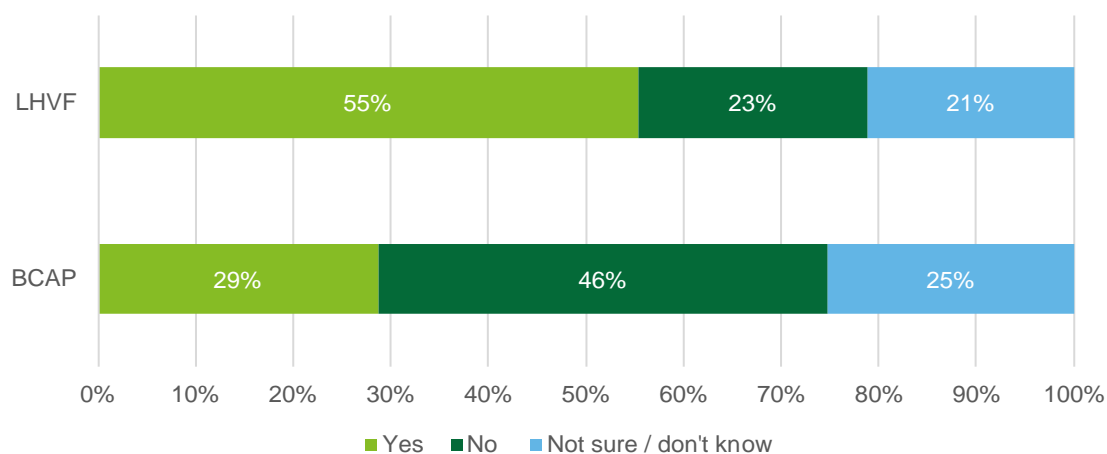
Source: Business survey.

Chart E.5: Distribution of grant amounts received by individual respondents (LHVF).



Source: Business survey

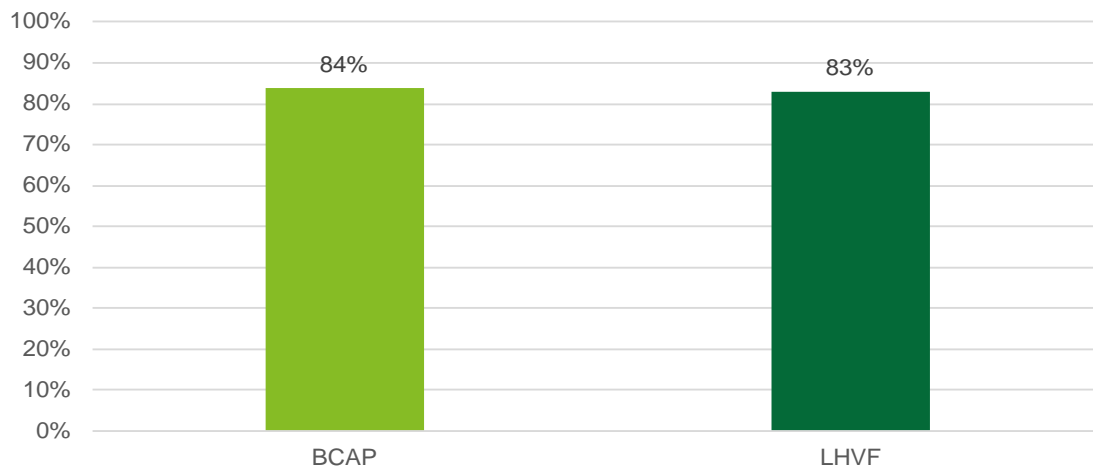
Chart E.6: Share of respondents who received support from alternate government interventions.



Source: Business survey.

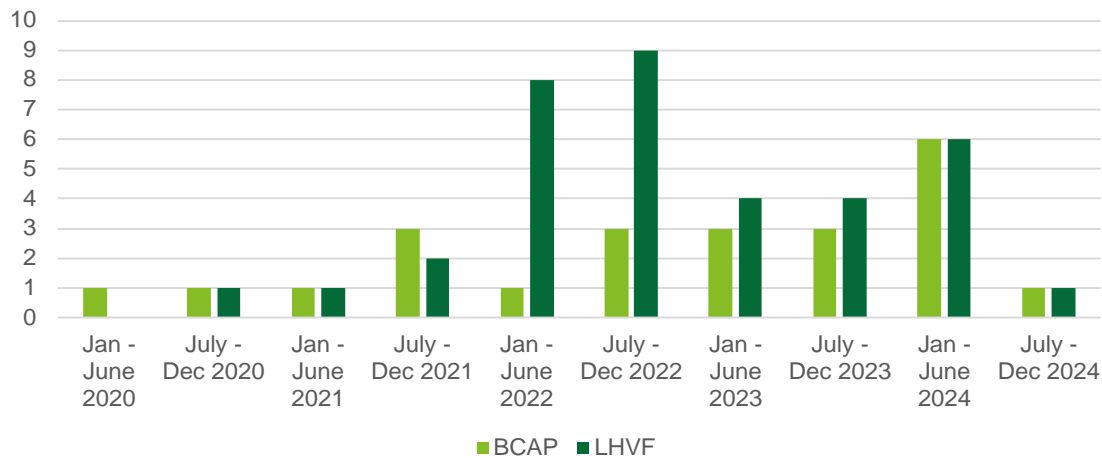
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Chart E.7: Share of business survey respondents whose businesses were operating as of July 2024.



Source: Business survey.

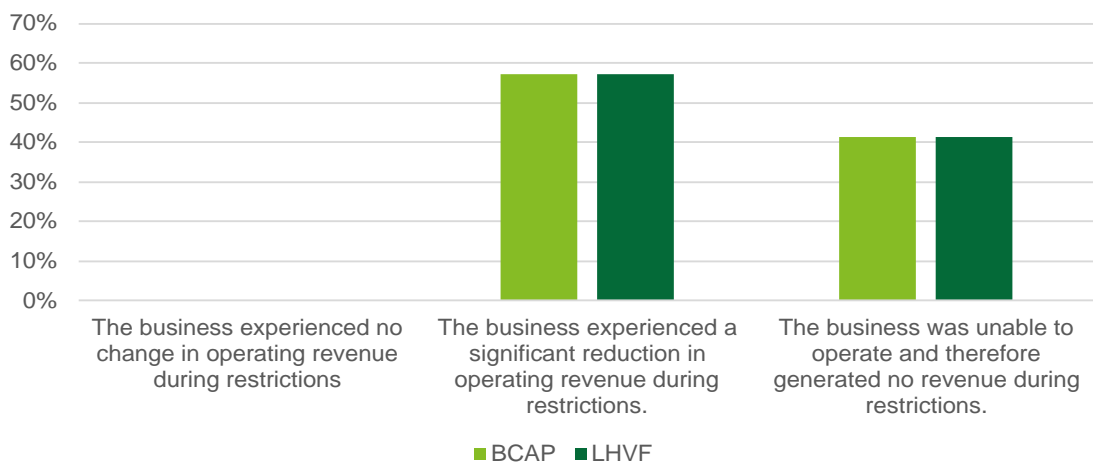
Chart E.8: Number of reported business closures over time.



Source: Business survey.

3.2 Outcomes

Chart E.9: Impact of COVID-19 on operating revenue of respondents.



Source: Business survey.

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Chart E.10: Impact of grants on business survival.

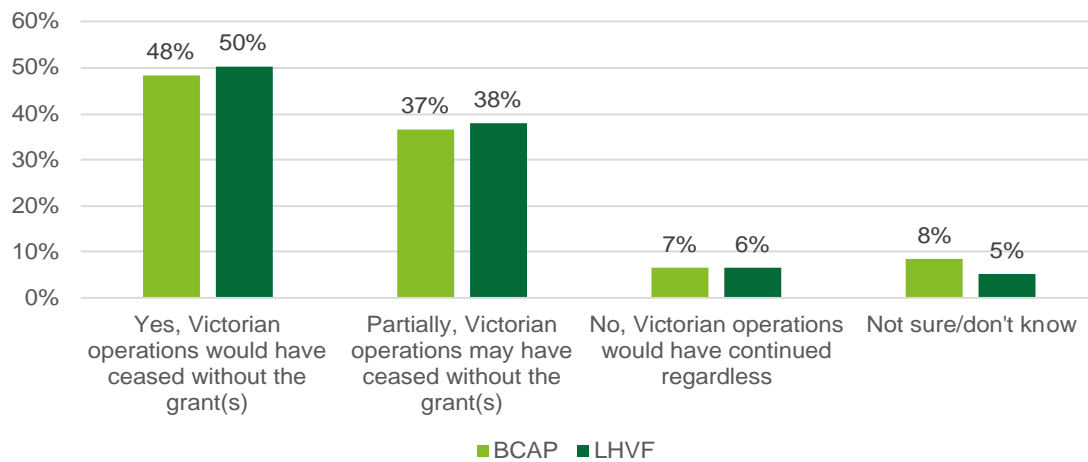
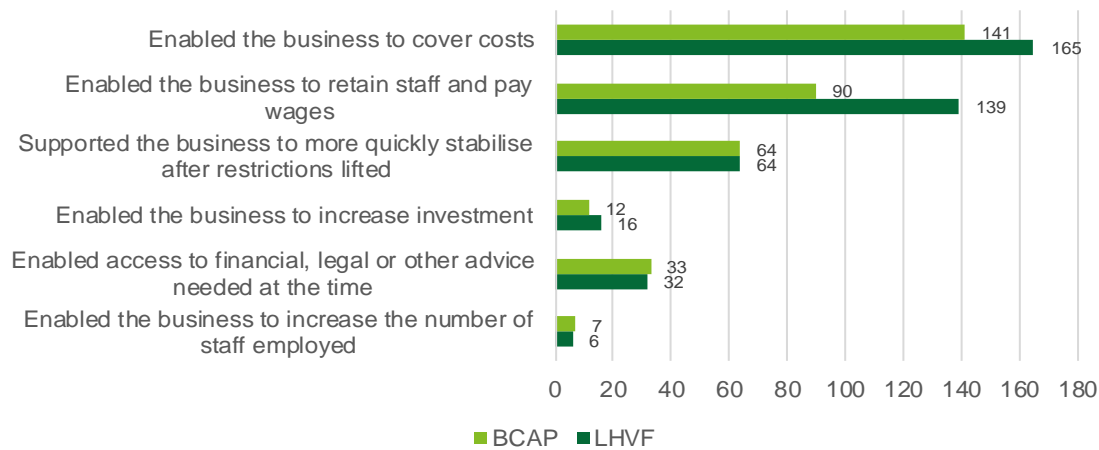
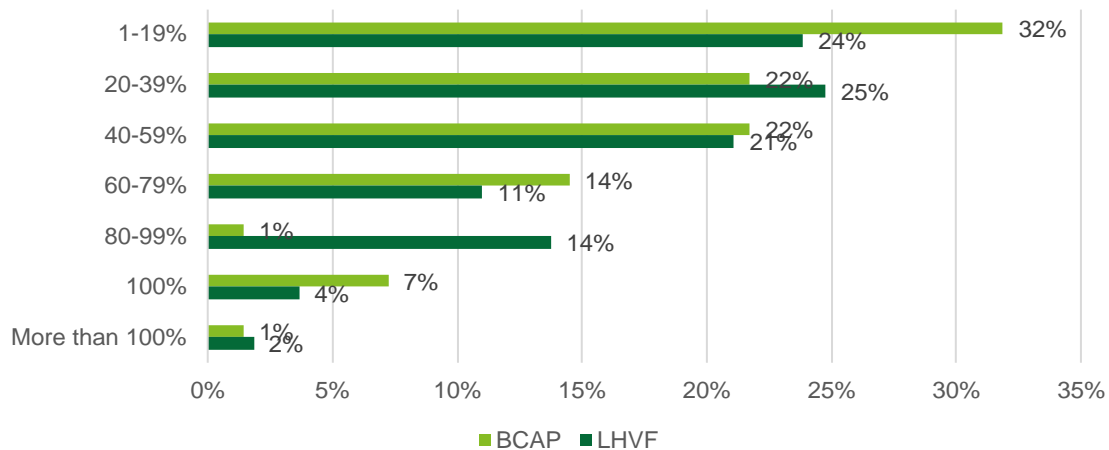


Chart E.11: Number of businesses indicating the grants provided specific types of support.



Source: Business survey.

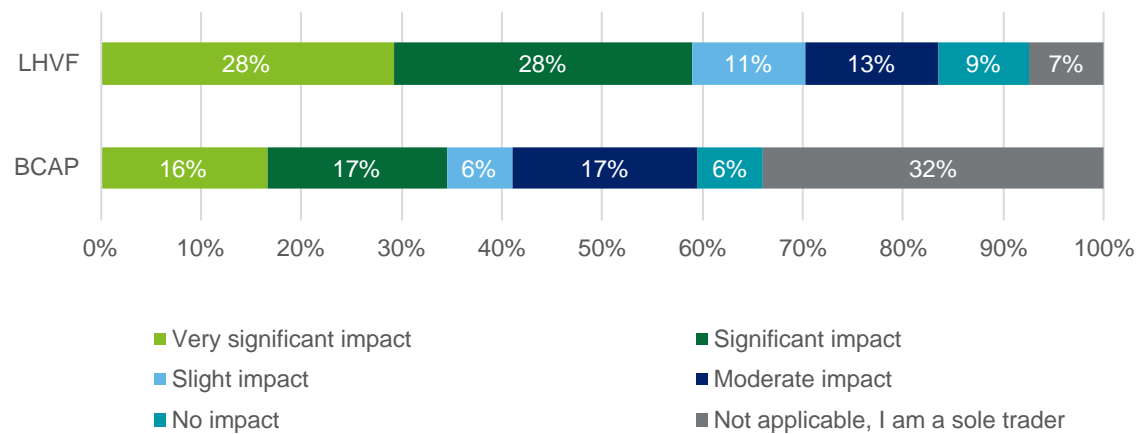
Chart E.12: Total wage uplift attributable to grants.



Source: Business survey.

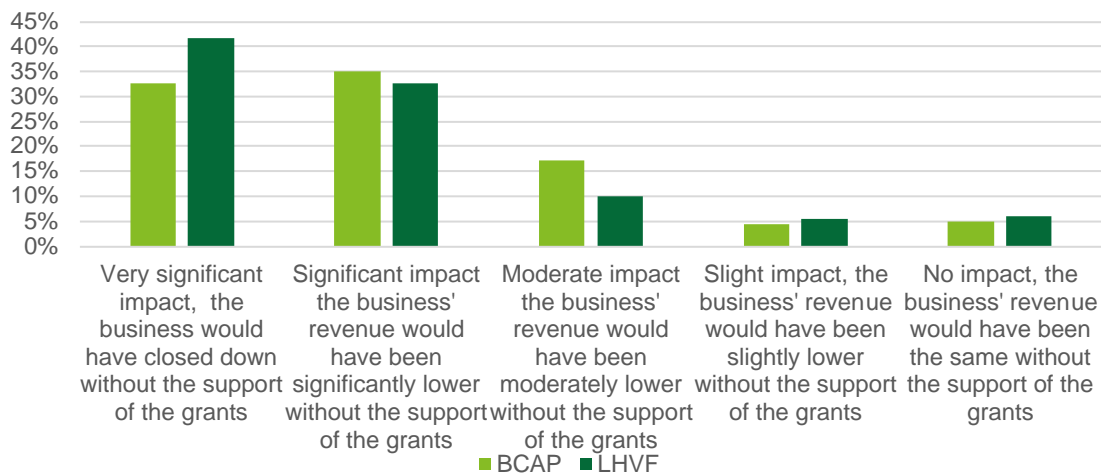
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Chart E.13: Impact of grants on business FTE.



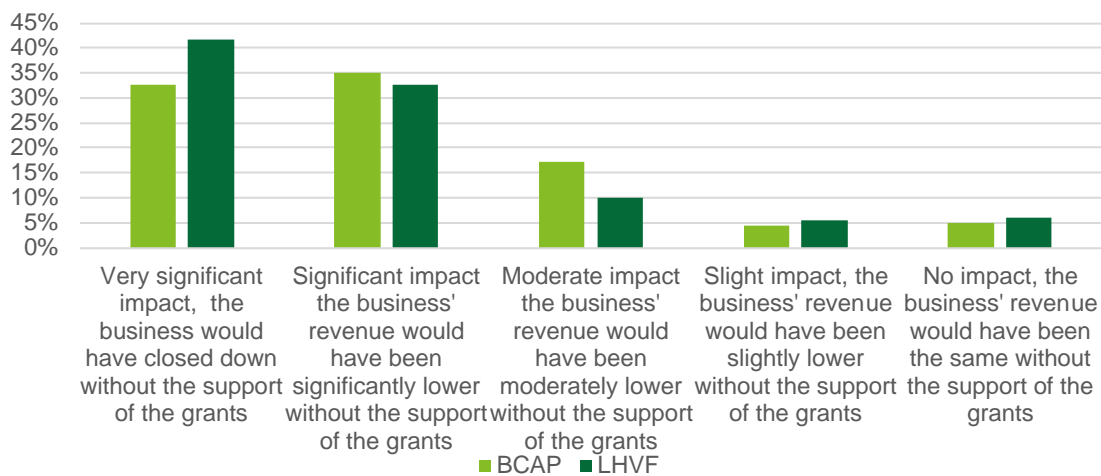
Source: Business survey

Chart E.14: Impact of grants on respondent's operating revenue.



Source: Business survey.

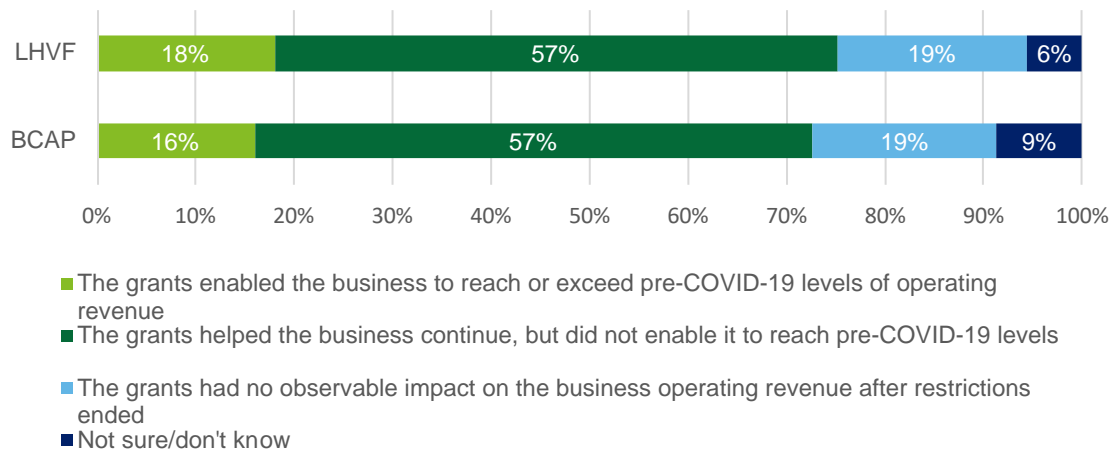
Chart E.15: Uplift in business operating revenue attributable to grants.



Source: Business survey.

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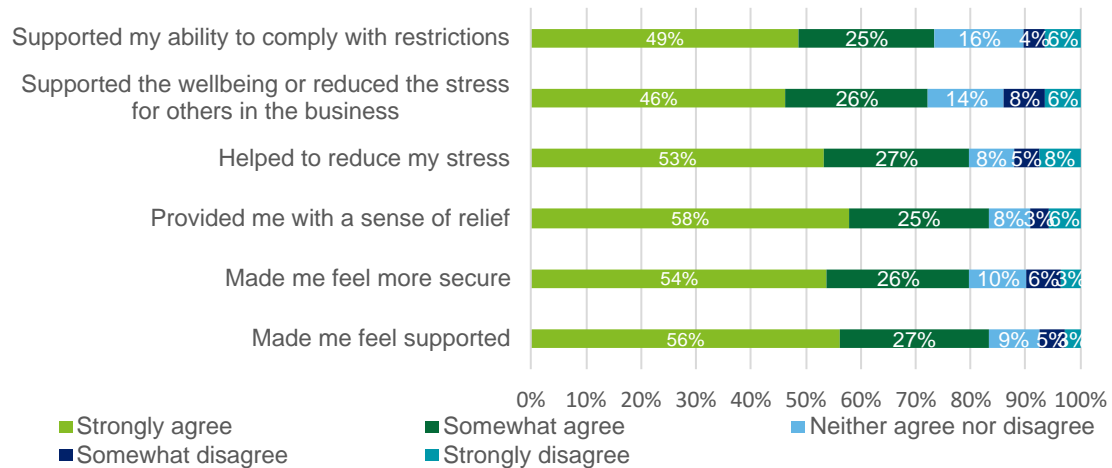
Chart E.16: Impact of grants on return to pre-COVID levels of operation.



Source: Business survey.

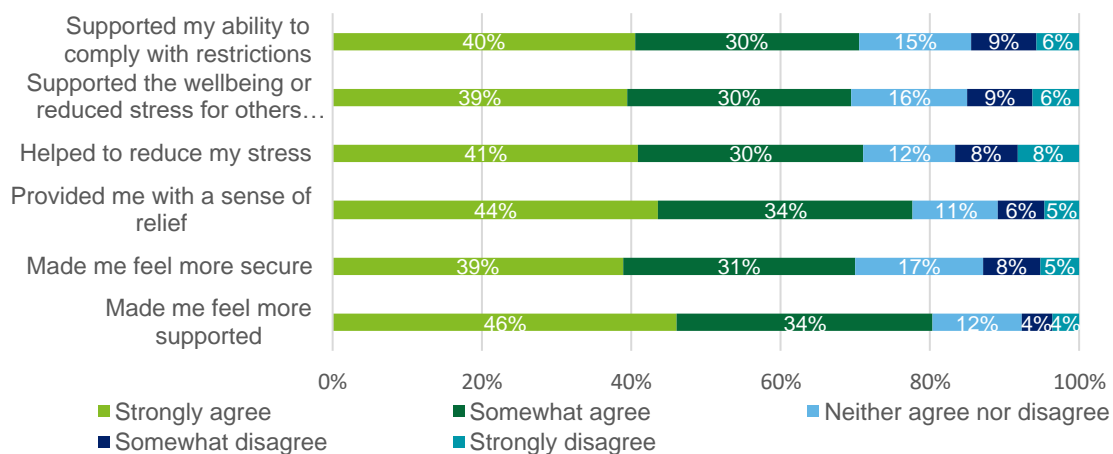
3.2.1.1 Wellbeing impact of grants

Chart E.17: Impact of BCAP on respondent wellbeing.



Source: Business survey.

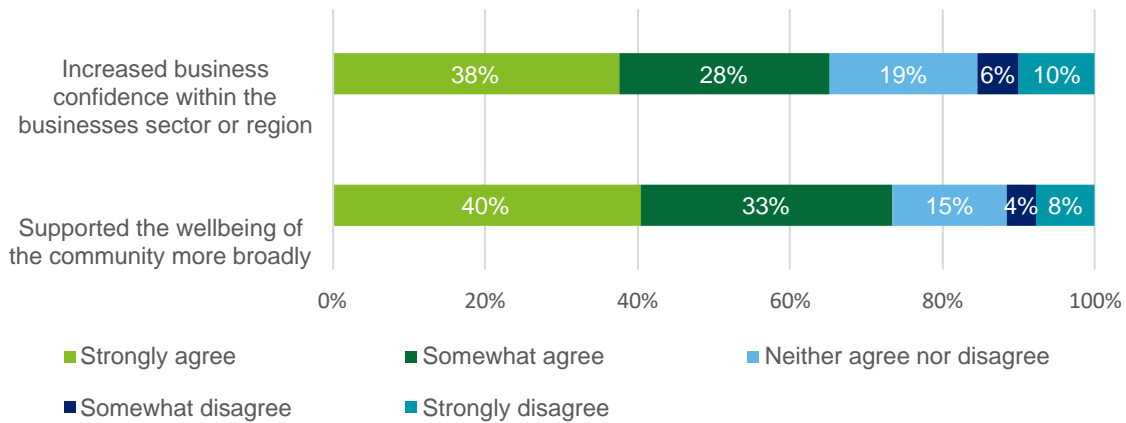
Chart E.18: Impact of LHVf on respondent wellbeing.



Source: Business survey.

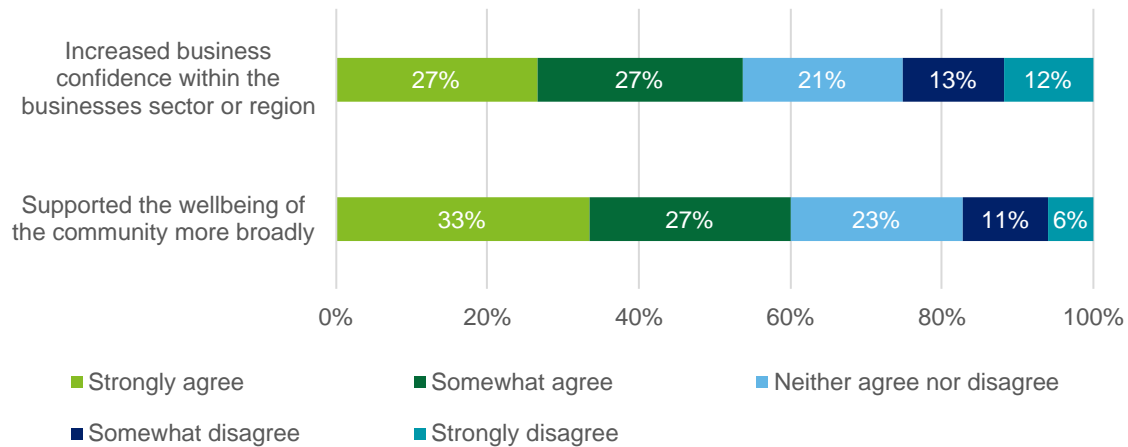
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Chart E.19: Impact of BCAP on broader community.



Source: Business survey.

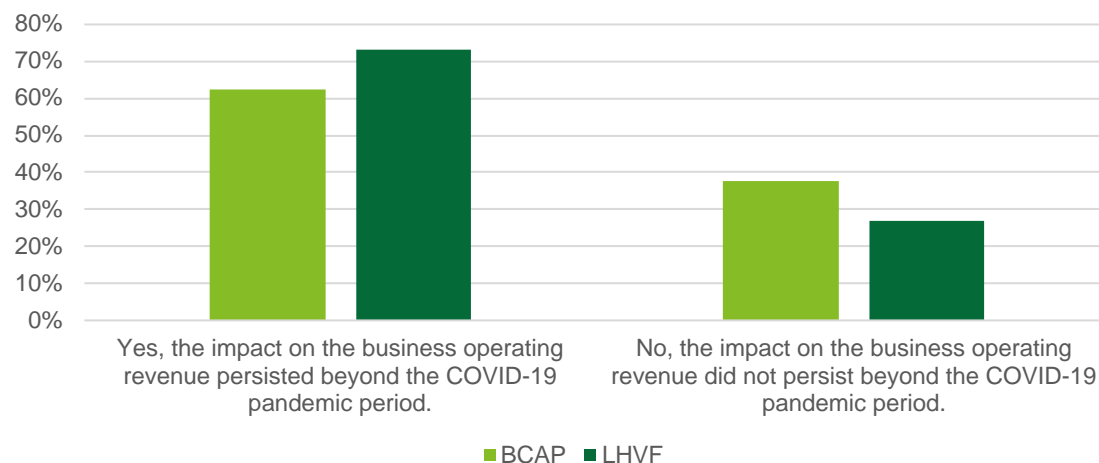
Chart E.20: Impact of LHVf on broader community.



Source: Business survey.

3.2.1.2 Persistence of grants

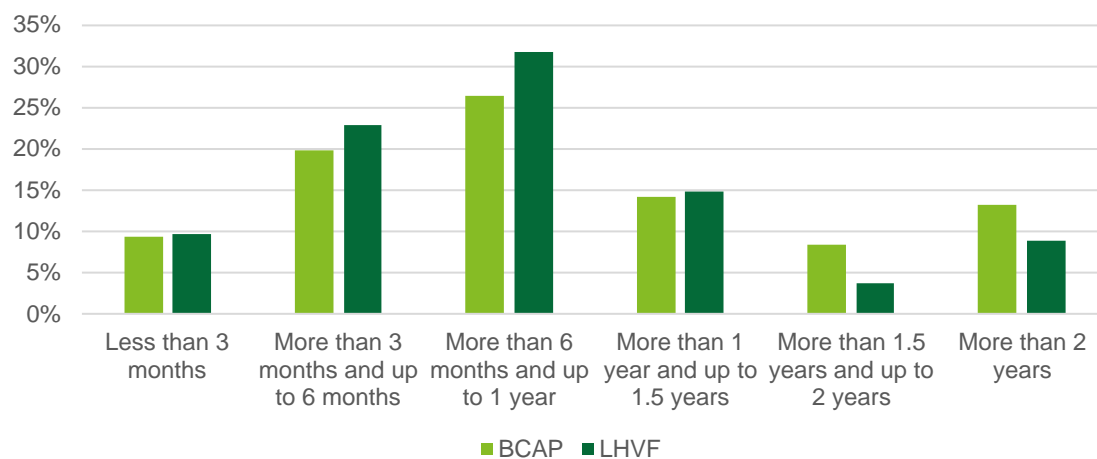
Chart E.21: Persistence of grant impact on respondents.



Source: Business survey.

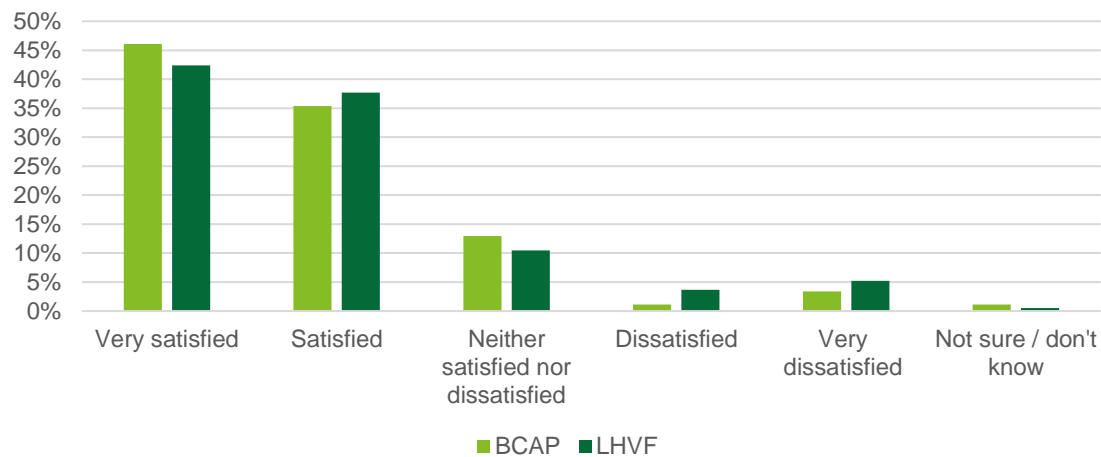
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Chart E.22: Length of grant persistence.



Source: Business survey.

Chart E.23: Respondent satisfaction with applying for and receiving grants.



Source: Business survey.

Appendix F Eligibility criteria and round design

F.1. BCAP round design and eligibility criteria

BCAP consisted of five grant rounds across 2021 to support businesses. Within some rounds, there were additional and automatic top-up payments as COVID-19 public health restrictions were extended beyond anticipated easing dates. Subsequent rounds of BCAP following BCAP 2/2e relied on eligibility established during the 2/2e round. If businesses had not received this BCAP 2/2e grant, they were not eligible for any subsequent round of BCAP 3, 4 or 5, or any associated top-up payments.

Grants were generally a flat one-off payment to all eligible businesses, with the exception of BCAP 4 where a tiered grant payment was introduced based on payroll, and then subsequently payroll and employing status in BCAP 5. Businesses that received LHVf could not receive a grant through BCAP for any round, and private gender-exclusive clubs were excluded from the program from BCAP 2/2e onwards. A number of additional eligibility criteria were also introduced and adjusted over the course of the program. These are described below.

Industry

Grant payments varied by industry. This was defined by their ANZSIC code linked to the business' ABN. For example, following the initial BCAP 1 round in February 2021, and second BCAP 2 round in June 2021, expanded the number of eligible ANZSIC codes to a larger cross section of hospitality, food wholesaling, tourism, events and related services, and selected retail ANZSIC codes. This expansion included laundry and dry-cleaning services. The eligible ANZSIC codes across all rounds of BCAP are displayed in Section F.2. For some rounds or top-ups, the number of eligible industries narrowed over time. In BCAP 2, two grant amounts were available depending on whether businesses were eligible for week one only or all three weeks. As such, gardening services (ANZSIC code 7313) only received one week of payment (\$2,500) as opposed to other ANZSIC codes who received the equivalent for three weeks of payment (an additional \$5,000, topping up BCAP 2 to \$7,500). A similar pattern was used in BCAP 5, where there was a gradual narrowing of industry eligibility between Phase A (first two weeks) and Phase B (second two weeks) of the round. One top-up BCAP 2 payment was also only for tourism-specific ANZSIC codes as a tourism supplement.

Business location

Some top-up payments within a round were only relevant for particular business locations, such as for metropolitan Melbourne, the Melbourne CBD, or regional Victoria. The business location was determined using the ABN registered 'primary operating address'. For example, within BCAP 2, a top-up payment of \$2,000 was provided for businesses only located in the Melbourne CBD. In BCAP 4, the second fortnight of payments reduced the geographic eligibility to metropolitan Melbourne and select regional LGAs, compared to the first fortnight where businesses across the whole of Victoria were eligible. In BCAP 5, while businesses across the whole state received grants, the industry specifications varied by geography and the selection of eligible ANZSIC codes was broader for metropolitan Melbourne than it was for regional Victoria.

Additional eligibility criteria

Payroll – For BCAP 1, only businesses with less than \$3 million in annual Victorian taxable payroll during 2019-20 were eligible. For BCAP 2 and all other subsequent rounds (including BCAP 2e), this maximum annual Victorian payroll expanded to \$10 million.

GST, ABN and WorkSafe – For all rounds of BCAP, businesses needed to be registered for GST, hold an ABN and be registered with WorkSafe for insurance. For BCAP 1, 2 and 2e, this was measured as at 12 February 2021, 27 May 2021 and 15 July 2021, respectively. Other BCAP rounds did not require this measurement as they were based on the eligibility and receipt of BCAP 2/2e.

Registered with the regulator – From round BCAP 2/2e onwards, all businesses needed to be registered with the responsible state and federal regulator where relevant and applicable. This included ASIC, the Australian Charities and Not-For-Profits Commission for charities and NFPs, and Consumer Affairs Victoria for incorporated associations.

Once BCAP 4 was reached, these additional eligibility criteria were all revalidated to ensure businesses receiving grants remained eligible. Businesses also needed to attest that they intended to remain trading at the end of COVID-19 public health restrictions, that they were supporting workers to access paid leave entitlements or work from home, and that the business had incurred direct costs as a result of COVID-19 restrictions such as booking cancellations, utilities, wages, paid leave for staff unable to attend work, rent or the loss of perishable goods. The business also needed to be unable to operate predominantly remotely. The design and eligibility of each round, as well as any changes from the previous round, are shown in 0.

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Table F.1: BCAP round design and eligibility.

Stream ^{\$\$\$}	Round, date and business location	Grant amount	Change from previous round
BCAP			
BCAP	BCAP February 2021 Victoria	\$2,000	<ul style="list-style-type: none"> Excludes LHVf recipients.
BCAP 2/2e			
BCAP 2/2e	BCAP 2 May-June 2021 Victoria	\$2,500 for one week \$5,000 for eligible ANZSICs affected by two more weeks of COVID-19 restrictions. <u>Automatic top-up payments:</u> \$2,000 on 16 July 2021 \$2,800 on 21 July 2021	<ul style="list-style-type: none"> Grant amount increases. Eligible payroll threshold increases from \$3 million to \$10 million. Date of assessment for GST and ABN is later on 27 May 2021. Newly introduced additional eligibility criteria for businesses to attest that they are adequately with any relevant state or federal regulator, that they intend to remain trading after COVID-19 restrictions ease and that they are supporting workers to access paid leave or work from home. Eligible industry ANZSIC codes expand (e.g., laundry and dry-cleaning services added). Not all ANZSIC codes receive two weeks of BCAP 2 (e.g., 7313 gardening services only receive \$2,500). Private gender-exclusive clubs are excluded in addition to LHVf recipients.
	BCAP 2 metro top-up payment June 2021 Metropolitan Melbourne	\$2,000	<ul style="list-style-type: none"> A smaller group of ANZSIC codes affected by the third week of COVID-19 restrictions. Reduced grant amount for the top-up.
	BCAP 2 Tourism Supplement June 2021 Victoria	\$4,500 (or to bring value of BCAP 2 payment up to \$7000)	<ul style="list-style-type: none"> Specific top-up payment for tourism and accommodation operators.
	BCAP 2e July 2021 Victoria	\$4,800	<ul style="list-style-type: none"> Compared to BCAP 2, date of assessment for GST and ABN is later (15 July 2021), but the remaining BCAP 2 eligibility criteria remain. For businesses that did not apply for BCAP 2 or were not eligible at the time.
	Business Continuity Fund top-up payment 28 July 2021 Victoria	\$5,000	<ul style="list-style-type: none"> Top-up payment for subsection of industries who received BCAP 2/2e.

^{\$\$\$} Determines baseline eligibility for follow up rounds.

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Stream ^{\$\$\$}	Round, date and business location	Grant amount	Change from previous round
	Business Continuity Fund CBD top-up payment 28 July 2021 <i>Melbourne CBD</i>	\$2,000	<ul style="list-style-type: none"> Additional top-up payment for subsection of BCAP 2/2e recipients in specific industries within the Melbourne CBD.
BCAP 3			
BCAP 2/2e	BCAP 3 6 August 2021 <i>Victoria</i>	\$2,800	<ul style="list-style-type: none"> Businesses only need to have received BCAP 2/2e to be eligible. Slightly higher grant amount (\$300) than initial BCAP 2 payment.
	BCAP 3 top-up payment 12 August 2021 <i>Metropolitan Melbourne</i>	\$2,800	<ul style="list-style-type: none"> Location narrowing of BCAP 2/2e recipients to metropolitan Melbourne only.
	BCAP 3 top-up payment 19 and 22 August 2021 <i>Victoria</i>	\$5,600	<ul style="list-style-type: none"> Increase in grant amount. Eligibility of metropolitan Melbourne is announced on 19 August and regional Victoria is announced on 22 August. Location expansion of BCAP 2/2e recipients to regional Victoria.
BCAP 4			
BCAP 2/2e (with revalidated eligibility)	BCAP 4 September 2021 <i>Fortnight 1: Victoria</i> <i>Fortnight 2: Metropolitan Melbourne, select regional Victoria LGAs</i>	Non-employing to <\$650,000: \$2,800/week \$650,000 to <\$3 million: \$5,600/week \$3 million to \$10 million: \$8,400/week	<ul style="list-style-type: none"> Structure is changed from one-off payments to weekly payments. Eligibility is based on receiving BCAP 2/2e, but eligibility based on existing criteria is revalidated. Business location is adjusted between the first fortnight and the second fortnight.
BCAP 5			
BCAP 2/2e (with revalidated eligibility)	BCAP 5 October-November 2021 (Fortnight 1 is Phase A and Fortnight 2 is Phase B) <i>Victoria (varied eligibility by industry and location)</i>	Non-employing: \$1000/week Employing up to <\$650,000: \$2,800/week \$650,000 to <\$3 million: \$5,600/week \$3 million to \$10 million: \$8,400/week	<ul style="list-style-type: none"> A fourth tier for non-employing businesses is added to reflect higher costs/overheads of employing businesses. Grant amount remains the same. Eligibility of ANZSIC codes narrows between Phase A and Phase B, across metropolitan Melbourne (starts with more codes eligible) and regional Victoria (starts with fewer codes eligible).

Source: Documentation provided by the Department.

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F.2. Eligible BCAP ANZSIC codes (level three)

Table F.2: Eligible ANZSIC codes for BCAP (any round) at level three.

11	Nursery and Floriculture Production	209	Other Non-Metallic Mineral Product Manufacturing	332	Mineral, Metal and Chemical Wholesaling	451	Cafes, Restaurants and Takeaway Food Services	642	Auxiliary Insurance Services	810	Tertiary Education
12	Mushroom and Vegetable Growing	222	Structural Metal Product Manufacturing	333	Timber and Hardware Goods Wholesaling	452	Pubs, Taverns and Bars	661	Motor Vehicle and Transport Equipment Rental and Hiring	821	Adult, Community and Other Education
13	Fruit and Tree Nut Growing	223	Metal Container Manufacturing	341	Specialised Industrial Machinery and Equipment Wholesaling	453	Clubs (Hospitality)	663	Other Goods and Equipment Rental and Hiring	822	Educational Support Services
14	Sheep, Beef Cattle and Grain Farming	229	Other Fabricated Metal Product Manufacturing	349	Other Machinery and Equipment Wholesaling	461	Road Freight Transport	664	Non-Financial Intangible Assets (Except Copyrights) Leasing	851	Medical Services
16	Dairy Cattle Farming	231	Motor Vehicle and Motor Vehicle Part Manufacturing	350	Motor Vehicle and Motor Vehicle Parts Wholesaling	462	Road Passenger Transport	671	Property Operators	852	Pathology and Diagnostic Imaging Services
17	Poultry Farming	239	Other Transport Equipment Manufacturing	360	Grocery, Liquor and Tobacco Product Wholesaling	481	Water Freight Transport	672	Real Estate Services	853	Allied Health Services
19	Other Livestock Farming	241	Professional and Scientific Equipment Manufacturing	371	Textile, Clothing and Footwear Wholesaling	482	Water Passenger Transport	691	Scientific Research Services	859	Other Health Care Services
30	Forestry and Logging	242	Computer and Electronic Equipment Manufacturing	372	Pharmaceutical and Toiletry Goods Wholesaling	490	Air and Space Transport	692	Architectural, Engineering and Technical Services	860	Residential Care Services
52	Agriculture and Fishing Support Services	243	Electrical Equipment Manufacturing	373	Furniture, Floor Covering and Other Goods Wholesaling	501	Scenic and Sightseeing Transport	693	Legal and Accounting Services	871	Child Care Services
91	Construction Material Mining	246	Specialised Machinery and Equipment Manufacturing	380	Commission-Based Wholesaling	502	Pipeline and Other Transport	694	Advertising Services	879	Other Social Assistance Services

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113	Dairy Product Manufacturing	251	Furniture Manufacturing	391	Motor Vehicle Retailing	510	Postal and Courier Pick-Up and Delivery Services	695	Market Research and Statistical Services	891	Museum Operation
114	Fruit and Vegetable Processing	259	Other Manufacturing	392	Motor Vehicle Parts and Tyre Retailing	521	Water Transport Support Services	696	Management and Related Consulting Services	892	Parks and Gardens Operations
116	Grain Mill and Cereal Product Manufacturing	261	Electricity Generation	400	Fuel Retailing	522	Airport Operations and Other Air Transport Support Services	699	Other Professional, Scientific and Technical Services	900	Creative and Performing Arts Activities
117	Bakery Product Manufacturing	264	On Selling Electricity and Electricity Market Operation	411	Supermarket and Grocery Stores	529	Other Transport Support Services	700	Computer System Design and Related Services	911	Sports and Physical Recreation Activities
118	Sugar and Confectionery Manufacturing	291	Waste Collection Services	412	Specialised Food Retailing	530	Warehousing and Storage Services	721	Employment Services	912	Horse and Dog Racing Activities
119	Other Food Product Manufacturing	292	Waste Treatment, Disposal and Remediation Services	421	Furniture, Floor Coverings, Houseware and Textile Goods Retailing	542	Software Publishing	722	Travel Agency and Tour Arrangement Services	913	Amusement and Other Recreation Activities
121	Beverage Manufacturing	301	Residential Building Construction	422	Electrical and Electronic Goods Retailing	551	Motion Picture and Video Activities	729	Other Administrative Services	920	Gambling Activities
135	Clothing and Footwear Manufacturing	302	Non-Residential Building Construction	423	Hardware, Building and Garden Supplies Retailing	552	Sound Recording and Music Publishing	731	Building Cleaning, Pest Control and Gardening Services	941	Automotive Repair and Maintenance
149	Other Wood Product Manufacturing	310	Heavy and Civil Engineering Construction	424	Recreational Goods Retailing	570	Internet Publishing and Broadcasting	732	Packaging Services	942	Machinery and Equipment Repair and Maintenance
152	Converted Paper Product Manufacturing	321	Land Development and Site Preparation Services	425	Clothing, Footwear and Personal Accessory Retailing	580	Telecommunications Services	751	Central Government Administration	949	Other Repair and Maintenance
161	Printing and Printing Support Services	322	Building Structure Services	426	Department Stores	592	Data Processing, Web Hosting and Electronic Information Storage Services	752	State Government Administration	951	Personal Care Services

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185	Cleaning Compound and Toiletry Preparation Manufacturing	323	Building Installation Services	427	Pharmaceutical and Other Store-Based Retailing	623	Non-Depository Financing	753	Local Government Administration	952	Funeral, Crematorium and Cemetery Services
191	Polymer Product Manufacturing	324	Building Completion Services	431	Non-Store Retailing	624	Financial Asset Investing	771	Public Order and Safety Services	953	Other Personal Services
202	Ceramic Product Manufacturing	329	Other Construction Services	432	Retail Commission-Based Buying and/or Selling	632	Health and General Insurance	801	Preschool Education	954	Religious Services
203	Cement, Lime, Plaster and Concrete Product Manufacturing	331	Agricultural Product Wholesaling	440	Accommodation	641	Auxiliary Finance and Investment Services	802	School Education	955	Civic, Professional and Other Interest Group Services

Source: Documentation provided by the Department.

F.3. LHVf round design and eligibility criteria

LHVf consisted of five grant rounds across 2020 and 2021 to support hospitality businesses. Within some rounds, there were additional and automatic top-up payments, as COVID-19 public health restrictions were extended beyond anticipated easing dates. Subsequent rounds of LHVf following LHVf21/21e relied on the established eligibility of businesses during the LHVf21/21e round. If businesses had not received this LHVf21/21e grant, they were not eligible for any subsequent payment rounds of LHVf.

Grant amounts were mixed between rounds. With the exception of LHVf21, LHVf 21e and associated top-ups, grant amounts available to businesses were tiered based on their venue or patron capacity. Higher capacity venues received larger grants. By LHVf Top-Up Payment 3, the grant amount was provided on a per week basis, rather than a one-off basis as previous rounds had been. Businesses that received BCAP were not eligible for LHVf, and private gender-exclusive clubs were also excluded from LHVf21 onwards. Other additional eligibility criteria were also introduced and adjusted over the course of the program. These are described below.

Premises

For all rounds of LHVf, businesses were eligible if they operated a licensed bar, restaurant, pub, club, hotel, café or reception centre that was registered to serve food and alcohol. These premises needed to be located in Victoria.

Liquor licence

For all rounds of LHVf to be eligible, businesses needed to hold one of the following liquor licences:

- general or late night (general)
- full club
- restaurant and café
- producer's
- on-premises
- late night (on-premises)

GST and ABN

For all rounds of LHVf, businesses needed to be registered for GST and hold an ABN. For each of the premises, liquor licence, GST and ABN eligibility criteria, a business eligibility was assessed and measured as at 13 September 2020 for LHVf, 27 May 2021 for LHVf21 and 15 July 2021 for LHVf21e. Other LHVf rounds did not require this measurement as they were based on the eligibility and receipt of LHVf21/21e.

Business location

Certain top-up payments within a round of LHVf were only relevant for some business locations, such as for metropolitan Melbourne, the Melbourne CBD or regional Victoria. The business location was determined using the ABN registered 'primary operating address'. For example, the LHVf CBD top-up payment on 28 July 2021 only provided businesses located in the CBD with the \$2,000 top-up. LHVf Top-Up Payment 2 was only provided to metropolitan Melbourne initially for two weeks, but then expanded to regional Victoria in the second week on the 22 August 2021. Additionally, some grant amounts (such as the first payment under LHVf21) varied according to whether the business was located in metropolitan Melbourne or regional Victoria.

Registered with the regulator

For all LHVf rounds, businesses needed to be registered with the responsible state and federal regulator where relevant and applicable. This included ASIC, the Australian Charities and Not-For-Profits Commission for charities and NFPs, Consumer Affairs Victoria for incorporated associations, the Victorian Commission for Gambling and Liquor Regulation, local councils, PrimeSafe Victoria and the ABR.

Food registration

For all LHVf rounds, premises needed to have a valid food registration. This meant the premises had to have a food business (either the applicant themselves or a third party) on the same premises who held a Class 2 or 3 Service Sector Certificate of Registration under the *Food Act 1984*. This certificate of registration was that issued by the local council and could only be used once for one premises only. For the first round of LHVf in 2020, this food registration needed to be valid in 2020. For LHVf21, it needed to be valid in 2021. However, for LHVf21e, the food registration needed to have been valid in either 2020 or 2021.

Businesses also needed to attest that they intended to remain trading at the end of COVID-19 public health restrictions, and that they were supporting their workers to access any paid leave entitlements or work from home. The design and eligibility of each round, as well as any changes from the previous round, are shown in Table F.3.

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Table F.3: LHVf round design and eligibility.

Stream****	Round, date and business location	Grant amount per premises		Change from previous round
LHVF				
LHVF	LHVF September 2020 Victoria	<u>Metropolitan Melbourne:</u> 1-20 patrons: \$15,000 21-100 patrons: \$20,000 101+ patrons: \$30,000	<u>Regional Victoria:</u> 1-20 patrons: \$10,000 21-100 patrons: \$15,000 101+ patrons: \$25,000	<ul style="list-style-type: none">Excludes BCAP recipientsDate of assessment for GST, ABN, premises and liquor licence is 13 September 2020.
LHVF21/21e				
LHVF 21/21e	LHVF21 June 2021 Victoria	<u>Metropolitan Melbourne:</u> \$7,000 <i>If eligible (and only one premises in regional Victoria), businesses could also receive the Tourism Supplement, to the value of \$3,500 (automatically paid).</i> <u>Automatic top-up payment for both locations:</u> \$3000 on 16 July 2021 \$4,200 on 21 July 2021	<u>Regional Victoria:</u> \$3,500	<ul style="list-style-type: none">Grant amount decreases and is not distributed by patron capacity.Date of assessment for GST, ABN, premises and liquor licence is later on 27 May 2021.
	LHVF21e July 2021 Victoria	\$7,200		<ul style="list-style-type: none">Compared to LHVF21, the date of assessment for GST, ABN, premises and liquor licence is later on 15 July 2021, but the remaining LHVF21 eligibility criteria remain.For businesses that did not apply for LHVF or were not eligible at the time.The year of validity for food business certificate of registration is extended from 2021 only to both 2020 or 2021.
	LHVF CBD top-up payment 28 July 2021 Melbourne CBD	\$2,000		<ul style="list-style-type: none">Top-up payment only available for businesses located in the Melbourne CBD.
	LHVF continuity payment 28 July 2021 and 6 August 2021 Victoria	<u>Two payments of:</u> 0-199 patrons: \$5,000 200-499 patrons: \$10,000 500+ patrons: \$20,000		<ul style="list-style-type: none">Reintroduction of a grant amount distributed by venue capacity.Businesses receive the grant amount on two separate occasions (28 July 2021 and 6 August 2021).

**** Determines baseline eligibility for follow-up rounds.

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Stream****	Round, date and business location	Grant amount per premises	Change from previous round
LHVF Top-Up Payment 2			
LHVF 21/21e	LHVF metropolitan top-up payment 2 12 August 2021 and 19 August 2021 <i>Metropolitan Melbourne</i>	<u>Two payments of:</u> 0-99 patrons: \$5,000 100-499 patrons: \$10,000 500+ patrons: \$20,000	<ul style="list-style-type: none"> Reduced patron capacity for the midpoint grant amount in response to industry feedback about relative costs facing different establishment sizes. Businesses receive the grant amount on two separate occasions (12 August 2021 and 19 August 2021).
	LHVF regional top-up payment 2 22 August 2021 <i>Regional Victoria</i>	<u>One payment of:</u> \$10,000 to \$40,000 depending on venue capacity	<ul style="list-style-type: none"> Higher grant amount for regional Victoria than metropolitan Melbourne in the LHVF top-up payment 2.
LHVF Top-Up Payment 3			
LHVF 21/21e	LHVF top-up payment 3 September 2021 Victoria	Based on venue capacity, \$5,000 to \$20,000 per premises per week	<ul style="list-style-type: none"> Structure changed from one-off payment to weekly payments.
LHVF Top-Up Payment 4			
LHVF 21/21e	LHVF top-up payment 4 October 2021-November 2021 <i>Victoria</i>	<u>Fortnight 1 and Fortnight 2 (1-29 October 2021):</u> \$5,000 to \$20,000 per premises per week (based on venue capacity) <u>Fortnight 3 (29 October 2021 – 13 November 2021), per premises per week:</u> 0-99 patrons: \$1,750 100-499 patrons: \$3,500 500+ patrons: \$7,000	<ul style="list-style-type: none"> For Fortnight 1 and Fortnight 2, grant amount remains the same as LHVF top-up payment 3. For Fortnight 3, the grant amount decreases. Fortnight 3 payment was revised down from \$3,750-\$15,000 for metropolitan Melbourne premises and \$2,500-\$10,000 for regional Victoria premises.

Source: Documentation provided by the Department.

Appendix G Stakeholder consultation tools

G.1. Semi-structured interview questions

Background

1. Can you please describe your role, including your connection to each of the programs (BCAP and LHVf)?

Justification/Appropriateness

2. In your view, to what extent were the eligibility criteria appropriate for reaching intended cohorts?
3. In your view, to what extent did the in-scope programs fulfill an unmet need?
4. How did COVID-19 restrictions affect the context under which the Department made decisions regarding business support?
5. How well did the Department engage with internal and external stakeholders when determining a response?

Design/Implementation

6. How well has the Department adapted its emergency grant-making practices?

Effectiveness

7. Based on your understanding, what impact did the grants have on business operators and on business resilience?
8. Which of the grants and related outcomes contributed the greatest and least value to recipients and the Victorian community?
9. How did the benefits of the programs vary for different cohorts, contexts and geographical locations (i.e., metropolitan, outer-metropolitan, regional and rural locations)?
10. In your view, to what extent did the external factors outside of the Department's control affect the extent to which the grants benefitted the recipients and the broader Victorian economy?

Value for money

11. What is your view on the extent to which the Department demonstrated efficiency in the delivery of the grants?
12. How valuable were the outcomes to recipients and the community?

Lessons learned

13. Based on your experience, what has the Department learned in relation to its role in supporting businesses under emergency circumstances?
14. In your view, what are the continuous improvement opportunities identified relating to grant design and implementation?
15. Finally, do you have any other comments you would like to add?

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G.2. Business survey questions

Table G.1: Business survey questions.

No.	Question	Question type	Options
Screener	Did your business or a business you represent receive a BCAP/LHVF grant?	Drop down	1. Yes, I received a BCAP/LHVF* grant 2. No
1	What is or was your role in relation to the relevant business?	Multiple choice	1. Owner-operator 2. Advisor (e.g., accountant, tax agent, other financial service provider)
N/A	If you are an accountant, tax agent or other financial service provider, please answer on behalf of the businesses you represented and complete and submit a separate survey for each of those businesses.	Text display	N/A
2	Is the relevant business currently operating?	Drop down	1. Yes 2. No
3	When did the relevant business stop operating? <i>Please enter the month and year.</i>	Drop down	1. Select month 2. Select year 3. Prefer not to answer
N/A	Please answer the following questions in relation to the relevant business before it stopped operating.	Text display	N/A
N/A	Please answer the following questions in relation to the relevant business as it currently operates.	Text display	N/A
4	Did the business receive any other grants or business supports from the Victorian or Commonwealth Governments (including any other grant funding)?	Drop down	1. Yes 2. No 3. Not sure/don't know
4a	If you can recall, please list the names of any other grants or business supports the business received from government.	Free text	1. ____ FREE TEXT
5	What impact did COVID-19 and related restrictions have on the business' operating revenue?	Drop down	1. The business was unable to operate and, therefore, generated no revenue during restrictions. 2. The business experienced a significant reduction in operating revenue during restrictions. 3. The business experienced no change in operating revenue during restrictions. 4. Can't remember/prefer not to answer.
6	We are interested in understanding the impact of the grant(s) on the business.	Tick all that apply	The grants... 1. Enabled the business to cover costs 2. Enabled access to financial, legal or other advice needed at the time

No.	Question	Question type	Options
	<i>Please select all of the statements that apply to you.</i>		3. Enabled the business to retain staff and pay wages 4. Enabled the business to increase the number of staff employed 5. Enabled the business to increase investment 6. Supported the business to more quickly stabilise after restrictions lifted 7. None of the above
7	We are interested in understanding your view on any additional impacts that could be linked to the grant(s). To what extent do you agree or disagree that the grant(s):	Likert response for each option	1. Made me feel more supported 2. Made me feel more secure 3. Provided me with a sense of relief 4. Helped to reduce my stress 5. Supported the wellbeing or reduced stress for others in the business 6. Supported my ability to comply with restrictions
8	We are interested in understanding your view on any broader community impacts that could be linked to the grant(s). To what extent do you agree or disagree that the grant(s):	Likert response for each option	1. Supported the wellbeing of the community more broadly 2. Increased business confidence within the businesses sector or region
9	Did the grant(s) you received support your business to stay afloat during the COVID-19 pandemic?	Drop down	1. Yes, Victorian operations would have ceased without the grant(s) 2. Partially, Victorian operations may have ceased without the grant(s) 3. No, Victorian operations would have continued regardless 4. Not sure/don't know
10	Please do your best to reflect on the impact of BCAP/LHVF* only. What impact do you believe the grants had on the business' operating revenue during the COVID-19 pandemic?	Drop down	1. No impact – the business' revenue would have been the same without the support of the grants 2. Slight impact – the business' revenue would have been slightly lower without the support of the grants 3. Moderate impact – the business' revenue would have been moderately lower without the support of the grants 4. Significant impact – the business' revenue would have been significantly lower without the support of the grants 5. Very significant impact – the business would have closed down without the support of the grants 6. Not sure/don't know
11	Please do your best to reflect on the impact of BCAP/LHVF* only. What impact do you believe the grants had on the business' FTE employment during the COVID-19 pandemic?	Drop down	1. Not applicable, I am a sole trader 2. No impact – the business' FTE employment would have been the same without the support of the grants 3. Slight impact – the business' FTE employment would have been slightly lower without the support of the grants 4. Moderate impact – the business' FTE employment would have been moderately lower without the support of the grants 5. Significant impact – the business' FTE employment would have been significantly lower without the support of the grants

No.	Question	Question type	Options
			6. Very significant impact – the business would not have been able to retain any FTE employment without the support of the grants 7. Not sure/don't know
Re12	Relative to a scenario where you did not receive the grant(s), what would you estimate was the uplift in business operating revenue during the COVID-19 pandemic attributable to the grant(s)? Please do your best to reflect on the impact of BCAP/LHVF* only. <i>Please answer with respect to the 12-month period following first receipt of the grant.</i>	Drop down	1. 1-19% 2. 20-39% 3. 40-59% 4. 60-79% 5. 80-99% 6. 100% 7. More than 100% 8. Not sure/don't know
13	Relative to a scenario where you did not receive the grant(s), what would you estimate was the uplift in total wages paid during the COVID-19 pandemic attributable to the grant(s)? Please do your best to reflect on the impact of BCAP/LHVF* only. <i>Please answer with respect to the 12-month period following first receipt of the grant.</i>	Drop down	1. 1-19% 2. 20-39% 3. 40-59% 4. 60-79% 5. 80-99% 6. 100% 7. More than 100% 8. Not sure/don't know
14	To what extent did the grant(s) received enable the business to "bounce back" to pre-COVID-19 levels of operating revenue (i.e., 2019 levels) once restrictions ended? <i>Please answer with respect to the 12-month period following the final shutdown or the 2022 calendar year.</i>	Drop down	1. The grants enabled the business to reach or exceed pre-COVID-19 levels of operating revenue once restrictions ended 2. The grants helped the business continue, but did not enable it to reach pre-COVID-19 levels once restrictions ended 3. The grants had no observable impact on the business' operating revenue after restrictions ended 4. Not sure/don't know
15	Do you think the impact on operating revenue associated with the grants persisted beyond the COVID-19 pandemic period (i.e., into financial year 2022-23 and beyond)?		1. Yes, the impact on the business' operating revenue persisted beyond the COVID-19 pandemic period. 2. No, the impact on the business' operating revenue did not persist beyond the COVID-19 pandemic period.
15a	How long beyond the COVID-19 pandemic do you think the impact of the grants on operating revenue persisted?	Drop down	1. Less than 3 months 2. More than 3 months and up to 6 months 3. More than 6 months and up to 1 year 4. More than 1 year and up to 1.5 years 5. More than 1.5 years and up to 2 years 6. More than 2 years 7. Not sure/don't know
16	Overall, how satisfied were you with your experience in applying for and receiving the grant payment(s)?	Drop down	1. Very satisfied 2. Satisfied

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No.	Question	Question type	Options
			3. Neither satisfied nor dissatisfied 4. Dissatisfied 5. Very dissatisfied 6. Not sure/don't know
17	<p>Providing the business' ABN would help us to identify details relevant for the evaluation, such as the date the business received grants and the value of grants received.</p> <p><i>This would only be used for the purposes of this evaluation to identify details, such as the date the business received the grant(s). It will not be provided to the Victorian Government or any other party.</i></p> <p>Would you be willing to provide the business' ABN?</p>	Drop down	1. Yes (Please enter your ABN): ____ FREE NUMERIC 2. No
N/A	<p><i>The following questions are seeking some contextual information about the business. Your answers will help us to evaluate the effectiveness of the grants for different types of businesses.</i></p>	Text display	1. N/A
18	<p>What was the total value of the grants the business received under BCAP/LHVF*?</p> <p>If you can't remember exactly, please enter your best estimate.</p>	Drop down	1. BCAP <ul style="list-style-type: none"> a) Less than \$20,000 b) \$20,000-\$29,999 c) \$30,000-\$39,999 d) \$40,000-\$49,999 e) \$50,000 or more f) Not sure/don't know 2. LHVF <ul style="list-style-type: none"> a) Less than \$50,000 b) \$50,000-\$74,999 c) \$75,000-\$99,999 d) \$100,000-\$124,999 e) \$125,000-\$149,000 f) \$150,000-\$199,000 g) \$200,000 or more 3. Not sure/don't know
19	What industry does the business primarily belong to?	Drop down	1. Agriculture, Forestry and Fishing 2. Mining 3. Manufacturing 4. Electricity, Gas, Water and Waste Services 5. Construction 6. Wholesale Trade 7. Retail Trade 8. Accommodation and Food Services 9. Transport, Postal and Warehousing

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No.	Question	Question type	Options
			10. Information Media and Telecommunications 11. Financial and Insurance Services 12. Rental, Hiring and Real Estate Services 13. Professional, Scientific and Technical Services 14. Administrative and Support Services 15. Public Administration and Safety 16. Education and Training 17. Health Care and Social Assistance 18. Arts and Recreation Services 19. Other Services 20. Not sure/don't know
20	How would you describe the type of business? Please select the most relevant answer.	Drop down	1. Motor vehicle retailing 2. Fuel retailing 3. Food retailing 4. Supermarket and Grocery Stores 5. Specialised Food Retailing 6. Furniture, Floor Coverings, Houseware and Textile Goods Retailing 7. Electrical and Electronic Goods Retailing 8. Hardware, Building and Garden Supplies Retailing 9. Recreational Goods Retailing 10. Clothing, Footwear and Personal Accessory Retailing 11. Department Stores 12. Pharmaceutical and Other Store-Based Retailing 13. Other store-based retailing: ____ FREE TEXT 14. Non-store retailing 15. Not sure/don't know
21	How would you describe the type of business? Please select the most relevant answer.	Drop down	1. Accommodation 2. Cafes, Restaurants and Takeaway Food Services 3. Pubs, Taverns and Bars 4. Clubs (Hospitality) 5. Other, please describe: ____ FREE TEXT 6. Not sure/don't know
22	What is the size of the business in terms of FTE employees? Please answer in relation to the most recent financial or calendar year.	Drop down	1. Sole trader 2. Small business (1-4 FTE employees) 3. Small/medium business (5-19 FTE employees) 4. Medium business (20-199 FTE employees) 5. Large business (200+ FTE employees) 6. Not sure/don't know
23	In what postcode is the business primarily located or headquartered in Victoria?	Free numeric	1. Enter postcode ____ FREE NUMERIC 2. Prefer not to answer

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No.	Question	Question type	Options
24	Are there any other comments you would like to add? For example, you might like to provide details on your experience in completing the grant application or provide detail on how you or the business was impacted by the grants.	Free text	1. ____ FREE TEXT

Source: Deloitte Access Economics.

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