

The real cost of COVID-19: Why we can't afford to underestimate it

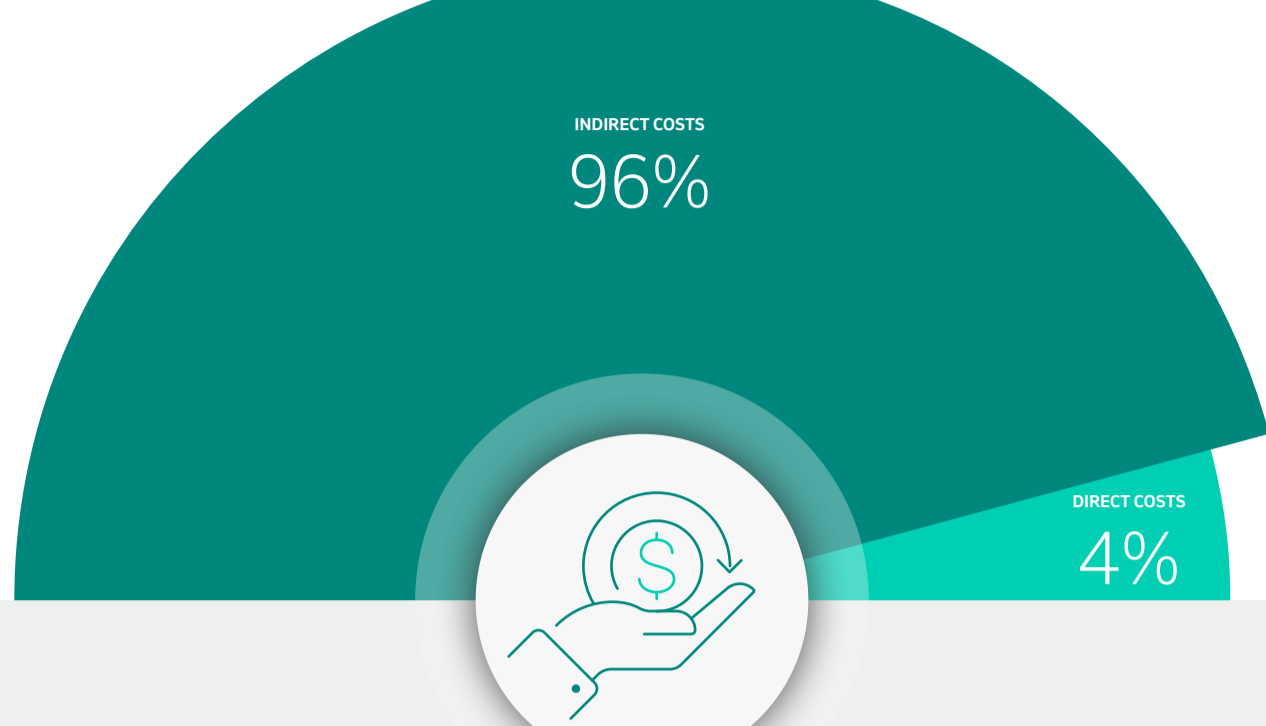


The true burden of COVID-19 has been underestimated. The majority of economic cost of the disease in Asia Pacific is due to indirect costs like lost productivity.

Up to 96% of total economic costs in **Australia, Hong Kong, Singapore, South Korea** and **Taiwan** could be attributed to indirect costs, rather than direct.¹

This amounts to a total cost of between 0.6% and 1.6% of GDP, with the potential to balloon to 2.2% to 5.5% if COVID-19 conditions worsen.

This means significant impact on economies. For example, a cost of 5.5% of GDP in South Korea is more than what Korean authorities spent on health, education or public services in 2019.²



The hidden indirect cost of COVID-19 is high



Direct costs are incurred normally in the **health sector** including **hospital stays**.



Indirect costs are wider costs relating to:

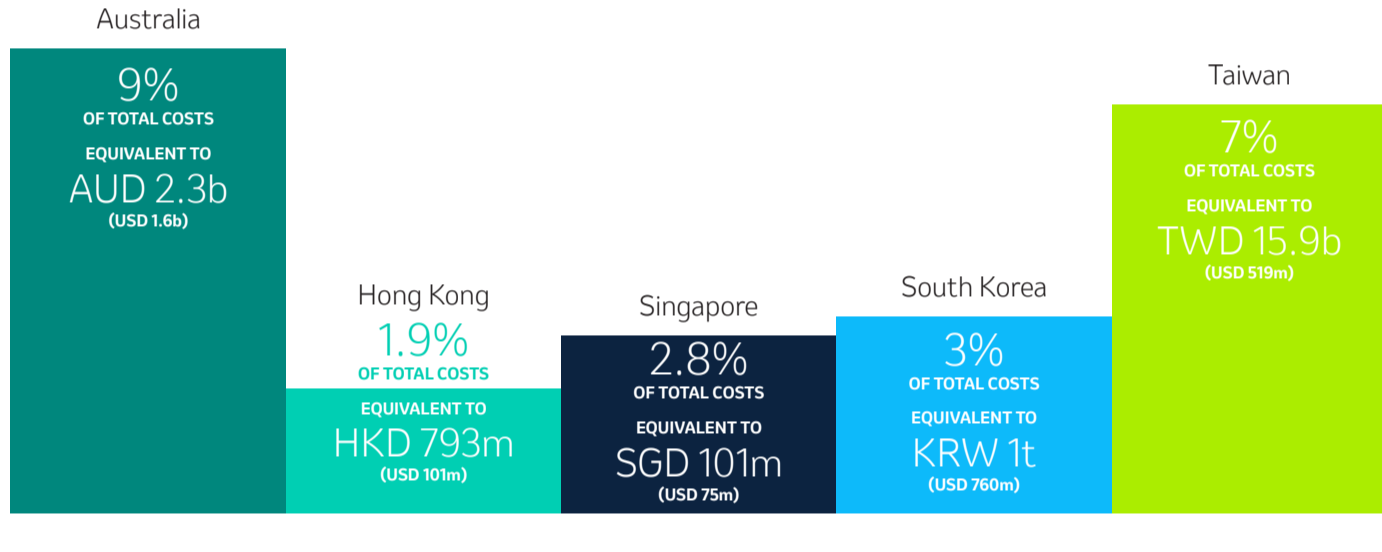
- (1) **loss in productivity due to sickness**, mostly due to absenteeism and
- (2) **provision of care to dependents** such as children and older adults infected with COVID-19.

COVID-19 affects some industries more than others

The workforce of some industries are more at risk of COVID-19 and may have higher levels of absenteeism than the general population.

Healthcare Workforce Cost³

Percentage of total economic cost of COVID-19 that is attributable to the impact on healthcare workforce by market.⁴



Travel and Tourism Workforce

AUSTRALIA

Employee shortages have soared as high as **25%** overnight.⁵

TAIWAN

There were **steep declines of up to 50%** in visitor volumes and spending.⁶



SINGAPORE

Around **30%** of the **workforce** in the **aviation sector** was lost during the pandemic, which by late 2022 had only increased to around 80% of pre-COVID workforce levels.⁷

Tourist spending in Singapore only returned to approximately **50%** of **2019 levels in 2022**.⁸

Logistics Workforce

AUSTRALIA

In the logistics sector, **reduction in available workforce** ranged from **20%** to as much as **50%**.^{9,10}



SINGAPORE

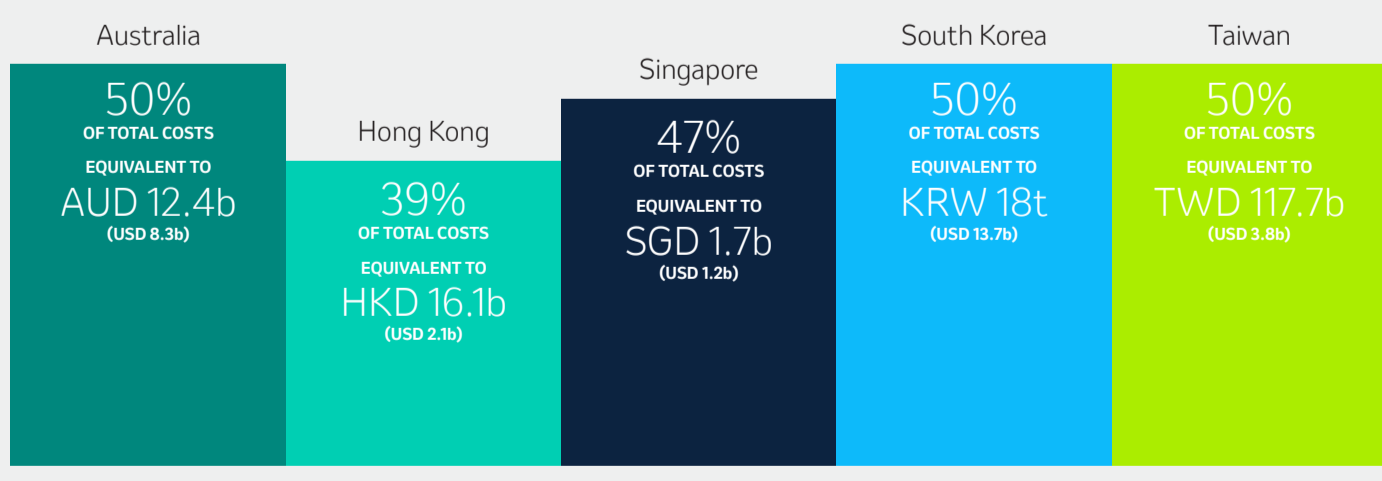
In 2021, **32%** of **organizations** reported that their operations were **significantly impacted by COVID-19**, most prominently in **operation and supply chain**.¹¹

Up to 50% of total cost are borne by vulnerable populations infected with COVID-19

These populations include older people and people with co-morbidities like heart disease, obesity or diabetes. These people also experience direct costs of healthcare.

Vulnerable Populations Cost³

Percentage of total economic cost of COVID-19 that is attributable to the impact on vulnerable populations by market.⁴



AUD 12 billion is about half of the cost it took to build the Sydney metro in Australia.¹¹

Given the extensive economic burden of COVID-19, it is important that health services and authorities have therapeutic and immunization tools available, as well as effective care to mitigate the high costs of the virus.

[LEARN MORE](#)

1. All costs mentioned are an approximate amount.
 2. OECD. 2021. Government at a Glance 2021. Country Fact Sheet Korea. Retrieved from gov-at-a-glance-2021-korea.pdf (oecd.org).
 3. USD currency exchange rate conversions via Google Finance as at 28 February 2023 (USD 1 = AUD 1.4861 = HKD 7.8493 = KRW 1,322 = SGD 1.3484 = TWD 30.6608): (google.com)
 4. The percentages given are the proportion of the economic impact, and direct market comparison should not be made due to differing specifics in the markets.
 5. Wiggins J., Airports say job shortages 'could persist'. Australian Financial Review. 2022 Jun 23. (afr.com).
 6. Kang R. Taiwan's Tourism Sector Readies Itself for Visitor Spike as Borders Re-Open. HKTDC Research. 2022 Oct 14. (research.hktdc.com).
 7. Ministry of Trade and Industry, Economic Survey of Singapore Second Quarter 2022. Recovery of Air Travel and Tourism in Singapore. 2022 Aug. (mti.gov.sg).
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 9. Whelan S. Omicron outbreak in Australia wreaking havoc with supply chains. The Load Star. 2022 Jan 7. (theloadstar.com).
 10. Butler B. Australia's supply chain issues likely to continue despite drop in Covid cases. The Guardian. 2022 Feb 13. (theguardian.com).
 11. PwC. Global Crisis Survey 2021 Singapore. 2021 May. (pwc.com).
 12. Cormark, L., and McGowan, M. Revealed: The true cost of the Metro West line. The Sydney Morning Herald. 2023 Apr 11.
 13. Figures not separately cited in this release have been derived from the report: *A Neglected Burden: The Ongoing Economic Costs of COVID-19 in Australia, Taiwan, South Korea, Singapore, and Hong Kong*. 2023 May 5.