

Government responses to Coronavirus crisis (COVID-19)

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How does COVID-19 affect the economy?

The Coronavirus (COVID-19) outbreak is not only a risk to the health of people and Australia's health system, but also to the Australian and global economies.

The quarantine and isolation of a substantial portion of the global population means that Australian industries are facing an unprecedented reduction in demand for its products and services.

Businesses that do not have access to sufficient cash reserves and that exclusively rely on short-term income to service ongoing expenses such as wages and bank loans are the most vulnerable. This also means that in the event of job losses or forced unpaid leave, households that rely on weekly wages to cover mortgage repayments, rent, offspring, and many other things, will also be affected.

In response to these challenges, the federal and state governments of Australia are introducing a range of measures to help support the Australian economy. In addition, the Reserve Bank of Australia (RBA) is instituting monetary policy responses and retail banks are also announcing support measures.

Many of these measures may affect entitlements you and/or members of your household have access to, and potentially provide financial support to your employer to reduce the risk of job losses.

It's important you are aware of the measures announced by government and consider whether your employer has access to entitlements.

What has the Federal Government announced?

The Federal government has announced a range of initiatives totaling over \$100 billion to help support businesses, households, and our health system.

Health expenditure

An additional \$2.4 billion to support the health system. A further commitment to cover 50 per cent of additional hospital costs incurred by states and territories related to the

diagnosis and treatment of patients with, or suspected of having, the Coronavirus.

Small to medium business support

General Salary support for small to medium business

Up until the end of the financial year, businesses with under \$50 million turnover will receive support to cover the costs of employee wages and salaries equal to 100 per cent of PAYG withheld for businesses that withhold tax. The minimum amount a business can receive is \$10,000, and the maximum is \$50,000.

Between July to October 2020, eligible entities will receive an additional payment equal to the total of all of the Boosting Cash Flow for Employers payments they have received. Eligible entities will receive at least \$20,000 up to a total of \$100,000 under both payments.

This means that if you are a part-time, full-time or casual worker, a small business will receive support to cover employee salaries and wages.

Apprentice and trainee subsidy

Apprentice and trainee support - businesses that employ less than 20 full-time employees will receive a wage subsidy of 50 per cent for any apprentice or trainee for nine months. The subsidy is available up to a maximum of \$21,000.

Tax benefits for investment

The Government is expanding the instant asset write-off, which allows businesses to expense the entirety of a capital investment for tax purposes, by lifting the threshold from \$30,000 to \$150,000. It is also now available to businesses with a turnover of less than \$500 million, up from \$50 million. This threshold applies on a per asset basis, and so businesses that have already investment in capital can immediately write-off multiple assets.

This has the effect of reducing a business's tax liability at the end of the financial year.

The Government has introduced a 15 month investment incentive (through to 30 June 2021) by accelerating depreciation deductions. Businesses with a turnover of less than \$500 million will be able to deduct 50 per cent of the cost of an eligible asset on installation.

Creditor relief for financially distressed businesses

The Government is temporarily increasing the threshold at which creditors can issue a statutory demand on a company and to initiate bankrupt proceedings against an individual. The ATO will tailor solutions for owners or directors of business that are currently struggling due to the Coronavirus, including temporary reduction of payments or deferrals, or withholding enforcement actions including Director Penalty Notices and wind-ups.

Loans for SMEs to cover costs

The Government has provided a guarantee of 50 per cent to SME lenders to support new short-term unsecured loans to SMEs. The scheme guarantees up to \$40 billion of new lending.

This will provide businesses with funding to meet cash flow needs by further enhancing lenders' willingness and ability to provide credit.

Household support

Income support for individuals

The Government has expanded the eligibility to income support payments, establishing a new time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight.

This will be paid to both existing and new recipients of:

- Jobseeker Payment
- Youth Allowance Jobseeker
- Parenting Payment
- Farm Household Allowance and Special benefit.

Jobseekers that already receive Newstart payments will be eligible for a maximum base rate of \$1115.70 a fortnight, excluding rent assistance and family payments. This takes into account the original \$565.70 per fortnight Newstart recipients received before this announcement.

Payments to support households

The Government will provide two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders.

- First payment will be made from 31 March 2020
- Second payment will be made from 13 July 2020.

To be eligible, you must be residing in Australia and be receiving one of the following payments or hold one of the following concession cards on 12 March 2020:

- Age Pension
- Disability Support Pension
- Carer Payment
- Parenting Payment
- Wife Pension
- Widow B Pension
- ABSTUDY (Living Allowance)
- Austudy
- Bereavement Allowance
- Newstart Allowance
- Youth Allowance
- Partner Allowance
- Sickness Allowance
- Special Benefit
- Widow Allowance
- Family Tax Benefit, including Double Orphan Pension
- Carer Allowance
- Pensioner Concession Card holders
- Commonwealth Seniors Health Card holders
- Veteran Service Pension; Veteran Income Support Supplement; Veteran Compensation payments, including lump sum payments; War Widow(er) Pension; and Veteran Payment.
- Veteran Gold Card holders

- Farm Household Allowance Temporary early release of superannuation

Individuals experiencing financial hardship by the Coronavirus – such as jobseekers and casuals – will be able to withdraw up to \$20,000 from their superannuation accounts.

- First withdrawal is up to \$10,000 before 1 July 2020.
- Second withdrawal is up to \$10,000 between 1 July 2020 to 30 September 2020.

These funds will not be taxed.

Temporarily reducing superannuation minimum drawdown rates

The Government has temporarily reduced superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for 2019-20 and 2020-21.

Reducing social security deeming rates

The deeming rates – which determine a theoretical return for pensioner's assets which affects their eligibility for the aged pension – has been reduced.

- The upper deeming rate will be 2.25 per cent
- The lower deeming rate will be 0.25 per cent

This means that, on average, pensioners will receive around \$105 more of the Age Pension.

Childcare Package

The government has said that it is making childcare free for parents who need it.

The government will assess a centre's fees in the fortnight before March 2, and pay the centre 50 per cent, fortnightly. Childcare centres will receive the payments, and they cannot charge families a fee. Also, the existing means test is also no longer in place.

Parents do not need to apply for payments. They simply no longer need to pay the childcare centre fees.

Assistance for severely affected regions

The Government has set aside an initial \$1 billion allocation to support regions and communities that have been disproportionately affected by the economic impacts of the Coronavirus, including those heavily reliant on industries such as tourism, agriculture and education.

This will be managed by the Australian Taxation Office (ATO) on a case-by-case basis.

Announced examples for this package include:

- Government waiving the Environmental Management Charge (EMC) for tourism businesses that operate in the Great Barrier Reef Marine Park for 2020.
- Government waiving park entry fees for the iconic Kakadu, Uluru, and Booderee National Parks for the remainder of 2020.
- No reduction in revenue that goes to the management of the Great Barrier Reef Marine Park and Commonwealth National Parks.¹

Aviation package

The Aviation industry will receive a \$715 million relief package, attributable mostly by the waiving of various fees such as the aviation fuel excise, Airservices charges on domestic operations and aviation security charges.

Job Keeper Program

The Federal Government has announced a Job Keeper Program to help businesses affected by the COVID-19 pandemic retain employees.

It is the third economic support program announced by the Federal Government, and will cost the Federal Government an additional \$130 billion.

Businesses eligible to receive a wage subsidy for their employees must:

- If revenue is below \$1 billion annually, have experienced a 30 per cent reduction in total revenue, or
- If revenue is over \$1 billion annually, have experienced a 50 per cent reduction in

¹ https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Assistance_for_regions.pdf

total revenue.

An employer will receive a fixed \$1500 payment per fortnight, per employee.

It is up to an employer whether they wish to adjust the amount they pay an employee to equal the wage subsidy, or continue to pay an employee the same amount.

The payment is fixed and applies the same to full-time and part-time employees. It also applies to sole traders, and casual workers that have been employed by the same company for longer than 12 months.

The wage subsidy is backdated to 1 March 2020. If an employer has stood you over the month of March, the employer will be eligible to reemploy you and receive the subsidy.

The Job Keeper Program will last for a minimum of six months.

New Zealand citizens that hold the Subclass 444 Special Category Visa will be eligible to have their employment subsidised by the Job Keeper Program.

The Job Keeper Program does not apply to any other visa class.

Welfare changes

Partner income test for Centrelink payments has increased from \$48,000 a year to \$79,000 a year.

What has the NSW Government announced?

Health boost

An increase in funding for NSW Health by \$700 million, which will assist in doubling ICU capacity, preparing for additional COVID-19 testing, and more.

Business support for jobs

Deferral of payroll tax for business with payrolls over \$10 million for six months.

Businesses with payrolls of \$10 million or less receive a three-month waiver on payroll tax. These businesses will receive an additional three-month deferral as well.

Increasing the tax-free threshold for total payroll expenses from \$900,000 to \$1 million.

Deferral of gaming machine tax for clubs, pubs and hotels for six months.

Deferral of duty on lotteries and keno for six months. These deferrals will include payments due from April 2020 to September 2020.

Deferral of the parking space levy for six months.

Deferral of rents for six months for commercial tenants with less than 30 employees and not-for-profits in all Government properties.

Cache of spending announcements

An announcement to spend \$250 million to employ additional cleaners of public infrastructure such as transport assets, schools and other public buildings.

Bringing forward more than \$250 million for maintenance on public assets including social housing and crown land fencing.

Bringing forward \$500 million in forward estimates to spend on capital works and maintenance.

\$34 million boost in funding to prevent homelessness.

\$30 million to boost the Energy Accounts Payments Assistance scheme.

\$10 million to support charities for food security and \$6 million additional funding for Lifeline's operations in NSW.

What has the West Australian Government announced?

Household support

Expected inflation increases to household fees and charges will be frozen until the beginning of the 2021-2020 financial year, including those relating to electricity, water, car licenses and registration.

No increase to public transport fares of the Emergency Services Levy paid in council rates.

A doubling of the Energy Assistance Payment (EAP) from \$300 to \$600 for financially insecure West Australians, including pensioners. This is also now available to people who have lost their job as a result of the pandemic.

A commitment that no household who is unable to pay their water or power bill because of COVID-19 will be disconnected.

Recipients of WA's Keystart program - which provides loans to disadvantaged home buyers who are unable to meet the deposit requirements of mainstream lenders - will be able to apply to have their principal repayments deferred, and interest costs waived, for up to six months.

Small business support

Businesses with a payroll of between \$1 million and \$4 million will receive a one-off grant of \$17,500.

Payroll tax exemption will increase from \$950,000 to \$1 million on 1 July, 2020.

Small and medium sized businesses affected by COVID-19 can apply to defer payment

of their 2019-20 payroll tax until July 21, 2020, several weeks later than its due.

Affected businesses with annual wages of less than \$7.5 million will have their payroll tax waived for four months, from March 1 to June 30.

An estimated \$100 million in licence and statutory fees will also be waived over the next 12 months for affected businesses. This includes licences for building services, plumbers and electricians and tourism operators among others.

2,800 charities will have their electricity bills reduced with a one-off credit of \$2,500.

Electricity bills for approximately 95,000 businesses will be reduced, at a cost of nearly \$240 million.

A one-off \$2,500 credit available for Synergy and Horizon Power customers that consumed less than 50 megawatt hours (MWh) per annum for those suffering economic hardship due to the coronavirus lockdown.

[Support for public sector workers](#)

The Government has introduced 20 days paid COVID-19 leave for all public sector workers, including casual workers. This is in addition to sick leave, and includes workers who:

- Have contracted the virus themselves
- Need to self-isolate because of the virus
- Need to care for family due to school or childcare closures, or
- Are otherwise unable to attend work due to the virus.

What has the Queensland Government announced?

The Queensland government have announced a \$4 billion package to support the state's economy.

This includes \$1.2 billion to expand fever clinics, emergency department capacity, acute

care services, and regional aeromedical services.

Small to medium business support

Businesses with a total wage bill of up to \$6.5 million and that have been directly or indirectly affected by the COVID-19 outbreak will be eligible for payroll tax concessions.

This includes a refund of the previous 2-months of payroll tax paid, and a further 9 months of payroll tax deferrals.

Small businesses can apply for access to a government-funded \$500 million loan facility, offering low-interest loans of up to \$250,000. The loan will be interest-free for the first 12 months.

The government is waiving various fees relating to small business in the state, including for some variations of liquor licences, registration for inbound tour operators, commercial activity permits, marina charges and tourism rental payments.

The state government is providing rent relief for businesses who rent premises from the state government.

The state government is also providing sole traders and small-medium businesses a \$500 rebate on their power bill for this year.

Launched a \$500,000 grants package for small businesses in agriculture, food and fish exporting industries, as well as supply chain partners, to help them diversify their business and access new markets. These grants will be offered between \$2,500 and \$50,000 and will be issued to help businesses conduct market evaluation studies, to visit potential new markets, or to purchase new equipment required for diversification.

Households

\$500 million to assist workers who lose their job or income and to help them find jobs in the industries that are vital to getting us through the crisis. It \$300 million toward household relief package to provide Queensland households \$200 off their utility bills.

What has the Northern Territory Government announced?

Home Improvement Scheme

Residential and investment property holders will receive a \$6000 grant for renovations if they contribute \$2000 of their own money. Alternatively, owners will also be able to receive \$4000 if they spend \$1000.

Business Improvement Scheme

Eligible businesses will receive \$10,000. If the business invests a further \$10,000, the NT Government will provide that business with an additional \$10,000. This creates a total grant of \$30,000 (which an employer would subsidise one-third of).

Freezing fees

Expected inflation increases to household fees and charges will be frozen until the beginning of the 2021-2020 financial year, including those relating to electricity, water, car licenses and registration.

Business Structural Adjustment package

Businesses that need to physically adjust their premises to comply with the 100 person rule or to establish or upgrade their online presence to adjust to changing behaviours of consumption will be eligible for a small grant.

What has the South Australian Government announced?

A \$350 million stimulus package that will include current infrastructure projects being brought forward, as well as new projects around road maintenance, housing, tourism and health.

Further details have not yet been made available.

What has the Tasmanian Government announced?

The Tasmanian Government has prepared a \$420 million stimulus package to tackle the COVID-19 pandemic.

Household Assistance

The emergency relief package includes over \$1 million for the Salvation Army, Red Cross and Rural Business Tasmania.

Emergency relief payments for those in isolation, including one-off payments of \$250 for individuals or up to \$1000 for families. This is for those required by Public Health to self-isolate as a result of the coronavirus.

A commitment of \$1 million in emergency accommodation support for individuals and families that have been placed on home quarantine but who are unable to return to their regular place of residence.

Primary Health sectors

\$2 million for additional support for our primary health care providers.

\$1 million available for accommodation of frontline workers if they need to stay away from home.

\$1 million for Mental Health Programs provided by community organisations to support individuals experiencing mental health difficulties.

Small business assistance

\$20 million in interest free loans to small businesses in the hospitality, tourism, seafood production, and export sectors. The Loans will be available to businesses with a turnover of less than \$5 million, and will be interest free for three years.

Payroll tax liabilities will be waived for hospitality, tourism and seafood industry businesses for the last four months of 2019-20 financial year. Other businesses with payrolls below \$5 million will be able to apply for payroll tax exemption, case by case.

\$50 million allocated to fast track maintenance on public buildings over the next 12 months.

Businesses will receive a \$5000 grant for hiring an apprentice or trainee in the tourism,

hospitality, building and construction, and manufacturing industries.

Local Government

The government has waived lease, license and parks' entry fees for tourism operators.

A 50 per cent discount on liquor licensing fees and a waiver of all application fees. This includes the waving of the fisheries fee that apply to rock lobster, giant crab, fin fishers and for abalone divers.

\$100,000 is provided to the various tourism bodies to assist with training in the tourism and hospitality sectors over the winter months.

What has the Victorian Government announced?

The Victorian Government has announced a \$1.7 billion stimulus package.

For businesses with Australian taxable wages of \$3 million or less, a full refund or any payroll tax paid or payable for the 2019-20 financial year. The same businesses will be able to defer any payroll tax for the first three months of the 2020-21 financial year.

Eligible small businesses are able to apply for their 2020 land tax payments to be deferred.

The establishment of the \$500 million Business Support Fund, which is designed to support the hardest hit sectors, including hospitality, tourism, accommodation, arts and entertainment, and retail. The Government will work with industry peak bodies to administer the fund.

The establishment of a \$500 million Working for Victoria Fund, in consultation with the Victorian Trades Hall Council, will help workers who have lost their jobs find new opportunities.

What has the ACT Government announced?

The ACT Government has announced a \$137 million economic survival package.

Small-medium businesses

- Electricity rebates of &50 will be applied to businesses with annual usage below 100 megawatts.
- 12-month waiver for licensed venues on their food, liquor and licensing fees.
- Six month waiver of payroll tax for all businesses in the hospitality, creative arts and entertainment industries from March to August 2020.
- ACT businesses with group Australia-wide ages of up to \$10 million can defer their 2020-21 payroll tax, interest free until 1 July 2020.

Families and Households

- Applying a \$150 rebate to the fixed charge component of all residential bills in 2020-21.
- Freezing of the Fire and Emergency Services levy in 2020-21.
- Freezing of all 2020-21 fee increases for vehicle registration, parking and public transport.
- Households will receiving the Utilities Concession will receive an additional \$200 rebate through their electricity bill.

What has the Reserve Bank of Australia announced?

Interest rate cuts

The RBA has cut the cash rate twice in the previous month.

- 3 March 2020 - the RBA cut the cash rate by 25 basis points to 0.50 per cent.
- 19 March 2020 - the RBA cut the cash rate by 25 basis points to 0.25 per cent.

Australian Government Bond purchasing

The RBA will purchase Australian government bonds to increase the price of bonds so that the rate of return for a 3-year Australian government bond is approximately 0.25

per cent.

Term Funding Facility for the banking system

The RBA will provide a three-year funding facility to banks at a fixed rate of 0.25 per cent. They will have access to additional funding if they increase lending to business, especially to small and medium-sized businesses.

Exchange settlement concession

Exchange settlement balances at the Reserve Bank will be remunerated at 10 basis points, rather than zero as would have been the case under the previous arrangements.

What has the Banking industry announced?

Small business loan deferrals

The Australian Banking Association (ABA) announced that all small businesses hit by the coronavirus pandemic will be able to access a six-month deferral of loan repayments. This will apply to more than \$100 billion in small business loans.