



Briefing Paper: Australian Government COVID-19 stimulus packages

Total Federal Government economic assistance package worth \$189bn = 9.7 percent of GDP. This includes a double-up with 105bn given to banks by the Reserve Bank when businesses take a loan and make a tax write-off.¹

Update – 29 March 2020

The Australian Government has announced a \$1.1Bn package that will largely focus on support and expansion of telehealth subsidies.

- \$669m toward telehealth consultations with general practitioners, nurse practitioners and other health practitioners via phone or using video conferencing.
- Doubling of bulk-billing incentives between now and the end of September to incentivise face-to-face services to remain open.
- \$200m toward emergency relief support provided by organisations including FoodBank, the No Interest Loan Scheme, Financial Counselling Australia, the National Debt Helpline, the Salvation Army, St Vincent DePaul, Anglican and other local community organisations.
- \$150m toward existing domestic violence, family violence and sexual abuse services under the National Plan to reduce Violence against Women and their Children to be discussed between the states and territories at a convention of a COAG Women's Safety Council regarding how to best deliver this funding to support local responses including:
 - Counselling support for families affected by, or at risk of experiencing, domestic and family violence including men's behaviour change programs.
 - 1800RESPECT, the national domestic, family and sexual violence counselling service.
 - Mensline Australia, the national counselling service for men that provides support for emotional health and relationship concerns for men affected by or considering using violence.
 - Trafficked People Program to support particularly vulnerable cohorts such as victims of human trafficking, forced marriage, slavery and slavery-like practices.
 - Support programs for women and children experiencing violence to protect themselves to stay in their homes, or a home of their choice, when it is safe to do so.
 - A new public communication campaign to support those experiencing domestic violence over this period and to ensure those affected know where they can seek help.
- \$74m initially overall toward mental health support.
- \$28.3m will be toward delivery of psychosocial support to Commonwealth community mental health clients for a further 12 months. Allowing people with severe and complex

¹ <https://theconversation.com/scalable-without-limit-how-the-government-plans-to-get-coronavirus-support-into-our-hands-quickly-134353>

mental illness to complete their applications and testing for support under the National Disability Insurance Scheme.

- \$15m toward a dedicated Beyond Blue COVID-19 wellbeing support line with \$10m provided by the Federal Government and \$5m from Medibank.
- \$14m toward Lifeline (\$5m) and Kids Helpline (\$2m) mental health support line services including services to frontline healthcare workers.
- \$10 million toward the Community Visitors Scheme funding extra staff to train volunteer visitors to connect with older people in aged care online and by phone to assist older people to keep in touch with the community and loved ones
- \$6.75m to deliver the Headspace digital work and study service and E-headspace.
- Gayaa Dhuwi (Proud Spirit) Australia will develop culturally appropriate mental health and wellbeing resources easily accessible across a range of platforms, including print, podcast, NITV, Indigenous print media and internet/social media platforms.

First stimulus package – AUD \$17.6 billion

\$2.4bn health package

- Up to 100 pop-up fever clinics (\$205m)
 - Some stand-alone pop-ups
 - Some in existing practices who will receive \$150,000 to set up and offset loss of normal business.
- Advertising campaign (\$30m)
- Medicare item for bulk billing of telehealth consultations (\$100m /month)
 - **NSW** - \$3.2Bn
 - \$1.6Bn devoted to stimulating the local NSW business sector.
 - \$80 to waive fees and charges to small businesses in hospitality and trade industries.
 - **VIC** - \$1.7Bn plus a further \$500 million for a series of grants and payments to business who were “really are doing it tough”.
 - \$550 million to refund any payroll tax payments made by small Victorian businesses during the 2020 financial year (average refund ~\$23,000).
 - SMEs will be able to delay their payroll tax obligations for the first few months of the 2021 fiscal year as well.
 - Phase 3 = \$600m, part of which to waive liquor licence fees and assistance to people who have lost their jobs.
 - **QLD** – \$27.25m, plus \$500 million loan facility for businesses who need a boost in cash flow as a result of negative impacts stemming from COVID-19 (loans capped at \$250,000 and interest fee for 12 months).
 - Waives a series of fees and charges for Queensland-based small businesses in the hospitality and tourism industries.
 - Payroll tax deferrals to SMEs who have been affected by the pandemic – already been taken up by ~300 small businesses.
 - **WA** - \$607m
 - freezing household bills for WA residents
 - \$114 million towards additional measures to support small businesses – including a one-off payment of \$17,500 to small businesses that pay payroll tax.

- Business impacted by the pandemic able to defer their payroll tax payments until 21 July, later this year.
- **SA – \$350m**
 - To combat effects of COVID-19, bushfires, and droughts.
 - Road and hospital upgrades
 - Significant tourism infrastructure
 - Economic and Business Growth Fund to support industry sectors
- **TAS - \$420m**
 - dedicated to boosting local small businesses.
 - Three year interest free loan to SMEs in industries that have been heavily impacted, and a range of payroll tax exemptions for the remaining four months of the 2020 financial year.
 - Payments of up to \$1,000 will be made to families who are required to enter into self-isolation due to COVID-19.
- **ACT - \$137m (further packages expected)**
 - The opportunity for businesses that pay up to \$10m in wages to defer payroll tax payments for 12 months
 - Directly affected industries like hospitality and tourism will be receive a six-month payroll tax waiver.
 - Licenses and fees waived for hospitality businesses.
 - A \$2,622 credit to commercial rates bill.
 - A rebate of \$750 to small businesses which will be paid through their upcoming electricity bill.
 - Clubs to receive funding to continuing employing their casual staff.
 - Reshuffling of jobs in local government so those who work in events and entertainment can maintain their jobs by working in other parts of government.
- **NT - \$60m**
 - \$20 million allocated to businesses.
 - Business Improvement Scheme: eligible business will receive a payment of \$10,000 and a further \$10,000 in matched funding to pay for business upgrades.
 - \$5 million was being spread across hospitality and entertainment businesses who needed to readjust their venues in order to accommodate the 100 person limit that was introduced by the Federal Government.

\$17.6 bn in economic measures² (announced 12 March 2020)

Supporting Business Investment

- \$700m, to increase instant asset write-off threshold from \$50m to \$500m (revenue/yr)
- \$3.2bn, so that business with less than \$500m turnover can deduct 50% of an asset cost in year of purchase (15 months only, to 30 June 2021)

Cash flow assistance for business

- \$6.7bn, businesses (<\$50m turnover) will receive payment of 50% of Business Activity Statement (or IAS). -from 28th April, payable within 14 days.

² <https://www.pm.gov.au/media/economic-stimulus-package>

- \$1.3bn, 50% wage subsidy for apprentice/trainee wage up to 9 months (1 Jan – 30 Sept), if they can't be kept on, the subsidy is available to a new employer.

Stimulus payment to households

- \$4.8bn, \$750 one-off payment to income support recipients, only eligible for one payment if qualify in multiple ways. (auto paid from 31 March 2020)

Assistance for severely affected regions

- \$1bn, waiver of fees and charges for tourism, assistance to identify alternative export markets/supply chains and other targeted measures.

Second stimulus package – AUD \$66.1 billion

Business owners

- Businesses (and non-profits not included in the first package) with a turnover less than \$50m to receive a **tax-free payment from \$20,000 to \$100,000** (boosted from \$2000 and \$25,000 in the first package) from 28 April on top of cash flow measures announced in the first package. The credit would be added onto activity statements from the Australian Tax Office. Linking payments to businesses and staff wage tax withholdings, businesses could be incentivised to hang onto workers.
- An additional payment for eligible businesses equalling the total of all '**Boosting Cash Flow for Employers**' payments made in 2019-20 to be available from 28 July, 2020.
- **Instant Asset Write-off threshold** increased from \$30,000 to \$150,000 and expanded access to businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020.
- A time-limited, **15-month investment incentive** (through to 30 June 2021) created to support business investment and economic growth by accelerating depreciation deductions.
 - Businesses with a turnover of less than \$500 million will be able to deduct an additional 50 percent of the asset cost in the year of purchase.
- Eligible employers can apply for a wage subsidy of 50 percent of an apprentice's or trainee's wage for up to nine months from 1 January 2020 to 30 September 2020.

'Coronavirus SME Guarantee Scheme'

- Up to \$20bn committed to a loan guarantee scheme to guarantee new unsecured loans to small to medium enterprises up to \$250,000 via a 50/50 government/lender partnership on top of previously announced increased efficiencies for access.

New regulatory protection measures

- Temporary increases to statutory demand thresholds and time to respond to creditors for businesses under current and ongoing financial distress.
- Temporary relief from personal liability for trading while insolvent for directors.
- The Corporations Act 2001 to be amended to provide temporary and targeted relief for companies to deal with unforeseen events that arise as a result of COVID-19.

Households

- Temporary \$550 per fortnight to existing and new recipients of the JobSeeker Payment, Youth Allowance jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit (paid for next six months) - \$14.1bn
- Up to 5,000 new staff for Services Australia to support delivery.
- Access to \$10,000 of tax-free superannuation in 2019-20 and 2020-21 for people suffering financial stress as a result of COVID-19. Applications for access to up to \$10,000 via myGov before 1 July 2020 and an additional \$10,000 following.
- Temporarily reduce superannuation minimum drawdown rates Reduce the superannuation minimum drawdown rates by 50 per cent for the 2019-20 and 2020-21 income year.
- A second \$750 payment for welfare recipients will be automatically paid to an estimated 5 million people on July 13. The first \$750 payment, announced in the first stimulus package, will be paid on March 31. Also available to sole traders and casual workers, provided they meet income tests.
- Temporary waiver of asset tests and waiting periods to access the Jobseeker Payment.

Labor discretionary fund

- Labor has granted the Coalition Government access to \$40b taxpayer revenue to spend at their discretion without the need to follow normal legislative pathways in Parliament. The Government has been asked to be transparent regarding use of the funding including reporting of weekly spending and seeking agreement from the Labor party for spending over \$1bn, but these safeguards are not part of the legislation.