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FEDERAL MEMBER FOR HUME



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SUPPORTING AUSTRALIAN WORKERS AND BUSINESSES IN HUME

The Morrison Government has today released the second stage of its economic plan to cushion the economic impact of the coronavirus and help build a bridge to recovery.

A total of \$189 billion is being injected into the economy by all arms of Government in order to keep Australians in work and businesses in business, including in Hume.

This includes \$17.6 billion for the Government's first economic stimulus package, \$90 billion from the RBA and \$15 billion from the Government to deliver easier access to finance, and \$66.1 billion in today's economic support package.

Our economic support package includes:

- Support for households including casuals, sole-traders, retirees and those on income support
- Assistance for businesses to keep people in a job
- Regulatory protection and financial support for businesses to stay in business

The Prime Minister Scott Morrison said the Government was acting to cushion the blow from the coronavirus for businesses and households to help them get through to the other side of the crisis.

"We want to help businesses keep going as best they can and for as long as they can, or to pause instead of winding up their business. We want to ensure that when this crisis has passed Australian businesses can bounce back," the Prime Minister said.

"Our focus is on cushioning the blow and providing hope to every Australian that we will get through this and come out the other side together.

"We know this will be temporary. That's why all our actions are geared towards building a bridge, keeping more people in work, enhancing the safety net for those that aren't and keeping businesses alive so they can get to the other side and stand up their workforce as quickly as possible.

"We know Australia's more than 3 million small and medium businesses are the engine room of our economy. When they hurt, we all hurt.

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“The next few months are going to be a difficult journey but we all have a role to play to adapt to the changes we’re facing, to cushion the impact of what is happening and to pull together so we can bounce back when we get to the other side.”

The Treasurer Josh Frydenberg said the \$189 billion economic support package was the equivalent of 9.7 per cent of GDP.

“The Government is taking unprecedented action to strengthen the safety net available to Australians that are stood down or lose their jobs and increasing support for small businesses that do it tough over the next six months.

“These measures build significantly on what we have already announced.

“These extraordinary times demand extraordinary measures.”

Federal Member for Hume says this action will directly benefit our local community; supporting residents, workers, and small and medium businesses to bounce back.

“I have also spoken to all major energy suppliers over recent days and asked them to extend hardship policies to those affected, either directly or indirectly. They are now putting those expanded policies in place.”

“The Australian economy is resilient, and we are well placed to navigate the economic implications arising from Coronavirus.”

Support for workers and households

Coronavirus supplement

The Government is temporarily expanding eligibility to income support payments and 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 the JobSeeker Payment, Youth Allowance jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit.

The Coronavirus supplement will be paid for the next 6 months. Eligible income support recipients will receive the full amount of the \$550 Coronavirus supplement on top of their payment each fortnight.

This measure is estimated to cost \$14.1 billion over the forward estimates period.

An increase of up to 5,000 staff for Services Australia will assist to support delivery of new Government measures.

Payments to support households

In addition to the \$750 stimulus payment announced on 12 March 2020, the Government will provide a further \$750 payment to social security and veteran income support recipients and eligible concession card holders, except for those who are receiving an income support payment that is eligible to receive the Coronavirus supplement.

This second payment will be made automatically from 13 July 2020 to around 5 million social security, veteran and other income support recipients and eligible concession card holders. Around half of those that benefit are pensioners.

The first payment will be made from 31 March 2020 to people who will have been on one of the eligible payments any time between 12 March 2020 and 13 April 2020.

This measure is estimated to cost \$4 billion over the forward estimates period.

Early release of superannuation

The Government will allow individuals in financial stress as a result of the Coronavirus to access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21.

Eligible individuals will be able to apply online through myGov for access of up to \$10,000 of their superannuation before 1 July 2020. They will also be able to access up to a further \$10,000 from 1 July 2020 for another three months. They will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.

This measure is estimated to cost \$1.2 billion over the forward estimates period.

Temporarily reduce superannuation minimum drawdown rates

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

measure will benefit retirees by providing them with more flexibility as to how they manage their superannuation assets.

Reducing social security deeming rates

On top of the deeming rate changes made at the time of the first package, the Government is reducing the deeming rates by a further 0.25 percentage points to reflect the latest rate reductions by the RBA.

As of 1 May 2020, the lower deeming rate will be 0.25 per cent and the upper deeming rate will be 2.25 per cent.

The change will benefit around 900,000 income support recipients, including Age Pensioners.

This measure is estimated to cost \$876 million over the forward estimates period.

Assistance to business to keep people in a job

Boosting Cash Flow for Employers

The Government is providing up to \$100,000 to eligible small and medium sized businesses, and not-for-profits (including charities) that employ people, with a minimum payment of \$20,000. These payments will help businesses' and not-for-profits' cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

Under the enhanced scheme from the first package, employers will receive a payment equal to 100 per cent of their salary and wages withheld (up from 50 per cent), with the maximum payment being increased from \$25,000 to \$50,000. In addition, the minimum payment is being increased from \$2,000 to \$10,000. The payment will be available from 28 April 2020.

By linking the payments to business to staff wage tax withholdings, businesses will be incentivised to hold on to more of their workers.

The payments are tax free, there will be no new forms and payments will flow automatically through the ATO.

This measure will benefit around 690,000 businesses employing around 7.8 million people, and around 30,000 NFPs (including charities).

Small and medium business entities with aggregated annual turnover under \$50 million and that employ workers are eligible. NFPs entities, including charities, with aggregated annual turnover

under \$50 million and that employ workers will now also be eligible. This will support employment at a time where NFPs are facing increasing demand for services.

An additional payment is also being made from 28 July 2020. Eligible entities will receive an additional payment equal to the total of all of the Boosting Cash Flow for Employers payments received.

This measure is estimated to cost \$31.9 billion over the forward estimates period, including the value of the measure announced in the first package.

Regulatory protection and financial support for businesses to stay in business

Coronavirus SME Guarantee Scheme

The Government will establish the Coronavirus SME Guarantee Scheme which will support small and medium enterprises (SMEs) to get access to working capital to help them get them through the impact of the coronavirus.

Under the Scheme, the Government will guarantee 50 per cent of new loans issued by eligible lenders to SMEs.

The Government's support will enhance lenders' willingness and ability to provide credit to SMEs with the Scheme able to support \$40 billion of lending to SMEs.

The Scheme will complement the announcement the Government has made to cut red-tape to allow SMEs to get access to credit faster. It also complements announcements made by Australian banks to support small businesses with their existing loans.

This builds on the investment the Government is making to enable smaller lenders to continue supporting Australian consumers and small businesses, through providing the AOFM an investment capacity of \$15 billion to invest in wholesale funding markets used by small authorised deposit-taking institutions (ADI) and non-ADI lenders.

It further supports the Reserve Bank of Australia's announcement of a \$90 billion term funding facility for ns ADIs, that will reduce the cost of lending, with particular incentives to lend to small and medium enterprises.

The measures the Government is announcing today, along with the previous announcements, will deliver a total of \$125 billion to support Australians get through the impact of the coronavirus.

The Government will guarantee up to \$20 billion to support \$40 billion in SME loans.

Providing temporary relief for financially distressed businesses

The Government is temporarily increasing the threshold at which creditors can issue a statutory demand on a company and the time companies have to respond to statutory demands they receive. The package also includes temporary relief for directors from any personal liability for trading while insolvent. The *Corporations Act 2001* will be amended to provide temporary and targeted relief for companies to deal with unforeseen events that arise as a result of the Coronavirus.

- This builds on the support for business and business investment provided in our first economic support package, which included:
- increasing the instant asset write off
- backing business investment by providing accelerated depreciation deductions
- supporting apprentices and trainees
- targeted support for Coronavirus-affected regions and communities

Support for the aviation industry

As previously announced, the Government is also providing up to \$715 million in support for Australian airlines and airports, which will ensure that our aviation sector receives timely cash flow support through an unprecedented period of disruption to international and domestic air travel.

While these are challenging times, Australians can rest assured that the Commonwealth Government will do all that is necessary to support them and build a bridge to ensure that all Australians can get to the other side of this crisis.