

Australian Governments Respond – Restrictions & Support

Australian Governments have implemented further restrictions to slow the spread of the Coronavirus, while at the same time introducing measures to support jobs, businesses and the economy through the crisis. There's been a lot to absorb, so at the bottom of this note is a lengthy summary.

Government Hotline for More Information – 13 28 46

The Federal Government has established an advice hotline for small and medium sized businesses. Call 13 28 46 for more information.

Domestic Travel – Avoid Non-Essential

You will have seen the announcement for all non-essential travel to be avoided, made in the lead up to the school holidays.

TA's One-Stop-Shop for Industry Support – Updated Daily

To help you navigate the change and access any financial support available, Tourism Australia have created a one-stop-shop of information on their [website](#).

TA Webinars Every Friday – Invites to Come

Now that there is so much information out there as people face a mountain of decisions, and work remotely, we will be starting weekly webinars each Friday. This will start off with information specific to the tourism sector from experts ranging from what support is out there for the industry, to how to keep marketing and manage social media, and to how to best manage mental health.

Further Restrictions and Social Distancing Measures

The Prime Minister, state and territory Premiers and Chief Ministers met on 22 March 2020 as the National Cabinet. They agreed to further actions to support social distancing measures already put in place and protect the Australian community from the spread of coronavirus as set out below:

Places of Social Gathering

National Cabinet agreed to move to more widespread restrictions on social gatherings. Premiers and Chief Ministers agreed to implement, through state and territory laws, new Stage 1 restrictions on social gatherings, to be reviewed on a monthly basis.

Australians should expect these measures to be in place for at least 6 months.

The following facilities have been restricted from opening from midday local time 23 March 2020:

- Pubs, registered and licensed clubs (excluding bottle shops attached to these venues), hotels (excluding accommodation)
- Gyms and indoor sporting venues
- Cinemas, entertainment venues, casinos, and night clubs

- Restaurants and cafes will be restricted to takeaway and/or home delivery
- Religious gatherings, places of worship or funerals (in enclosed spaces and other than very small groups and where the 1 person per 4 square metre rule applies).

These measures also apply to outdoor spaces associated with the above venues. These enhanced measures build on existing measures to slow the virus and save lives:

- No non-essential gatherings of more than 500 people outside or more than 100 people inside.
- All non-essential indoor gatherings of less than 100 people must have no more than one person per 4sqm. All Australians should expect their local businesses to be following this rule.
- Where possible, keep 1.5 metres between yourself and others.
- Avoid non-essential travel including all domestic holiday travel.

Premiers and Chief Ministers agreed to consider further Stage 2 restrictions if social distancing measures are not adhered to. In addition to these new rules States and Territories are also introducing their own reforms.

States and Vulnerable Communities' Close Borders

In addition to these new rules States and Territories are also introducing their own reforms. In particular, the Northern Territory, Western Australia, South Australia and Queensland as well as Hamilton Island, Lord Howe and Norfolk Islands have imposed further border either to respond to bans on non-essential travel or to protect vulnerable communities.

Iconic Beaches Closed

Over the weekend Sydney beaches stretching from the Eastern Suburbs, including Australia's iconic Bondi Beach to Palm Beach on the Northern Beaches were closed as the number of people on those beaches exceeded the 500-person rule.

ECONOMIC STIMULUS FOR THOSE AFFECTED BY THE CORONAVIRUS

On 22 March the Australian Government announced a second economic stimulus package to help support those businesses, workers and households affected by coronavirus restrictions. The second package of \$66 billion builds on that unveiled last week and brings the Government's total support at this time to a total of \$189 billion. The Government is moving quickly to implement this package. To that end, a package of Bills was introduced into Parliament today (23 March 2020) designed to support businesses in managing short-term cash flow challenges, provide support to individuals, severely affected communities and regions, and to ensure the continued flow of credit in the Australian economy.

A summary of those measures follows:

1. Support for Individuals and Households

The Government will provide payments to assist lower-income Australians, including pensioners, other social security and veteran income support recipients and eligible concession card holders.

Income Support for Individuals

Over the next six months, 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 Jobseeker Payment, Youth Allowance Jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit.

Payments to Support Households

The Government is providing two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders. The first payment will be made from 31 March 2020 and the second payment will be made from 13 July 2020.

Temporary Early Release of Superannuation

The Government is allowing individuals affected by the coronavirus to access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21. Individuals will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.

Temporarily Reducing 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 with account-based pensions and similar products by reducing the need to sell investment assets to fund minimum drawdown requirements.

Reducing Social Security Deeming Rates

On 12 March, the Government announced a 0.5 percentage point reduction in both the upper and lower social security deeming rates. The Government will now reduce these rates by another 0.25 percentage points.

2. Support for Businesses

Boosting Cash Flow for Employers

The Government is enhancing the Boosting Cash Flow for Employers measure it announced on 12 March 2020. The Government is providing up to \$100,000 to eligible small and medium-sized businesses, and not-for-profits (NFPs) that employ people, with a minimum payment of \$20,000. These payments will help businesses and NFPs with their cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

Small and medium-sized business entities with aggregated annual turnover under \$50 million and that employ workers are eligible. NFPs, 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. Under the enhanced scheme, 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.

An additional payment is also being introduced in the July — October 2020 period. Eligible entities will receive an additional payment equal to the total of all of the Boosting Cash Flow for Employers payments they have received. This means that eligible entities will receive at least \$20,000 up to a total of \$100,000 under both payments.

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 to initiate bankrupt proceedings against an individual as well as temporarily increasing the time companies and individuals have to respond to statutory demands they receive. The package also includes temporary relief for directors from any personal liability for trading while insolvent and providing temporary flexibility in the Corporations Act 2001 to provide targeted relief from provisions of the Act to deal with unforeseen events that arise as a result of the coronavirus health crisis.

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.

Increasing the Instant Asset Write-off

The Government is increasing the instant asset write-off threshold from \$30,000 to \$150,000 and expanding access to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020. In 2017-18 there were more than 360,000 businesses that benefited from the current instant asset write-off, claiming deductions to the value of over \$4 billion.

Backing Business Investment

The Government is introducing a time-limited 15-month investment incentive (through to 30 June 2021) to support business investment and economic growth over the short term, 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, with existing depreciation rules applying to the balance of the asset's cost.

Supporting Apprentices and Trainees

The Government is supporting small business to retain their apprentices and trainees. Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage for 9 months from 1 January 2020 to 30 September 2020. Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer that employs that apprentice. Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter).

Support for Coronavirus-Affected Regions, Communities and Airlines

The Government will set aside \$1 billion to support regions most significantly affected by the Coronavirus outbreak. These funds will be available to assist during the outbreak and the recovery. In addition, the Government is assisting our airline industry by providing relief from a number of taxes and Government charges estimated to total up to \$715 million.

3. Supporting the Flow of Credit

The Government, the Reserve Bank of Australia and the Australian Prudential Regulatory Authority have taken coordinated action to ensure the flow of credit in the Australian economy. Timely access to credit is vital for businesses to manage the impacts of the Coronavirus.

Support for Immediate Cash Flow Needs for SMEs

Under the Coronavirus SME Guarantee Scheme, the Government will provide a guarantee of 50 per cent to SME lenders to support new short-term unsecured loans to SMEs. The Scheme will guarantee 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.

Quick and Efficient Access to Credit for Small Business

The Government is cutting red tape by providing a temporary exemption from responsible lending obligations for lenders providing credit to existing small business customers. This reform will help small businesses get access to credit quickly and efficiently.

Reserve Bank of Australia — Supporting the Flow and Reducing the Cost of Credit

The Reserve Bank of Australia (RBA) announced a package on 19 March 2020 that will put downward pressure on borrowing costs for households and businesses. This will help mitigate the adverse consequences of the Coronavirus on businesses and support their day-to-day trading operations. The RBA is supporting small businesses as a particular priority. The RBA announced a term funding facility for the banking system. Banks will have access to at least \$90 billion in funding at a fixed interest rate of 0.25 per cent. This will reinforce the benefits of a lower cash rate by reducing funding costs for banks, which in turn will help reduce interest rates for borrowers. To encourage lending to businesses, the facility offers additional low-cost funding to banks if they expand their business lending, with particular incentives applying to new loans to SMEs.

In addition, the RBA announced a further easing in monetary policy by reducing the cash rate to 0.25 per cent. It is also extending and complementing the interest rate cut by taking active steps to target a 0.25 per cent yield on 3-year Australian Government Securities.

Support for Non-ADI and Smaller ADI Lenders in the Securitisation Market

The Government is providing the Australian Office of Financial Management (AOFM) with \$15 billion to invest in structured finance markets used by smaller lenders, including non-Authorised Deposit-Taking Institutions (non-ADI) and smaller Authorised Deposit-Taking Institutions (ADI). This support will be provided by making direct investments in primary market securitisations by these lenders and in warehouse facilities.

Australian Prudential Regulatory Authority — Ensuring Banks are Well Placed to Lend

The Australian Prudential Regulatory Authority has announced temporary changes to its expectations regarding bank capital ratios. The changes will support banks' lending to customers, particularly if they wish to take advantage of the new facility being offered by the RBA.

FOR MORE INFORMATION

For more information on the Australian Government's Economic Response to the coronavirus visit treasury.gov.au/coronavirus.

STATES AND TERRITORIES

States and Territories have also announced their own support [packages](#).