

RESTAURANT & CATERING AUSTRALIA FURTHER FEDERAL GOVERNMENT STIMULUS FACT SHEET 23 March 2020

Background:

The Commonwealth Government yesterday 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.

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 yesterday's economic support package.

Please check below for information relating to eligibility for the Jobseeker Payment.

Support for Businesses:

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 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 announced yesterday, 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 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.

MORE DETAILS ABOUT ELIGIBILITY FOR JOBSEEKER PAYMENTS

The Federal Government has confirmed workers can access this payment if they are:

- a permanent employee who has been stood down or lost your job
- a sole trader, self-employed, a casual or contract worker whose income has reduced
- caring for someone who's affected by coronavirus.

There is a waiver of asset testing from 27 April for 6 months, except for Farm Household Allowance and Special Benefit. However, income testing will still apply.

On 12 March 2020 we started a 3 month waiving of the Ordinary Waiting Period. This will continue while these temporary arrangements are in place.

If you're eligible to get the Coronavirus Supplement we'll also waive the liquid asset test waiting period, newly arrived residents waiting period, and seasonal work preclusion period.

Income maintenance and compensation preclusion periods will continue to apply.

You can't access employer entitlements, such as annual leave or sick leave, or income protection insurance at the same time as getting JobSeeker Payment or Youth Allowance for job seekers.

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.