

22 March 2020

NAT 011/20

## The Second Stage of the Federal Government's Economic Response to the COVID-19 pandemic

### SUMMARY

On Sunday 22 March the Federal Government announced an additional set of measures to reduce the economic impact of the coronavirus and to assist a strong rebound. The measures build on the Government's economic response on 12 March and the announcement from the Reserve Bank of Australia on 18 March.

The second stage measures include the following areas:

- Business measures
- Measures for households.

The Government's announcement can be found [here](#).

### Measures for Businesses

#### *Business cash flow payment*

Building on the cash flow measures announced on 12 March, the Government is now providing up to \$100,000 to eligible small and medium sized businesses with employees:

- From April 28, every eligible business with employees and with a turnover of less than \$50 million pa will be entitled to a minimum payment of \$10,000;
- The total entitlement up to a maximum of \$50,000 for this period will be 100% of PAYG deductions on wages and salaries paid to employees.
- There is no need to apply. The payments will be made automatically as relevant Business Activity Statements are received.
- A second payment calculated on a similar basis will be made from 28 June.

#### *SME Loan Guarantee*

A new Coronavirus SME Guarantee Scheme has been established to support small and medium enterprises access working capital.

The federal Government will guarantee 50 per cent of new unsecured loans up to \$250,000 issued by eligible lenders to SMEs.

#### *Regulatory protection*

The Government has announced it 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 Government has also announced temporary relief for directors from any personal liability for trading while insolvent.

## Measures for Households

### *Coronavirus supplement*

The Government is temporarily expanding eligibility to income support payments and establishing a new Coronavirus supplement of \$550 per fortnight for the next six months.

The supplement 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.

### *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. The first \$750 payment will be made at the end of March and the second on 13 July.

### *Superannuation and social security measures*

The government has also announced a limited expansion of arrangements under which people can make withdrawals from their superannuation.

The Government is also reducing the deeming rates by a further 0.25 percentage points to reflect the latest rate reductions by the RBA.

An increase of up to 5,000 staff for Services Australia has also been announced.

## Do you require further advice?

For information or assistance, please contact the **Ai Group Workplace Advice Line** on 1300 55 66 77.



**Peter Burn**  
Head of Influence and Policy