

Information note – Government responses to COVID-19 pandemic

The outbreak of the coronavirus (COVID-19) and the responses from governments, both federal and state, initially put restrictions on some businesses and then forced many to close, which has consequences for employees.

Measures taken to restrict gatherings and non-essential business

The Commonwealth Government has initiated the following [guidelines](#) for social distancing in order to stop or slow the spread of the disease:

- avoid handshaking and kissing;
- visit shops sparingly;
- consider whether outings and travel are necessary;
- reconsider non-essential business travel; and
- the suspension of non-essential gatherings for an initial period of 4 weeks.

On 13 March 2020, the Commonwealth and State Governments [agreed](#) to advise against all non-essential organised public gatherings of more than 500 persons, effective from 16 March 2020. This did not impact schools, workplaces, hospitals, public transportation, domestic travel and universities as well as public transient places such as shopping centres.

In [addition](#), on 18 March 2020, non-essential indoor gatherings of more than 100 people (including staff) and outdoor activities of more than 500 people were not to be permitted. Essential gatherings include:

- Public transport;
- Medical and health care facilities, pharmacies, emergency service facilities;
- Correctional facilities, youth justice centres or other places of custody, courts and tribunals;
- Parliaments;
- Food markets, supermarkets and grocery stores, shopping centres; and
- Office buildings, factories, construction sites and mining sites.

For outdoor gatherings of fewer than 500 people, there must be no more than 1 person per 4 square metres of ground space.

The [guidelines](#) also explain that, from midday local time on 23 March 2020, restrictions on opening were placed on the following facilities:

- 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 restricted to takeaway and/or home delivery; and
- religious gatherings, places of worship or funerals (in enclosed spaces and other than very small groups and where the 1 person by 4 square metre rule applies).

Support for businesses

Assistance for businesses from the Commonwealth Government was [first announced](#) on 12 March 2020 that included:

- increases to the instant asset write-off and accelerating depreciation deductions;
- payments of between \$2000 and \$25,000 for small to medium-sized businesses making less than \$50 million in turnover;
- assistance for small business employing trainees and apprentices by supporting 50 per cent of apprentice/trainee wages for 9 months from 1 January 2020 to 30 September 2020.

A **second package** from the Commonwealth Government was [announced](#) on 22 March 2020 that included the following:

- a boost to cashflow of 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, to keep business operating, pay rent, electricity and other bill and retain staff. This measure is estimated to benefit around 690,000 businesses employing around 7.8 million people, and around 30,000 NFPs (including charities).
 - 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, with the minimum payment being increased from \$2,000 to \$10,000. Additional payments to be introduced during the July–October 2020 period;

Fact sheet: https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Cash_flow_assistance_for_businesses_0.pdf

- 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;

Fact sheet: https://treasury.gov.au/sites/default/files/2020-03/Fact_Sheet-Delivering_support_for_business_investment.pdf

- temporary increase in 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;

Fact sheet: https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Providing_temporary_relief_for_financially_distressed_businesses.pdf

- the introduction of a 15-month investment incentive that will accelerate depreciation deductions for businesses with turnover of less than \$500 million. These businesses 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;

Fact sheet: https://treasury.gov.au/sites/default/files/2020-03/Fact_Sheet-Delivering_support_for_business_investment.pdf

- following the initial support to businesses employing trainees and apprentices, 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;

Fact sheet: https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Cash_flow_assistance_for_businesses_0.pdf

- support of \$1 billion to regions most significantly affected by the Coronavirus outbreak. These funds will be available to assist during the outbreak and the recovery. In addition, assistance has been provided to the airline industry by providing relief from a number of taxes and Government charges estimated to total up to \$715 million;

Fact sheet: https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Assistance_for_severely_affected_regions_and_sectors.pdf

- a guarantee of 50 per cent to SME lenders to support new short-term unsecured loans to SMEs.

Fact sheet: https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Supporting_the_flow_of_credit_1.pdf

Reference: <https://treasury.gov.au/coronavirus/businesses>

State governments have announced adjustments to payroll tax and other measures to assist businesses, including:

- New South Wales: waiving payroll tax for businesses with payrolls of up to \$10 million for three months, bringing forward the next round of payroll tax cuts by raising the threshold limit to \$1 million in 2020–21, waiving a range of fees and charges for small businesses including bars, cafes, restaurants and tradies.
- Victoria: full payroll refunds for the 2019-20 financial year for small and medium businesses with payroll of less than \$3 million, government to pay to all outstanding supplier invoices within 5 business days, liquor licensing fees for 2020 to be waived for affected venues and small businesses.
- Queensland: deferral of payroll tax for 6 months, grants of up to \$7 500 (excl. GST) to support new equipment purchases
- Western Australia: one-off grants of \$17,000 to small businesses, applications to defer payment of 2019–20 payroll tax, and the \$1 million payroll tax threshold brought forward by 6 months to 1 July 2020.
- Tasmania: waiving of payroll tax for the last four months of 2019–20 for hospitality, tourism and seafood industry businesses, introduction of a youth employment payroll tax rebate scheme for young people from 1 April 2020, additional \$5000 grants for businesses that hire an apprentice or trainee.
- ACT: a 12-month waiver on food business registration and on-licence liquor licencing fees from 1 April 2020, a one-off 6 month payroll tax waiver for hospitality (cafes, pubs, hotels, clubs and restaurants), creative arts and entertainment industries from April to September 2020, deferral of 2020-21 payroll tax (interest free to 1 July 2022) for all ACT business with nation-wide wages of up to \$10 million.
- NT: eligible businesses will get a grant of \$10 000 for upgrades and a further \$10 000 if they contribute \$10 000 of their own funds.

References:

- Berejiklian G (2020), [\\$2.3 billion health boost and economic stimulus](#), NSW Government media release, 20 March.
- Department of Premier and Cabinet (2020), [Economic survival package to support businesses and jobs](#), Victorian Government, 21 March .
- Hon. Palaszczuk A (2020), [Palaszczuk Government offers \\$500m in loans to support workers in businesses affected by coronavirus](#), Queensland Government.
- Government of Western Australia (2020), [COVID-19 economic response: Relief for businesses and households](#), media release, 16 March.
- Gutwein P (2020), [Investing to sustain a strong economy and local jobs](#), Premier of Tasmania media release, 17 March.
- ACT Government (2020), [The Initial economic survival package to support Territory Economy](#), 20 March.
- SecureNT (2020), [Coronavirus \(COVID–19\) updates](#), Northern Territory Government, 18 March.

Support for individuals and households

Assistance for employees and households initially included one-off payments of \$750 to be made from 31 March 2020 to selected income support recipients.

Further assistance for households was [announced](#) by the Commonwealth Government on 22 March 2020:

- temporarily expanding eligibility for income support payments and establishing a new, temporary Coronavirus supplement, paid at \$550 per fortnight. Both existing and new Jobseeker Payment, Youth Allowance Jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit recipients are eligible;

Fact sheet: https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Payments_to_support_households.pdf

- a second payment of \$750 to social security, veteran and other income support recipients and eligible concession card holders made from 13 July 2020;

Fact sheet: https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Payments_to_support_households.pdf

- individuals to access up to \$10 000 of their superannuation in 2019–20 and \$10 000 in 2020–21 without needing to pay tax on the amounts released;

Fact sheet: https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Early_Access_to_Super_1.pdf

- 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 reduce these rates by another 0.25 percentage points. As of 1 May 2020, the upper deeming rate will be 2.25 per cent and the lower deeming rate will be 0.25 per cent.

Fact sheet: https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Providing_support_for_retirees_to_manage_market_volatility.pdf