

COVID-19 GOVERNMENT STIMULUS PACKAGES - KEY INITIATIVES FOR DAIRY BUSINESSES

Over the past week or so you would have heard of the various Australian governments announcing economic stimulus in response to the CV-19 outbreak. Below is a list of the initiatives from these packages that are directly relevant to a dairy business (ordered in size of impact).

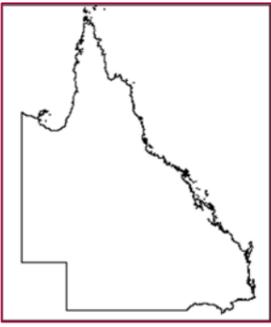
The Australian Government have released its stimulus in two tranches. It now totals \$189 billion, which is almost 10% of GDP. Key initiatives for dairy are:

-  **B**oosting cash flow to employers - The Government is providing up to \$100,000 to eligible small and medium sized businesses (annual turnover under \$50 million) that employ people, with a minimum payment of \$20,000. The payment will be available from 28 April 2020. It is tax free with no new forms to complete as payments will flow automatically through the ATO. Payments to business are linked to staff wage tax withholdings (thus the reason why the ATO is administering), to incentivise businesses to hold on to more of their workers.
-  **C**oronavirus SME Guarantee Scheme - The Government will guarantee 50 per cent of new loans issued by eligible lenders to SMEs.
-  **I**ntant asset write-off changes - Increase the instant asset write off threshold from \$30,000 to \$150,000 and expand access to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020.
-  **I**nterest free investment incentive – The Government is providing 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 an additional 50 per cent of the asset cost in the year of purchase.
-  **L**oan deferrals – The Australian Banking Association (ABA) have announced that their members will defer loan repayments for six months for small businesses who need assistance because of the impacts of the coronavirus.
-  **R**esponsible lending deferrals - The Government will provide an exemption from responsible lending obligations for a period of six months in relation to the credit they extend to their existing small business customers, provided there is an existing borrowing relationship and some proportion of that credit is used for business purposes. The exemption will apply to new credit, credit limit increases and credit variations and restructures.
-  **A**ssistance for severely affected regions - \$1 billion to support those sectors, regions and communities that have been disproportionately affected by the economic impacts of the Coronavirus, including those heavily reliant on industries such as tourism, agriculture and education. This will be designed and delivered in partnership with the affected industries and communities.

STATE PACKAGES CAN BE FOUND ON THE FOLLOWING PAGE

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The **Queensland** Government announced over \$4 billion in stimulus. Key initiatives for dairy businesses:

1. \$500 million loan facility – Businesses can access loans of up to \$250,000 with an initial 12-month interest free period for retaining staff.
2. Payroll tax refund - Refund two months' worth of payroll tax.
3. Payroll tax deferral - Businesses with an annual Australian wage bill of up to \$6.5 million can defer their payroll tax obligations for six months, backdated to when the travel ban started on 1 February.
4. Employment skilling and referral - Up to \$500 million will be provided to assist workers who lose their job or income and help them find jobs in the essential industries of health care, agriculture, food production, transport, cleaning and mining.
5. Business hotline – Establishment of a dedicated small business hotline (1300 654 687) to deal with issues associated with the virus for employers and access to programs.



The NSW Government have announced \$1.6 billion in tax cuts. The key initiative for dairy is payroll tax cuts. \$450 million has been allocated for the waiver of payroll tax for businesses with payrolls of up to \$10 million for three months (the rest of 2019-20). This means these businesses will save a quarter of their annual payroll tax bill in 2019-20. \$56 million has been brought forward the next round of payroll tax cuts by raising the threshold limit to \$1 million in 2020-21.



The **Victorian** Government announced a \$1.7 billion stimulus. Key initiatives for dairy are:

1. Payroll tax refunds – Refunds will be provided in full for the 2019-20 financial year for small and medium-sized businesses with payroll of less than \$3 million. Payments are expected to start this week. The same businesses will also be able to defer any payroll tax for the first three months of the 2020-21 financial year until 1 January 2021. This assistance is a refund, not a loan.
2. Working for Victoria Fund - \$500 million has been set aside to help workers who have lost their jobs find new opportunities. A job matching service is included to help Victorians find short-term or casual roles.
3. Business Victoria hotline - Businesses across the state can access information on dealing with COVID-19 by calling a Business Victoria hotline on 13 22 15.



The **Tasmanian** Government announced a \$420 million stimulus package. Key initiatives for dairy are:

1. Interest free loans - \$20 million has been allocated for the provision of interest free loans to businesses in the hospitality, tourism, seafood and exports sectors. The loans will be available to small businesses with a turnover of less than \$5 million for the purpose of purchasing equipment or restructuring business operations and will be interest free for a period of up to three years.
2. Payroll tax waiver - Small to medium businesses with an annual payroll of up to \$5 million in Australian wages will be able to apply based on the immediate impact of the virus on their businesses to waive their payroll tax payments for the remaining three months from March to June 2020. This initiative is costed at up to \$9 million.
3. Employment of young people - To encourage businesses to employ young people the Government will introduce a youth employment payroll tax rebate scheme for young people from 1 April 2020. At a cost of around \$280,000, the Scheme provides a payroll tax rebate for one year, to businesses that employ a young person aged 24 and under.
4. OH&S support - \$80,000 has been allocated to the Tasmania Chamber of Commerce and Industry to provide advice to businesses on workplace issues associated with COVID-19.



The **Western Australian** Government announced a \$607 million stimulus package. Key initiatives for dairy include:

1. Business support - Payroll tax paying businesses with a payroll between \$1 million and \$4 million will receive a one-off grant of \$17,500 to assist them to manage the impacts of COVID-19.
2. Payroll tax exemption – The Government will fast-track payroll tax relief for small businesses, with the payroll tax threshold increasing to \$1 million from July 1, 2020, six months earlier than planned. As part of the package announced last year, the payroll threshold increased to \$950,000 from January 1, 2020, and was due to increase again to \$1 million from January 1, 2021. In addition, small and medium sized businesses affected by COVID-19 can now apply to defer payment of their 2019-20 payroll tax until July 21, 2020. The deferral is available to employers who pay \$7.5 million or less in Australian Taxable Wages and have been directly or indirectly impacted by COVID-19, compared to normal operating conditions.
3. One stop assistance centre - The Small Business Development Corporation (SBDC) will provide dedicated, timely guidance on available support options and guidance on managing the impacts of COVID-19.



The **South Australian** Government announced a \$350 million stimulus package. Most of this is being allocated to infrastructure projects and bushfire recovery.