

## **Federal Government's Economic Response to the Coronavirus Second Tranche - announced March 22, 2020.**

The Government acknowledged that we are experiencing a fast-moving situation and that the economic shock will be deeper, wider in its extent and for a longer period than envisaged earlier. Their focus is firmly on keeping as many jobs and viable businesses as possible.

The Federal Government's announcement today of further stimulus measures builds on and strengthens measure announced in the first stimulus package. Small and medium sized businesses now have better access to funds to help weather the disastrous disruption to cash flow that the fallout from COVID-19 has inflicted on them. The Government's approach to measures has four criteria. They must be targeted, temporary, proportionate and scalable through existing systems. This ensures assistance gets to where it needs to go fast, at the level needed, and for the time it is needed.

Including the measure announced today, the Government has provided economic support totalling \$189 billion, the equivalent of 10 per cent of the size of the Australian economy. In announcing the new measures, the Prime Minister emphasised the focus is on providing a safety net for households and small businesses so the economy can bounce back strongly after the health crisis. A summary of the Government's overall economic response to the Coronavirus is available [here](#).

The package has three parts targeted at supporting individuals and households, businesses and the flow of credit.

### ***Supporting individuals and households***

Income support to households, casual workers and sole traders through a time-limited Coronavirus supplement has been increased. Measures include increases in both income support for individuals and payments to support households, and early access to superannuation.

Factsheets are available [here](#)

### ***Support for business***

The Boosting Cash Flow measure announced in the first package is enhanced by increasing the maximum payment to \$100,000 and the minimum payment to \$20,000 and extending eligibility to not-for-profits.

Temporary relief is provided for financially distressed businesses to reduce the threat of actions that could put them out of business.

Factsheets are available [here](#).

### ***Support for the flow of credit***

A Coronavirus SME Guarantee Scheme has been established to provide otherwise viable businesses access funding of up to \$250,000 from banks. Red tape has been cut to provide lenders to small businesses with temporary exemption from responsible lending obligations.

Factsheets are available [here](#).

Both the Federal Government's fiscal response and the Reserve Bank of Australia's interventions are attempting to take pressure off business cash flows and help many small businesses that are having difficulty accessing credit get it. All these measures are important to helping small businesses survive through this unprecedented event, which is full of uncertainties.

While these measures will definitely help many businesses and now sole traders, more will be needed to buffer the economy over coming months as the full impact of the Coronavirus and the nature of the recovery become clearer.