



“If Australians Really Are ‘All In This Together’ Then There Should Be A Sense Of Equality Of Sacrifice”

Publish Date:

April 2020

A new daily email by free market think tank the Institute of Public Affairs, providing the latest economic data and policy measures for journalists, commentators and IPA members.

IPA Comment on Morrison government public sector pay freeze, attributable to John Roskam, Executive Director of Free Market think tank the Institute of Public Affairs:

The IPA welcomes the public servant pay freeze but says the government should go further and cut public service salaries over \$150,000 by 20% until the lockdown is over.

“If Australians really are ‘all in this together’ than there should be a sense of equality of sacrifice.”

“The CPSU have revealed themselves to be completely selfish and out of touch with mainstream Australia. Do they take the hundreds of thousands of Australians who’ve lost their jobs for complete fools?”



“At the moment there are two classes of Australian. Those whose lives are devastated by losing their job and their business and public servants who have been completely untouched by the crisis.”

IPA Comment on job numbers attributable to Gideon Rozner, Director of Policy at the Institute of Public Affairs:

“The Roy Morgan data released today underscores the severe economic crisis induced by the current lockdown measures. The IPA has estimated that 71,700 people lost their jobs each day as the lockdown came into effect, the numbers from Roy Morgan suggest this has resulted in 1.4 million Australians losing their jobs.”

“A job is more than a source of income, it provides dignity and purpose and connects individuals to their community. Mass job losses will have an extraordinarily negative impact on individuals, families and communities and will result in poor social and health outcomes for years to come.”

“These shocking figures highlight the need to begin a reasonable reopening of parts of the economy for those who are least at risk while maintaining appropriate social distancing measures. To stem the unimaginable harm being inflicted on society, the government must implement a plan to gradually get businesses open and people back into work.”

Research prepared by IPA Research Fellows Kurt Wallace and Cian Hussey.

Australia

- 6,079 cases and 51 deaths at 9:00am. The daily rate of increases has remained below 2 per cent throughout the week, sitting at 1.6 per cent on Wednesday.
- Roy Morgan estimates that 1.4 million people became unemployed in the second half of March, and under-employment increased by 374,000 people. Roy Morgan has calculated that 3.92 million (27.4 per cent) of Australians were either unemployed or under-employed in the second half of March. Roy Morgan measures unemployment differently to the ABS, and they argue their non-seasonally adjusted figures are more accurate. More information and the full release [here](#).
- The JobKeeper legislation passed the parliament yesterday, with some details being clarified:
 - Eligible employers will have to pay superannuation payments only on any top-up amount above the \$1,500 per fortnight subsidy.
 - Eligible employers can change their staff hours to whatever amount would bring their pro rata pay down to \$1,500 per fortnight, provided COVID-19 means there is less work for that worker compared to usual circumstances.
 - Payments can be used to subsidise holiday pay.

- Eligible employers can also direct staff to take leave, but this has to be done by agreement between the employer and employee and must not leave employees with less than two weeks' leave remaining on their leave balance.
- Job ads are down 65 per cent compared to this time last year, according to data from SEEK. Falls were greatest in NSW (down 72 per cent) and Vic (down 67 per cent). Job ads were down 13 per cent in the first week of March, but have dropped away rapidly in the previous few weeks.
- Health Minister Greg Hunt has said that the Morrison government will begin to lift social distancing restrictions wherever possible through “steps and stages that we could test and reverse”. The government remains committed to a six month timeframe, but Hunt said this “doesn’t mean all of the restrictions will be in place and wherever we can, we will look to lift those”.
- Australian National University will use students’ year 11 results for enrolment in next year’s courses.
- From midnight on Friday 10 April, Queensland will require everyone, including state residents, to apply for a pass before they can enter the state, and will send people who have travelled through a COVID-19 hotspot into a 14 day quarantine.
- NSW Treasurer Dominic Perrottet says he wants to freeze the pay of politicians and state public servants to stop a scheduled 2.5 per cent pay rise proceeding from July 1.
- NSW has announced free pre-school childcare for the next six months, costing \$50 million. The government will also provide \$80 million to cover the portion of wages of employees of local government childcare centres that isn’t provided by the federal government’s JobKeeper Payment.

Global

- The Organisation for Economic Co-operation and Development reports that its Composite Lending Indicators gauge recorded “the largest drop on record in most major economies” in March. The CLI drop “is stronger now than it was at the time of the financial crisis”. Data [here](#).
- The World Trade Organisation expects world trade to fall by between 13 and 32 per cent in 2020. More info [here](#).

United Kingdom

- The Chancellor has announced £750m in emergency funding for charities across the UK.

Estimated layoffs

The IPA estimates 717,000 jobs have been lost due to the shutdown as of April 3.

- Assumptions:
 - Major cuts to pubs and clubs, cafes, social clubs, arts and recreation, and hairdressing and beauty.
 - Substantial cuts to cafes and coffee shops, catering services, clothing retail, jewellers,

- and travel agencies.
- Moderate cuts to hotels, resorts, motels, and restaurants.
- 28,000 layoffs at Qantas and Virgin.
- Based on industry employment numbers from IBISWorld.
- This is likely to be a very conservative estimate as it doesn't include many industries indirectly affected. This also doesn't consider the significant amount of reduced hours across the economy.

Announced stand-downs and layoffs from large companies.

- This is a running count of announced stand-downs and layoffs and is compiled of companies that have made a public announcement including a specific number of employees let go.

Running total – 124,995

- Qantas 20,000.
- Crown 20,000 (Crown estimates it has 4,000 small businesses that depend on it).
- Myer 10,000.
- Premier Investments 9,000.
- Star Entertainment 8,100.
- Virgin 8,000.
- ALH Group 8,000.
- Mosaic Group 6,800.
- Country Road Group 5,000.
- Accent Group 4,500.
- Flight Centre 3,800.
- Pacific Brands 3,000.
- Michael Hill 2,500.
- Adairs 1,800.
- Helloworld 1,575.
- Uniqlo 1,500.
- Kathmandu 1,300.
- Sussan Group 1,300.
- H&M 1,300.
- Viva Leisure 1,002.
- Lovista 800.
- RM William 709.
- Freedom Furniture 700.
- Tabcorp 700.
- Woodside 650.
- Opera Australia 600.
- Webjet 440.
- Kikki.k 440.
- Foxtel 340.
- Colette 210.

- KPMG 200.
- Hutchinson Builders 200.
- Manly Fast Ferry and Captain Cook Cruises 180.
- Santos 150
- Kresta 130.
- Harris Scarfe 59.

Stimulus measures – updated 9 April

Commonwealth

- A \$40 billion discretionary fund has been set aside under the control of the Finance Minister.

Households (\$25 billion)

- \$14.1 billion welfare:
 - Expanded eligibility to income support payments.
 - Additional \$550 per fortnight.
- \$1.6 billion welfare expansion to students:
 - Expands the \$550 per fortnight payment to students not included under the original plan.
- \$8.8 billion handouts:
 - Two rounds (originally one) of \$750 payments to income support recipients.
- \$1.2 billion early superannuation access:
 - Tax-free withdrawal of up to \$20,000 in superannuation.
- Temporary reduction in super drawdown rates:
 - Reduce minimum drawdown rates by 50 per cent for FY19 and FY20.
- \$876 million lower social security deeming rates.

Business (\$38.8 billion)

- \$31.9 billion cash flow boost for employers. Total payment between \$20,000 and \$100,000.
- Temporary relief for financially distressed businesses:
 - Changes to requirements around insolvency.
- \$700 million increased instant asset write-off:
 - Lifting asset threshold to \$150,000 (was \$30,000).
 - Businesses eligible with turnover of up to \$500 million (previously \$50 million).
- \$3.2 billion accelerating depreciation deductions.
- \$1.3 billion wage assistance for apprentices and trainees.
- \$1 billion for affected regions.
 - \$110 million will be allocated to creating a new freight assistance mechanism to recommence local seafood exports to China, Japan, Hong Kong, Singapore and the United Arab Emirates.
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\$715 million for airlines and airports:

- Relief from a range of government taxes and charges.

JobKeeper Scheme

- The scheme is expected to cost \$130 billion across 2019-2020 and 2020-2021.
- A payment of \$1,500 a fortnight (70 per cent of the median income) before tax.
- Available for up to 6 months.
- Businesses will be eligible if they:
 - Have experienced a decrease in turnover of at least 30 per cent due to the coronavirus impact. For businesses with a turnover above \$1 billion, turnover must have fallen by at least 50 per cent. Charities only need to demonstrate a 15 per cent turnover reduction, regardless of their turnover level.
 - Are not subject to the Major Bank Levy.
- Available for all full-time, part-time, long-term casuals (at least 12 months) and stood-down employees on a businesses' books on 1 March that continue to be engaged by the business.
- Also available to self-employed sole traders.
- Legal obligation for businesses to maintain employees (i.e. they'll have to refund the money received for any employee they fire).
- Payments will be made from May 1 and will be backdated to 30 March.
- Employees making over \$1,500 a fortnight will receive their regular wage, with the jobkeeper payment partially subsidising their wage.
- Employees who earn less than \$1,500 a fortnight will receive the full \$1,500 a fortnight.
- Employees who have been stood down will receive the full \$1,500 a fortnight.
- Employees who have ceased employment, were employed on 1 March, and have subsequently been re-engaged, will receive, at minimum, the full \$1,500 a fortnight.

Lending (\$125 billion)

- \$20 billion SME loan guarantee.
- \$15 billion from the government for SME lending through the banks.
- \$90 billion from RBA for SME lending through the banks.

\$1.1 billion healthcare and vulnerable Australians package, including:

- \$669 million for Medicare support at home (such as telehealth services).
- \$150 million for domestic violence support.
- \$74 million for mental health support.
- \$200 million for charities, community organisations and food relief organisations.

\$3 billion childcare package announced:

- Almost 1 million families will be able to access free childcare.
- 13,000 childcare providers are eligible and will receive 50 per cent of their pre-crisis (last two weeks of February) fee revenue (up to the Child Care Subsidy hourly rate cap) from the

government from Monday 6 April.

- Means-tested Child Care Subsidy temporarily ceased.
- In place for six months.

\$1.3 billion underwriting of Australia's 657 private hospitals under an agreement that will open up the 35,000 private hospital beds to public patients. The states and commonwealth will split the cost of services provided 50-50, and the \$1.3 billion provides an initial payment on an uncapped "viability guarantee" to offset lost revenue from cancelled elective surgeries.

The foreign ownership threshold that triggers government scrutiny of investment through the Foreign Investment Review Board will be lowered from \$1.2 billion to \$0.

Private health insurers will postpone planned April 1 premium increases for at least six months.

- A new mandatory code of conduct has been announced to provide relief to commercial tenants. Under the code:
 - Tenants eligible for relief are those who are eligible for JobKeeper (i.e. have seen a 30% reduction in turnover) and have a turnover under \$50 million.
 - Their landlords must provide a reduction in rents at least equal to the reduction in turnover. This reduction will be 50% rent waivers and 50% rent deferrals. For deferred payments, tenants will have at a minimum 24 months to pay the outstanding rent.
 - If landlords fail to negotiate they will lose access to concessions such as land tax or council rates relief or loan repayment holidays offered by banks. In this instance, tenants will be able to break their lease.

More details: https://treasury.gov.au/sites/default/files/2020-03/Overview-Economic_Response_to_the_Coronavirus_0.pdf

Across the country, all pubs, clubs, nightclubs, casinos, gyms, indoor sporting venues, places of worship, cinemas and entertainment venues, beauticians, tattoo parlours, and nail and tanning salons close. Cafes and restaurants to provide delivery or takeaway only. Limit on gatherings has been cut from 10 to 2 people. Weddings will still be allowed 5 people and funerals 10.

Victoria

- Three-stage, \$1.7 billion stimulus announced.
- \$550 million payroll tax refund for 24,000 SMEs with a payroll of less than \$3 million (refunds available from Friday, March 27).
- \$500 million fund for hardship payments, small grants and tailored support.
- \$600 million for a range of measures, including waiving liquor licence fees for 12,500 venues.
- \$1,600 fines for those breaking social distancing requirements.
- An additional \$1.3 billion spend on Victoria's health system. The package is estimated to increase the number of ICU beds from 500 to 4,500.

New South Wales

- \$3.3 billion stimulus package announced.
 - \$1 billion Working for NSW fund to create new jobs.
 - \$700 million extra funding for NSW Health.
 - \$450 million to waive payroll tax for businesses with payroll of up to \$10 million for the next three months.
 - \$56 million to bring forward payroll tax cuts by raising the threshold limit to \$1 million in 2020-21.
 - \$80 million to waive a range of fees and charges for small businesses.
 - \$250 million to employ additional cleaners of public infrastructure.
 - \$250 million to bring forward maintenance on public assets.
 - \$500 million to bring forward capital works and maintenance.
 - 6 month deferral of gaming taxes for pubs, clubs, hotels and lotteries (with the condition that the money is spent on retaining staff).
 - Rents for commercial tenants with fewer than 20 employees in government-owned properties will be suspended until the end of September.
 - \$34 million boost in funding to prevent homelessness.
 - \$30 million boost for the Energy Accounts Payments Assistance scheme.
 - \$10 million to support charities.
 - \$6 million additional funding for Lifeline's operations in NSW.
- New \$750 million support package aimed at supporting small businesses. It will provide \$10,000 grants for up to 75,000 small businesses (NSW has around 710,000 small businesses). To be eligible, businesses have to employ up to 19 people and turnover more than \$75,000 a year.
- NSW will also spend \$70 million to fund housing infrastructure in Sydney's north-west.
- \$50 million to provide free pre-school childcare for the next six months.
- \$80 million to cover the portion of wages of employees of local government childcare centres that isn't provided by the federal government's JobKeeper Payment.
- 24 hour trading allowed for supermarkets and pharmacies.

Queensland

- \$4 billion stimulus.
- \$300 million household relief package will give households \$200 off their utility bills.
- \$2.5 billion directed towards workers and businesses, including \$500 million to assist workers who lose their job or income. Liquor licence fees are being waived, rent relief for businesses who rent premises from the state government, and sole traders and SMEs will receive a \$500 rebate on their power bill for the year.
- \$1.2 billion expanding fever clinics, emergency department capacity, acute care services and regional aeromedical services for remote communities.
- Includes two months worth of payroll tax refunded to SMEs and a payroll tax holiday for the April-June quarter. Large businesses can apply to access this payroll tax holiday if they are impacted by coronavirus.
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Other measures:

- \$500 million in 12-month, interest-free loans.
- \$27.5 million Immediate Industry Recovery Package to provide relief to affected industries, businesses and workers.
- \$17 million vaccine package.
- \$8 million funding relief for the arts sector.
- Allowed distribution centres and loading bays to operate 24/7 to allow supermarkets to restock shelves.
- From midnight on Friday 10 April, Queensland will require everyone, including state residents, to apply for a pass before they can enter the state, and will send people who have travelled through a COVID-19 hotspot into a 14 day quarantine.

Western Australia

- \$1 billion economic and health relief package:
 - Power and water disconnections will not occur, and interest will not be charged on deferred payments until 30 September 2020.
 - Interest-free payment arrangements and late payment penalties waived for transfer duty, landholder duty, vehicle licence duty or land tax.
 - One-off \$2,500 credit on electricity bills for 95,000 small businesses, available for those that consumer less than 50MWh per annum.
 - Payroll tax will be waived for four months for businesses with a wages bill under \$7.5 million a year.
 - Range of licence fees will be waived for small and medium businesses.
- \$607 million stimulus package.
- \$402 million freeze on household fees and charges, including electricity, water, motor vehicle charges, emergency services levy and public transport fares.
- \$114 million to support SMEs.
- \$91 million to double the Energy Assistance Package to \$600 for eligible concession card-holders.
- \$1 million payroll tax threshold brought forward to 1 July, 2020.
- SMEs can apply to defer payment of 2019-20 payroll tax until 21 July 2020.
- Limit on the sale of alcohol to one carton of beer, cider, or pre-mixed spirits, or three bottles of wine, or one litre of spirits, per person per day. The limit will be reviewed after two weeks.
- Travel between the state's regions is banned. Some exemptions for work and compassionate reasons, but \$50,000 fines will apply to those who breach the rules.
- Travel to WA from the other states has now been banned. Some exemptions apply for freight and essential work, and on compassionate grounds.

South Australia

- \$1 billion stimulus/support package announced.
- \$650 million "jobs rescue package".
- \$350 million stimulus package, all spending no tax relief:
 - Major road and hospital upgrades, tourism upgrades, increased funding for Economic

and Business Growth Fund.

- 24 hour trading allowed for supermarkets and pharmacies.
- \$1,000 fines for those not abiding by social distancing requirements.

Tasmania

- Total stimulus/support package of \$1 billion.
- \$580 million support package includes:
 - \$150 million boost to health spending, a freeze on all power, water and electricity prices for homes and small businesses and the waiving of first quarter utility bills for all small businesses.
 - Interest free loans and tax and charges waivers for businesses shut-down or severely impacted.
 - \$40 million small business grants program and extension of payroll tax relief for hospitality, tourism, seafood and other impacted companies.
 - Plan to negotiate with councils to freeze rates.
- \$420 million stimulus package:
 - \$1 million over next three months to organisations such as Salvation Army, Red Cross to support self-isolated individuals.
 - One off payments of \$250 for individuals and up to \$1,000 for families who are required to self-isolate.
 - \$1 million emergency accommodation support for people who must self-isolate but cannot return to usual residence.
 - \$4 million for primary health and mental health sectors.
 - \$20 million interest free loans for small businesses in certain sectors with a turnover of less than \$5 million.
 - Payroll tax waived for hospitality, tourism and seafood industry businesses. Other businesses must apply for payroll tax waiver.
 - \$50 million to fast track maintenance on public buildings.
 - Other small business grants, payroll tax rebates and funds to support training and employment.
- Ordered all visitors to the state to leave by midnight on Sunday 29 March.

Australian Capital Territory

- \$137 million stimulus.
- \$150 rates rebates for every household, \$200 rebate for those on utilities concession.
- Vehicle registration, public transport fares and parking fees frozen.
- \$2,622 credit to commercial rates bill.
- \$750 rebate to small businesses through the next electricity bill.
- Businesses paying up to \$10 million in wages can defer payroll tax for 12 months. “Affected” industries receive a one-off six month waiver.
- Taxi and rideshare fees waived. Food and liquor license fees waived.
- \$20 million fund for simple infrastructure works on public buildings.
- \$500,000 in arts grant funding brought forward.

- \$7 million for non-government organisations to meet increased demand for social services.

Northern Territory

- \$65 million stimulus:
 - \$30 million home improvement scheme.
 - \$20 million business improvement grant.
 - \$5 million immediate work grant.
 - \$5 million structural adjustment package.
 - All regular increases to government fees and charges, including electricity costs, put on hold.
 - Payroll tax exemption for hiring Territory employees extended to 30 June 2021.
- Additional, \$50 million Small Business Survival Fund.

United States

\$2 trillion (USD) Stimulus details

- Direct payments:
 - \$1,200 payment for singles and \$2,400 for couples.
 - An additional \$500 per child under 17.
 - Full payment for those earning up to \$75,000. Phased out up to \$99,000.
- Business loans:
 - \$500 billion in loans and loan guarantees.
 - Includes:
 - \$29 billion for airlines.
 - \$17 billion for businesses involved with national security.
 - \$456 billion administered through the Federal Reserve emergency lending facilities.
 - Ban on stock buybacks and restrictions on dividends and layoffs for companies receiving loans.
- Unemployment:
 - An additional \$600 a week for four months.
- Student loans:
 - Suspension of payment without penalty through to 30 September.
- Retirement plans:
 - Removal of some restrictions and penalties for early withdrawal from retirement funds for those economically impacted.
- Health:
 - \$130 billion on hospitals and health providers.
- Food stamps:
 - \$25 billion on food stamps.
- State and local governments:
 - \$150 billion.
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Miscellaneous:

- \$31 billion on education.
- \$10.5 billion on defense.
- \$75 million for public television and radio.
- \$75 million for the National Endowment of the Arts.
- \$75 million for the National Endowment of the Humanities.
- \$25 million for the Kennedy Center (performing arts).

The Trump administration has extended its social distancing guidelines through to the end of April.

United Kingdom

- £350 billion government-backed loans, grants and tax cuts for companies.
- £10 billion to pay workers who lose their jobs up to 80% of their wages.
- VAT (GST equivalent) payments suspended for April-June, a £30 billion tax holiday.
- Unlimited 12-month, interest free loans for businesses.
- £7 billion additional welfare support, including increase in universal credit payments.
- £1 billion support for renters.
- £9 billion bailout for nearly 4 million self- employed workers announced.
- £750m in emergency funding for charities.
- Self-employed will be able to claim up to £2,500 a month over a three-month period.
- Open to those with trading profits of up to £50,000 a year and those who earn the majority of their income from self-employment.
- The scheme won't become available until June, and the chancellor has warned that the self-employed will face an increase in national insurance contributions in the future.
- Customs duty and import VAT will be waived on specific medical goods coming from outside the EU. The tariffs, which can be up to 12 per cent, are being removed on ventilators, coronavirus testing kits and a range of protective clothing until 21 July 2020.
- Almost 1 million people applied for universal credit between March 16 and April 1. This is up from the average of 100,000 claims per fortnight.
- The UK's largest lenders have cancelled their dividends for 2019, will refrain from setting aside cash for dividends this year, and have pledged not to carry out share buybacks. The coordinated announcements were made following a "formal request" from the Prudential Regulation Authority, the supervisory arm of the Bank of England, to "serve the needs of businesses and households".