

Victorian Government COVID-19 Response: Third Tranche Business Support Package (Support for Extended Stage Four Restrictions)

On Sunday 13 September, Victorian Premier Daniel Andrews, Treasurer and Minister for Economic Development Tim Pallas, and Minister for Industry Support and Recovery Minister Martin Pakula, announced “the single biggest support package in the history of the State of Victoria”.

The Government’s new business support package is aimed at sustaining Victorian Businesses through the extended second wave lockdown period and includes \$3 billion in cash grants, tax relief and cashflow.

Minister Pakula named industries directly impacted by heavy restrictions: hospitality, retail, accommodation and tourism operators, hair and beauty services, repairs, maintenance, domestic cleaning, outdoor entertainment, and passenger vehicles businesses as the primary recipients of this tranche of funding.

The Business Support Package will provide relief and investment to businesses already receiving support, as well as businesses which were previously ineligible to earlier COVID-19 business stimulus.

The package includes:

1. **\$1.1 billion** in cash grants – aimed at supporting small and medium sized businesses affected by coronavirus restrictions. The grants include:
 - a. \$822 million as part of a third round of the [Business Support Fund](#).
 - b. Around 75,000 eligible businesses with payrolls up to \$10 million will receive grants of \$10,000, \$15,000 or \$20,000 depending on their size of their payroll.
 - c. \$20,000 grants will be made available to local chambers of commerce to help members operate under ‘COVID-normal’ frameworks.
2. **\$251 million** for a dedicated Licenced Venue Fund, to support bars, restaurants, pubs, clubs, hotels, and reception centres. The fund will establish, grants of between \$10,000 and \$30,000 for licenced venues.
3. **\$137 million** in waivers and deferrals of charges, which include:
 - a. **\$27 million** liquor licence fees waivers for 2021.
 - b. **\$41 million** to bring forward a 50 per cent stamp duty discount for commercial and industrial property across all of regional Victoria.
 - c. **\$30 million** to waive 25% of the congestion levy, with outstanding balances to be deferred.
 - d. **\$33 million** deferred increases to the landfill levy (for six months).
 - e. **\$6 million** to waive vacant residential and land tax – for vacancies in 2020.
4. **\$4.4 million** in grants of up to \$20,000 to alpine resorts, to help cover resort fees charged for inaccessible accommodation.
5. **\$1.7 billion** in payroll tax deferrals for businesses with payrolls up to \$10 million for the full 2020-21 financial year.
6. **\$44 million** for a digitisation assistance package, which includes \$20 million for small businesses to access digital programs such as Shopify or Squareonline, as well as training and workshops designed to help businesses adapt to online operations.



7. **\$8.5 million** for more marketing and advertising, via the State Government's '[Click for Vic](#)' campaign, which provides a digital platform and access to the goods of Victorian businesses, rendered inaccessible by state restrictions.
8. **\$15.7 million export** recovery package to address logistics and supply chain issues caused by the pandemic and establish new export channels. The program will connect businesses to international markets through virtual trade missions as well as assistance to adapt export strategies to respond to the rapidly changing global market.

The grant application portal will likely be open late in the week beginning Monday, 4 September, accessible on the business.vic.gov.au website.

Additional Measures for Sole Traders and CBD Businesses

On Monday 14 July, Victorian Premier Daniel Andrews, and Industry Support and Recovery Minister Martin Pakula, announced an additional \$292 million stimulus to support Sole Traders, CBD businesses and the hospitality industry.

Sole Traders

Minister Pakula announced **\$100 million** in dedicated funding for sole traders. Sole traders who are tenants or licensees in a commercial premises or location will be eligible for **\$3000 grants** to assist with ongoing expenses.

The grants are purposed for sole traders who are particularly harmed by the extended Stage Four Restrictions, including accommodation, tourism, media and production, gyms as well as private museums and galleries.

This package is expected to support around 33,000 sole traders across the state.

The Melbourne City Recovery Fund

A **\$100 million city recovery fund**, jointly funded by the City of Melbourne, will offer practical support to small and medium-sized business, and the arts and cultural community

Aimed at mitigating the unique burden carried by CBD businesses, **\$30 million** – is earmarked to assist restaurants in obtaining the equipment and essential apparatuses that will allow for outdoor dining. These include upgrades and infrastructure for roof tops and courtyards, including screens, chairs, tables, weather protection and heating.

\$30 million will be available to run events and cultural activities, with the intention of stimulating Melbourne's arts community, and providing the equipment and infrastructure needed to operate in a COVID-safe environment.

\$40 million is allocated to providing physical improvements to the CBD streetscape.

The city recovery fund is expected to support 16,500 business, which employ over 479,000 people.



Outdoor Eating and Entertainment Package

\$87.5 million will be allocated for the Government's 'Al Fresco' dining program. This program will see streets, laneways, and public spaces such as parks and gardens that are adjacent to significant numbers of cafes, restaurants and pubs open to Al Fresco dining. Modelled on the New York City program, the government plans to coordinate with councils to provide safer, more economic environments to reopen Melbourne's hospitality sector.

The Premier noted the Government's expectation that relevant planning decisions should be expedited by council. **\$29.5 million** will be provided to local councils to assist the implementation of swift and streamlined permits, enforcement, and monitoring processes.

Metropolitan councils and regional city councils will be eligible for up to **\$500,000** in assistance, while rural councils will be eligible for up to **\$250,000**. These funds can be passed through to businesses in the form of reducing or waiving permit fees or invested into infrastructure such as streetscaping and lighting.

Economic Outlook

The Treasurer noted the new support package brings the State's direct business support measures to approximately \$6 billion in the long run and 'effectively doubles the support offered in the first and second State Government packages. Victoria's stimulus measures now match that of the Commonwealth government contributions to the State.

Pallas added that the existing stimulus will not be the sum of support, and that Victorians can expect more assistance as the impact of the virus on various sectors becomes clearer, with the Premier adding that the November budget will include "massive investments" across multiple sectors.

Premier Daniel Andrews said there would be more information about "tailored employment support and getting people back to work" in coming weeks. Indicating the State Government's Keynesian intentions, the Premier noted "the Reserve Bank Governor has left us in no doubt that we have got to spend and invest,".

Despite the unprecedented state stimulus, unemployment is likely to continue to rise, peaking at eleven per cent. Further, while participation is projected to fall alongside Gross State Product (GSP), which is projected to decline fourteen per cent. A full recovery is not projected until 2024.

Further Information

For more information, please contact your Hawker Britton consultant, Victorian Director, JP Blandthorn on +61 407 366 304 or Policy and Business Analyst, Raphael Mengem at rmengem@hawkerbritton.com.

Further Hawker Britton Occasional Papers on the activities of the Victorian Government are available [here](#).

For further coverage of Labor Government Responses to the COVID-19 Pandemic see Hawker Britton Briefs [here](#). For further coverage of Liberal Government Responses to the COVID-19 Pandemic see Barton Deakin Briefs [here](#).