



*Zali Steggall MP*

FEDERAL MEMBER FOR WARRINGAH

The Hon. Josh Frydenberg MP  
Treasurer  
PO Box 6022  
Parliament House  
Canberra ACT 2600

19 March 2020

Dear Treasurer

I write to you regarding the forthcoming stimulus package announced by the Government following the outbreak of the COVID-19 pandemic in Australia and around the World.

The initial range of measures were targeted at those most vulnerable. Given the likely prolonged nature of the event, I believe there are several groups who also require urgent consideration for assistance.

I am extremely concerned about sole traders, small businesses and casual workers. In my electorate there are a significant number of workers who fall into these categories, especially in the trades, tourism and hospitality sectors, as well as in the arts and entertainment industry. All these populations have had significant employment opportunities cut, essentially overnight. We need to support them through this time, ensuring those who can still operate can do so and those who are no longer able to operate, or who lose their jobs, have the cash flow they need to remain housed, fed and healthy.

The measures I would like to see considered to support both households and businesses through this time include:

#### **Household cash flow support**

1. Provide a direct cash payment to households capped at a certain income threshold, including all new applicants to Newstart. This would be in addition to the \$750 already issued to those on benefits in the first stimulus package. Allowing for quick support to many struggling households and providing a proxy temporary increase to Newstart payments to help smooth transition, especially for people living in high rent areas such as Warringah.
2. Provide Newstart to all new applicants without questioning the cause of their unemployment and removing the mutual obligations for at least three months. Many people have had significant opportunities taken from them, based on the means test, they would be unlikely to qualify for Newstart immediately. Without support now their situation will deteriorate rapidly. Any overpayments could be recovered at a later date, but the priority now should be on immediate support.

3. Work with the State Governments to provide utilities relief for both businesses and households. This will help many businesses with costs and allow many households to keep their power on through this period.

### **Support to businesses**

1. Provide targeted tax refunds for business in respect of their losses. This would be an important business continuity measure that would bring forward deductions for losses rather than the business having to wait for a return to profitability. This could be assessed on a quarterly basis with an annual reconciliation.
2. Government support for interest free loans for businesses and wage subsidies. These measures are critical with many businesses already being cash strapped. The UK, Spain, Canada and France have announced the provision of interest free loans to businesses for up to six months. Whilst I appreciate this is a large cost to public funds, feedback from small businesses in my electorate is that without capital assistance to enable payment of rent and wages, they will simply need to close.
3. Additionally, or alternatively, work with the State Governments to issue rent and mortgage holidays or discounts for small businesses. Pausing or reducing rent payments to large landlords will assist small businesses to continue to operate through this period and keep more people employed.

I have consulted with local businesses, a number of business groups including the Grattan Institute and the Australian Industry Group in relation to these suggestions and urge you to consider including these measures in the stimulus package. My concern for the health of all Australians, the Australian economy and jobs is paramount. Decisive action now can mitigate a worsening of the economic situation. The escalating economic crisis will lead to an increase in mental health issues and financial hardship which will have devastating effect on the wellbeing of citizens, the economy and the Australian way of life.

Legislative measures will be presented to the House on Monday 23<sup>rd</sup> of March 2020. To avoid undue delay and debate over amendments I seek assurance from the Government that the following measures are being considered for inclusion in the stimulus package.

Thank you for taking the time to consider these measures and I would welcome the opportunity to discuss.

Sincerely,



**Zali Steggall, OAM MP**

**Federal Member for Warringah**