

Part 1: Overview

The global COVID-19 pandemic is a once-in-a-century shock. It is placing immense pressure on health systems and economies all around the world. The Government has acted swiftly and decisively to address the significant impacts of COVID-19 on Australia's health system, the economy and jobs, by providing an unprecedented level of support to assist households, keep businesses in business and keep Australians in jobs.

The Government's responsible fiscal management over the past six and a half years has provided the capacity to respond to the unprecedented economic and fiscal challenges posed by the COVID-19 pandemic. Australia has low levels of debt as a share of GDP compared with many other countries and in 2018-19 the Government returned the budget to balance for the first time in 11 years.

The Government is providing timely economic support with \$289 billion in fiscal and balance sheet measures, equivalent to around 14.6 per cent of 2019-20 GDP. This action, together with large declines in taxation receipts and increases in payments, has seen a major deterioration in the budget position, with estimated deficits of \$85.8 billion in 2019-20 and \$184.5 billion in 2020-21.

The domestic and global outlook has deteriorated sharply. The world is experiencing its most severe economic crisis since the Great Depression. While the COVID-19 pandemic is having profound impacts on Australia's economy, Australia has so far outperformed most other countries in both health and economic outcomes.

Real GDP is forecast to have experienced its sharpest fall on record in the June quarter. Activity is expected to pick up in the September quarter and beyond, with the easing of restrictions in most parts of the country. Real GDP is forecast to fall by ¼ per cent in 2019-20 and by 2½ per cent in 2020-21. In calendar-year terms, real GDP is forecast to fall by 3¾ per cent in 2020, before increasing by 2½ per cent in 2021. The economy is forecast to recover faster than in past recessions due to the unwinding of restrictions, but it will be a long road back. The unemployment rate will remain elevated for some time.

The economic and fiscal outlook remains highly uncertain. The Government will provide forecasts and projections over the forward estimates period and medium term in the 2020-21 Budget, to be delivered on 6 October 2020.

Table 1.1: Budget aggregates

	Estimates	
	2019-20	2020-21
Underlying cash balance (\$b)(a)(b)	-85.8	-184.5
Per cent of GDP	-4.3	-9.7

(a) Excludes expected net Future Fund earnings before 2020-21.

(b) The 2019-20 estimates in this Economic and Fiscal Update reflect preliminary expected outcomes. There may be differences between this update and the 2019-20 Final Budget Outcome to be released in September 2020.

Economic outlook

The COVID-19 pandemic has caused severe contractions in economic activity. The global economy is facing its largest recession since the Great Depression. This is despite the significant fiscal and monetary support introduced around the world to dampen the economic effects of the pandemic. Global economic activity is expected to improve gradually as containment measures are lifted, but recoveries in many economies are forecast to be protracted, with lingering effects from the crisis on confidence, balance sheets and the labour market.

Australia has outperformed most advanced economies in terms of both health and economic outcomes. The Government's response to contain the spread of the virus has so far prevented the more severe health crises that have devastated many other countries, and provided the foundation to begin easing restrictions in most states. However, the recent outbreak of COVID-19 in Victoria and the subsequent reintroduction of restrictions in the state, including border closures, is a sobering reminder of the need to remain vigilant.

The COVID-19 pandemic is having profound impacts on Australia's economy. The impacts of the pandemic and accompanying containment measures have been evident across all parts of the economy, with record falls in key indicators of business investment, household consumption, the labour market and trade activity over the months since March. Early indicators suggest the unwinding of containment measures in the latter part of the June quarter has led to a noticeable recovery in economic activity, with GDP expected to start recovering from the September quarter. However, activity is expected to remain below its pre-COVID-19 levels for some time as the effects of the crisis drag on labour market outcomes and business investment decisions.

The most significant economic impact of the crisis has been on jobs, particularly for women and young people, though there was some improvement in June. This is consistent with the employment composition of the industries that have been most affected by the restrictions, such as accommodation and food services. The unemployment rate is forecast to peak at around 9¼ per cent in the December quarter 2020. Beyond 2020, labour market conditions are forecast to strengthen as demand picks up but, as with prior recessions, the unemployment rate will take some time to decline.

The outlook for both the global and domestic economies remains highly uncertain. The evolution of the public health crisis will shape the recovery trajectory. Controlling the spread of the virus remains a significant challenge with COVID-19 infections continuing to rise globally. Even where infection rates appear to have been controlled, further outbreaks, such as those experienced in Victoria, could set back recovery at any time. Further outbreaks and cautionary behaviour of businesses and households threaten the outlook both in Australia and globally.

There are also risks that the substantial increase in global debt may lead to credit tightening and financial instability, slowing the pace of recovery. The extent of any

longer-lasting effects from this crisis are also highly uncertain. Longer-lasting effects from economic scarring may drag on future activity, including as a result of persistently high unemployment.

Table 1.2: Major economic parameters^(a)

	Outcome	Forecasts	
	2018-19	2019-20	2020-21
Real GDP	2.0	- 1/4	-2 1/2
Employment ^(b)	2.5	-4.4	1
Unemployment rate ^(b)	5.2	7.0	8 3/4
Consumer price index	1.6	- 1/4	1 1/4
Wage price index	2.3	1 3/4	1 1/4
Nominal GDP	5.3	2	-4 3/4

(a) Percentage change on preceding year unless otherwise stated. The consumer price index, employment, and the wage price index are through-the-year growth to the June quarter. The unemployment rate is the rate for the June quarter.

(b) 2019-20 is an outcome.

Source: ABS cat. no. 5206.0, 6202.0, 6345.0, 6401.0 and Treasury.

Fiscal outlook

The impact of the COVID-19 pandemic and the scale of the Government's economic response has seen a dramatic change in the fiscal outlook.

The underlying cash balance in 2019-20 is now expected to be in deficit by \$85.8 billion (4.3 per cent of GDP). The estimates for 2020-21 have also been revised down significantly, with an expected deficit of \$184.5 billion (9.7 per cent of GDP). This represents a deterioration of \$281.4 billion over these two years since the 2019-20 MYEFO.

Gross debt was \$684.3 billion (34.4 per cent of GDP) at 30 June 2020 and is expected to be \$851.9 billion (45.0 per cent of GDP) at 30 June 2021. Net debt is expected to be \$488.2 billion (24.6 per cent of GDP) at 30 June 2020 and increase to \$677.1 billion (35.7 per cent of GDP) at 30 June 2021.

The deterioration in the budget position has been driven by the Government's economic response to the COVID-19 pandemic, as well as the impact of the automatic stabilisers, including lower tax receipts and higher unemployment benefit payments.

Since the 2019-20 MYEFO, tax receipts have been revised down by \$31.7 billion in 2019-20 and \$63.9 billion in 2020-21. Parameter and other variations have reduced tax receipts by \$31.7 billion in 2019-20 and \$58.9 billion in 2020-21. The downward revisions are across all major heads of revenue, consistent with falling average earnings, along with lower forecasts for employment and consumption in 2020-21. The outlook for tax receipts remains uncertain. This reflects both uncertainty around the economic outlook and how this interacts with structural and administrative features of the tax system, such as the ability of taxpayers to carry forward losses to offset future income.

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Since the 2019-20 MYEFO, total payments have increased by \$58.0 billion in 2019-20 and increased by \$187.5 billion over the two years to 2020-21. The net impact of policy decisions since the 2019-20 MYEFO has increased payments by \$58.0 billion in 2019-20 and \$113.7 billion in 2020-21. Payment-related decisions largely reflect the Government's response to the COVID-19 pandemic and to the bushfires of 2019-20. Parameter and other variations since the 2019-20 MYEFO have increased total payments by \$15.7 billion over the two years to 2020-21, primarily driven by the higher unemployment benefit payments resulting from the unprecedented economic impact of the COVID-19 pandemic.

Key policy measures

This Economic and Fiscal Update includes the details of the critical and unprecedented support the Government is providing to protect Australians from the health consequences of the COVID-19 pandemic and to support households, businesses and industries affected by the pandemic. It also details the assistance provided to Australians affected by the bushfires of 2019-20.

Protecting the health of Australians during the COVID-19 pandemic

The Government has committed \$9.4 billion for the health response to protect Australians, including vulnerable groups such as the elderly and those with chronic conditions, from COVID-19. This includes funding for large-scale purchases of Personal Protective Equipment (PPE), boosting Australia's testing capacity and ensuring access to essential health services through expanded telehealth.

The Government has helped protect the health of Australians by providing \$3.4 billion for the urgent purchase of PPE and other essential equipment for the National Medical Stockpile as well as funding for the National Incident Room, domestic manufacturing of medical equipment and public awareness communication campaigns. The Government is also investing in finding a vaccine and treatments for COVID-19, as well as better preparing for future pandemics.

The Government has boosted Australia's testing capacity to meet the challenge of the COVID-19 pandemic, including by establishing dedicated Medicare-funded pathology tests and dedicated respiratory clinics, with coverage of 97 per cent of the population. The Government is also providing \$3.7 billion to build our hospital system capacity for the COVID-19 response including the National Partnership Agreement on COVID-19 to fund half of the costs incurred by the states and territories in diagnosing and treating patients with COVID-19 and the partnership to harness private hospital capacity.

In addition, over 6.7 million people have downloaded the Government's COVIDSafe App, which helps support health workers in their contact tracing.

To ensure access to essential health services, the Government has enabled whole-of-population Medicare subsidised telehealth for medical, nursing and mental health services and provided \$619.1 million to support bulk billing and \$54.8 million for additional support to enable GPs to continue to provide essential face-to-face medical services.

In support of infection control and surge capacity requirements, the Government has invested \$20 million to provide up-to-date infection control training to the health workforce, and \$10 million to support the return of medical professionals to the workforce.

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The Government is working with Community Pharmacy and the medicines supply chain to ensure ongoing access to essential medicines and is providing \$25 million to ensure that Australians in home isolation and vulnerable groups can continue to access the medicines they rely on through the COVID-19 Home Medicines Service.

The Government has provided \$122.1 million to support the mental health and wellbeing of Australians during the COVID-19 pandemic.

In addition to the National Partnership Agreement on COVID-19, the Government is investing \$131.4 billion in Commonwealth funding for Australia's public hospitals, an increase of 30 per cent over the previous five years, through the 2020-25 National Health Reform Agreement. The Government is also providing \$18.3 billion in new and existing funding over the next five years to ensure quality pharmaceutical services through the Seventh Community Pharmacy Agreement.

During the COVID-19 pandemic, the Government facilitated the safe return of hundreds of thousands of Australians via commercial, private and Government chartered flights. With some Australians still wishing to return home, the Government is coordinating with the states and territories to ensure the safety of all Australian citizens.

To fast-track the re-opening of business, the Government has established a new \$80 million National Infection Control Fund with states and territories for 80,000 fee-free, or very low cost, nationally accredited infection control short course training places to frontline workers across industries including retail, tourism, hospitality, cleaning, security, transport and logistics.

Supporting Australians through the economic impact of COVID-19, the re-opening and recovery

The Government's economic response to COVID-19 continues to provide temporary and timely support to affected workers, businesses and the broader community, and has kept Australians in jobs, and businesses in business.

The Government is supporting the re-opening of the economy and getting people back into jobs, while assisting those still affected by health restrictions and protecting against further spread of the virus. It is vital to get businesses back open, enable Australians to go back to work and ensure consumers and businesses have the confidence to return to normal activities as far as possible.

To support the economic recovery, the Government is extending and further targeting temporary economic measures to support sectors, regions and communities that will continue to face challenges.

JobKeeper Payment

The JobKeeper Payment is helping keep businesses in business and Australians in jobs. It supports businesses significantly impacted by COVID-19 to cover the costs of their employees' wages, so more Australians can retain their jobs and continue to earn an income. It also supports these businesses to recommence their operations, or scale up operations quickly with their existing employees, rather than needing to rehire staff once restrictions are eased.

The JobKeeper Payment has covered a large proportion of the economy, with over 960,000 organisations and over 3.5 million individuals covered. As at 16 July, payments have totalled \$30.6 billion over the six JobKeeper Payment fortnights to 21 June.

At the end of June, Treasury concluded a review into the operation and effectiveness of the JobKeeper Payment (Box 1.1). The review found that the JobKeeper Payment is meeting its objectives – it has been instrumental in supporting job retention, maintaining employment links and business cash flow, as well as providing income support to eligible employees.

On 21 July 2020, the Government announced the JobKeeper Payment will be extended to provide continued support until 28 March 2021, with the Payment targeted to those businesses that continue to be most significantly affected by the economic downturn. The level of the JobKeeper Payment will be tapered in the December 2020 and March 2021 quarters to enable businesses to transition towards their long-term recovery.

A two-tiered payment will also be introduced from 28 September, to better match the Payment with the incomes of employees before the onset of COVID-19.

It is estimated that the total cost of the JobKeeper Payment will now be \$85.7 billion over 2019-20 and 2020-21.

Box 1.1: Key findings of the JobKeeper Payment review

The JobKeeper Payment was introduced on 30 March 2020 to address the labour market impacts of the health restrictions being imposed to contain COVID-19. It was reviewed after three months of operation. The review found that the JobKeeper Payment is meeting its objectives.

- The Payment has provided support to organisations and individuals across all sectors and all parts of the country. It has been well targeted, going to businesses that experienced an average decline in turnover in April 2020 of 37 per cent against the same month of the previous year (compared with a 4 per cent decline for other businesses), and it went to businesses at which the job separation rate had doubled following the introduction of operating restrictions (compared with no change in other businesses).
- In combination with other fiscal support, bank forbearance and temporary law changes, the JobKeeper Payment has supported businesses to stay open and survive. There has been no evidence of widespread business closures during the COVID-19 pandemic.
- By providing employers with a subsidy to keep on workers and reduce business costs, the Payment has kept jobs in place and maintained the links between employees and their employers. During the June quarter, around three-quarters of the payments under the program constituted a wage subsidy to businesses and around one-quarter provided direct income support to individuals. Since its introduction, the rate of decline in employment has slowed, then stabilised, and by June was showing tentative signs of recovery.

The review also found that the JobKeeper Payment has a number of features that may create some disincentives – for example, dampening incentives for some employees to work and for some businesses to consider their long-term viability. While these are unlikely to be significant in the short term, the review considered that they are likely to become more pronounced the longer the program runs.

The review found that there is a strong case for continued temporary support to be provided through the JobKeeper Payment, to give businesses most affected by ongoing health restrictions and the economic impact of the COVID-19 pandemic some additional time to recover.

Support for individuals and households

To support Australians through the economic impact of the COVID-19 pandemic, the Government is providing \$16.8 billion over five years from 2019-20 to establish a new, time-limited Coronavirus Supplement and temporarily expand eligibility for income support payments. The Coronavirus Supplement is \$550 per fortnight from 27 April 2020 until 24 September 2020. From 25 September 2020 to 31 December 2020, the Supplement will be \$250 per fortnight to reflect the gradually improving economic and labour market conditions. In addition, the personal income test for JobSeeker Payment and Youth Allowance (Other) will increase to a \$300 per fortnight income free area and a 60 cent taper for income above the free area.

For the duration of the Coronavirus Supplement, there is expanded access to JobSeeker Payment and Youth Allowance (Other). Expanded eligibility criteria are providing access to payments for permanent employees who are stood down or have lost their employment, sole traders, the self-employed, casual workers, and contract workers who meet the income tests as a result of the pandemic. This could also include a person required to care for someone who is affected by COVID-19.

From 25 March 2020 to 24 September 2020, the Ordinary Waiting Period (OWP), Newly Arrived Residents Waiting Period (NARWP), Seasonal Workers Preclusion Period (SWPP), Liquid Assets Waiting Period (LAWP) and the Assets tests were waived for new income support recipients. From 25 September 2020 to 31 December 2020, the OWP, NARWP and SWPP will continue to be waived and the Assets test and the LAWP will be reintroduced to ensure that payments are appropriately targeted and means tested.

In addition, the Government has provided \$9.4 billion for two separate \$750 Economic Support Payments to social security, veteran and other income support recipients and eligible concession card holders. The first payment, made from 31 March 2020, provided \$5.6 billion to over 7 million Australians to help them manage the economic impact of COVID-19. The second payment commenced on 13 July 2020 and will benefit around 5 million recipients.

For individuals affected by the adverse economic effects of COVID-19, the Government has temporarily allowed eligible individuals to access their superannuation early and tax-free. The Government is extending the application period for the measure from 24 September 2020 to 31 December 2020 to increase the scope for individuals who may still be financially impacted by COVID-19 to access early release in the coming months. Eligible Australian and New Zealand citizens and permanent residents were able to access up to \$10,000 of their superannuation before 1 July 2020. They can access a further \$10,000 until 31 December 2020. Eligible temporary visa holders were also able to apply for a single release of \$10,000 before 1 July 2020.

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The Government has also provided assistance by:

- temporarily halving superannuation minimum drawdown requirements for the 2019-20 and 2020-21 income years, reducing the need to sell investment assets to meet these requirements
- reducing the upper and lower social security deeming rates to 2.25 per cent and 0.25 per cent respectively from 1 May 2020, taking into account the low interest rate environment and its impact on income from savings.

Support for businesses and employers

The Government is supporting small and medium-sized businesses and not-for-profit employers by providing temporary cash flow support to keep people in jobs and stay in business. Eligible entities automatically receive payments of between \$20,000 and \$100,000 for the March to September 2020 reporting periods upon lodgement of relevant activity statements. As at 16 July 2020, over 750,000 entities have received over \$16 billion in cash flow support. These payments will help businesses' and not-for-profits' cash flow so they can keep operating, pay their rent, electricity and other bills, and retain staff.

The Government has put in place temporary relief for financially-distressed businesses that have been impacted by the COVID-19 pandemic relating to insolvency and other targeted relief to facilitate the continuation of business. This includes deregulation measures to allow companies to hold meetings virtually and execute documents electronically, to modify continuous disclosure provisions to enable companies to more confidently provide guidance to the market, and to provide relief to directors from personal liability for insolvent trading.

In addition to the cash flow support, the Government is backing businesses to invest by increasing the instant asset write-off threshold to \$150,000 (up from \$30,000) and expanding access to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million). Around 3.5 million businesses are eligible to access the \$150,000 instant asset write-off, which applies from 12 March 2020 until 31 December 2020. The threshold applies on a per asset basis, so eligible businesses can instantly write-off multiple assets.

The Government is also supporting business through the time limited Backing Business Investment (BBI) incentive that allows businesses with aggregated turnover of less than \$500 million to deduct 50 per cent of the cost of new eligible assets, plus normal depreciation on the balance, in the year of acquisition, up to 30 June 2021. There is no limit on the cost of assets under the BBI.

Supporting Australians build their skills and return to work

The Government is funding additional training to ensure Australians have access to the critical skills needed as the economy recovers and many Australians return to work.

The Government's \$2 billion JobTrainer Skills Package establishes a \$1 billion JobTrainer Fund and extends the Supporting Apprentices and Trainees wage subsidy. The Government will contribute \$500 million to the JobTrainer Fund, which will be jointly established with states and territories to provide a substantial boost to Australia's training system, ensuring that job seekers are able to reskill and upskill and get back to work as quickly as possible.

The Government is also helping businesses keep apprentices and trainees employed. The Government's initial \$1.3 billion Supporting Apprentices and Trainees wage subsidy provides employers with 50 per cent of the apprentice or trainee's wages for 9 months, up to \$7,000 per quarter to support the continuity of training.

The Government has provided an additional investment of \$1.5 billion to extend the measure for a further 6 months to 31 March 2021 and expand it to include medium-sized businesses from 1 July 2020, supporting businesses to maintain Australia's pipeline of skilled apprentices and trainees through the recovery.

As part of its Supporting Job Seekers Package, the Government is investing \$159.5 million to assist job seekers to improve their employability and search for work, including \$115.1 million to ensure job seekers can be connected to employment services at the earliest opportunity. This includes providing job seekers with earlier access to Employment Fund credits, providing the Coronavirus Supplement to eligible New Enterprise Incentive Scheme participants and enhancing IT systems to streamline registration and referral processes in order to simplify income support claims. Jobactive funding arrangements will also be amended to provide stable resourcing and maintain provider viability. This package will provide \$2.7 million to extend Regional Employment Trials by a further 12 months, as well as \$41.7 million to ensure mature aged workers can access funded training more easily and quickly to help them find work under changes to the Career Transition Assistance program.

The Job-ready Graduates Package focuses the public investment in higher education on national priorities and ensures the system delivers for students, industry and the community. The reforms will create more places at Australian universities for domestic students, with an additional 39,000 by 2023 growing to 100,000 in ten years – meaning that more Australian students will be able to get a university degree.

The reforms better align government funding to emerging labour market priority areas. Students studying courses in key growth areas will see significant reductions in their student contributions, including by around one-fifth for science, engineering, health, and architecture, almost one-half for education and nursing, and over one-half for mathematics.

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Supporting the flow of credit

The Government, Reserve Bank of Australia, Australian Prudential Regulation Authority and Australian Securities and Investments Commission have taken coordinated action to support the flow of credit in the Australian economy, in particular for small and medium-sized enterprises (SMEs).

The Government has provided an exemption from responsible lending obligations for a period of six months in relation to the credit that banks and other lenders extend to their existing small business customers.

The Government's Coronavirus SME Guarantee Scheme is supporting up to \$40 billion of lending to help small and medium-sized businesses get through COVID-19. More than 15,600 small and medium-sized businesses have accepted \$1.5 billion in loans. To enable continued support for businesses in recovery, and for those facing the ongoing impact of the pandemic, the Government will extend the Scheme to be available to loans written until 30 June 2021. In addition, targeted amendments to the Scheme's parameters will ensure that the loans available suit the evolving needs of SMEs.

The Reserve Bank of Australia has implemented measures that have significantly reduced bank funding costs, including the Term Funding Facility which will provide at least \$90 billion in funding at a fixed interest rate of 0.25 per cent. The Term Funding Facility also provides incentives for banks to increase lending to businesses, with incentives greatest for lending to SMEs.

The Government's Structured Finance Support Fund is providing up to \$15 billion to the Australian Office of Financial Management to support continued access to structured finance markets used by smaller lenders providing both consumer and business credit.

Supporting COVID-19-affected regions and communities

The Government has established a \$1 billion COVID-19 Relief and Recovery Fund to provide direct support to the regions and communities most affected by the economic impacts of the pandemic, supporting a range of industries including the aviation, agriculture, fisheries, tourism, and arts sectors. Examples of support include:

- \$110 million to reduce the cost of air freight, assisting Australian exporters to maintain markets and ensuring critical imports continue to be available
- \$94.6 million for vital funding to exhibiting zoos and aquariums, including those in regional Australia
- \$36.3 million in 2020-21 to provide support to agricultural show societies to meet the costs incurred through shows cancelled at short notice.

Supporting local jobs and investing in infrastructure

The Government continues to deliver its \$100 billion pipeline of investment in transport infrastructure. The Government will provide \$2.0 billion over three years from 2020-21 for priority regional and urban transport infrastructure across Australia to support local jobs and economic recovery post COVID-19. This includes \$1 billion for shovel-ready projects and \$500 million for targeted road safety works. It also includes \$500 million to local governments for a new Local Roads and Community Infrastructure Program which will help local councils undertake priority projects focused on infrastructure upgrades and maintenance.

The Government will also provide an additional \$1.9 billion towards other infrastructure priorities, including \$1.8 billion for the Sydney Metro-Western Sydney Airport rail project.

Supporting industries most heavily affected by the COVID-19 pandemic

Childcare and higher education

The Government has provided \$1.9 billion to support the viability of the early childhood education and care sector and to provide families free childcare during the earlier stages of the pandemic. The Early Childhood Education and Care Relief Package meant that 99 per cent of 13,400 childcare services remained operational. In addition, the Government, provided weekly Business Continuity Payments to childcare providers (equivalent to 50 per cent of the sector's fee revenue based on a pre-pandemic reference period), exceptional circumstance supplementary payments and access to the JobKeeper Payment.

On 13 July 2020, the Government re-established the Child Care Subsidy arrangements to ensure sufficient childcare places are available to all families and parents who wish to work. Families will continue to be supported through this transition by easing the Child Care Subsidy activity test requirements and ensuring childcare fees remain at their pre-COVID-19 levels.

In higher education, the Government has guaranteed \$18 billion in funding for universities for 2020, and has provided greater flexibility in the use of this funding. In addition, the cost to study short, online courses through universities and private providers has been reduced to support Australians to upskill or reskill.

Aviation

The COVID-19 pandemic brought steep reductions in passenger air travel which heavily impacted Australia's aviation sector. To support the aviation sector, the Government will provide \$1.9 billion over four years from 2019-20 as part of the Government's response to the COVID-19 pandemic. This includes the Australian Airline Financial Relief Package, which provides support for the sector through rebates and fee waivers for aviation fuel excise, aircservices charges on commercial aircraft operators and domestic and regional aviation security charges. In addition, the Government is

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providing support to maintain connectivity between capital cities and with regions through the Domestic Aviation Network Support program.

The Government support is in addition to \$428 million for the aviation sector that the Government will provide under the COVID-19 Relief and Recovery Fund, which includes the Regional Airline Network Support program that ensures regional communities continue to receive essential air services.

Aged care

The Government is ensuring the aged care sector is able to continue to provide care to some of our most vulnerable Australians. Since the beginning of the COVID-19 pandemic, the Government has provided \$1.2 billion of direct assistance to support Australians in aged care including the provision of additional home care packages and additional funding to protect senior Australians in residential facilities.

Arts and entertainment

The Government has committed \$250 million to support production and employment in the arts and entertainment sectors. The Government commitment is a targeted package to help restart the creative economy and get the entertainment, arts and screen sectors back to work, as they rebuild from the impacts of COVID-19, which includes:

- \$75 million in new competitive grants providing capital to help production and event businesses to put on new festivals, concerts, tours and events as physical distancing restrictions ease, including through innovative operating and digital delivery models
- up to \$90 million in concessional loans to assist creative economy businesses to fund new productions and events that stimulate job creation and economic activity
- \$50 million for a Temporary Interruption Fund, to be administered by Screen Australia, which will remove production barriers for the film and television industry
- \$35 million to assist Australia Council-funded arts businesses whose viability is threatened by the COVID-19 pandemic.

The Government will also provide \$400 million over seven years from 2020-21 to attract overseas film and television production to Australia through the Location Incentive.

The Government has also provided targeted support to the arts sector through the Relief and Recovery Fund with a further \$27 million for regional and Indigenous arts and crisis relief for people in the music industry including performers and touring crew.

Housing

The Government will invest \$680 million in 2020-21 through the HomeBuilder program to support jobs and the residential construction market by encouraging the commencement of new home builds and substantial rebuilds this calendar year.

HomeBuilder will help to support around 140,000 direct jobs and around another 1 million related jobs in the residential construction sector. It is being implemented via a National Partnership Agreement, and all states and territories have signed up to deliver the program.

Recovery from the 2019-20 bushfires

More than 12 million hectares were burnt and over 3,000 houses lost in the devastating bushfires that swept across Australia's south, east and west in 2019-20. The Government is supporting families, farmers, business owners and communities to recover from the bushfires through the \$2 billion National Bushfire Recovery Fund.

The range of support includes:

- Support to individuals and families, including:
 - \$400 payments to over 86,000 children to support their return to school
 - tax-free payments of up to \$6,000 to volunteer firefighters to provide for lost income.
- Assistance to small businesses and primary producers, including:
 - grants of up to \$75,000 for primary producers and up to \$50,000 for small businesses and not-for-profit organisations
 - \$76.0 million for a tourism recovery package.
- Support for local communities, including:
 - \$448.5 million as part of the Regional Bushfire Recovery and Development Program to support delivery of local recovery plans
 - \$62.0 million in immediate financial assistance for the most affected local government areas.
- Funding to assist the environment to recover, including:
 - \$149.7 million for bushfire recovery for species and landscapes, including habitat regeneration and waterway and catchment restoration
 - \$53.4 million to support wildlife recovery and habitat restoration.

The Fund was introduced to complement financing for existing natural disaster arrangements and increased social security payments. In addition to payments from the Fund, more than \$249 million in disaster recovery payments have been made to over 200,000 eligible recipients through Services Australia.

