

Victorian Small Business Support Package

Dear Member

VACC welcomes today's announcement released by the Federal and Victorian Governments regarding extra support for small and medium sized businesses impacted by the recent lockdown.

In a letter to the Prime Minister, VACC conveyed members' concerns regarding the impact of recent lockdowns on revenue – particularly those who were not eligible for any government assistance. VACC called for a more equitable distribution of business support packages to support businesses who, despite being able to trade, were still experiencing financial hardships due to reduced customers. It was suggested criteria should relate to percentage decline in turnover (as seen in NSW). We are pleased to see both the federal and state governments have listened.

The new Victorian Business Support Package will deliver an additional \$400 million in support to Victorian businesses, with funding to be split 50/50 between the Commonwealth and Victorian Government.

The package includes a new \$85 million Small Business COVID Hardship Fund and \$156 million Business Continuity Fund, as well as delivering support for commercial tenants and landlords.

Small Business COVID Hardship Fund

A new \$85 million fund will be established to support small businesses who have not been eligible under existing business support funds.

Small businesses with a payroll of up to \$10 million who have experienced a 70 per cent or greater reduction in revenue will be eligible for grants of up to \$5,000.

For more information will be published on the Business Victoria portal in coming days so keep an eye out. <https://business.vic.gov.au/>

Business Continuity Fund

A \$156 million Business Continuity Fund will be established to deliver \$5,000 grants to up to around 30,000 businesses that remain impacted by capacity limits placed on businesses by necessary public health restrictions.

Twenty-four eligible sectors are covered by the fund including gyms, cafes, restaurants, catering services and hairdressers.

Businesses located in the CBD will continue to be impacted due to restrictions on the number of staff allowed in office buildings, will be eligible to receive an additional \$2,000 recognising reduced foot traffic due to office density limits.

All recipients must have received or been eligible for the previous Business Cost Assistance Program.

Commercial Tenancy Relief Scheme and Landlord Hardship Fund

The Commercial Tenancy Relief Scheme for Victorian small and medium sized businesses have been reintroduced. The scheme includes a requirement for landlords to offer help to tenants in the form of rent waivers and deferral, which will ease pressure for eligible tenants. Separate support will also be available to landlords who offer their tenants rental assistance.

The Scheme is available to businesses with an annual turnover of less than \$50 million and have had a decline in turnover of at least 30 per cent in recent weeks.

Landlords will be required to provide proportional rent relief in line with a business's reduction in turnover. For example, a business with a turnover of 40 per cent of pre-pandemic levels can only be charged 40 per cent of its rent. Of the balance, at least half must be waived, with the remainder to be deferred.

Tenants and landlords are encouraged to enter negotiations directly, however, in cases where no resolution can be reached the Victorian Small Business Commission (VSBC) is available for mediation. Landlords cannot lock out or evict tenants without a determination from the VSBC while the Scheme is operating.

Legislation is set to be introduced to Parliament to enact the Scheme, which will be applied from today to ensure rent relief can start immediately.

The State Government will also create an \$80 million hardship fund for landlords who provide rent relief to eligible tenants, with further details to be confirmed in due course.

Tenants and landlords can contact the Victorian Small Business Commission for further information on 13 87 22 or visit vsbc.vic.gov.au

John Khoury
Industry Policy Advisor
Industry Divisions