

Government readies enhanced COVID-19 stimulus plan

The government's Covid-19 Economic Response Plan (ERP) is moving forward with an additional **\$76 million** in stimulus to carry forward the country to a post- COVID-19 future.

PHASE II OF THE EMERGENCY RESPONSE PLAN TO COME INTO EFFECT JULY 1

LIFELINE



SUPPORTING LIVELIHOODS

RECOVERY



KICK-STARTING GROWTH

TRANSFORMATION



MOVING TO A SMARTER, GREENER ECONOMY

THERE ARE THREE THEMES TO THE \$76 MILLION PLAN WITH A DIVERSE RANGE OF INITIATIVES

LIFELINE

SUPPORTING LIVELIHOODS – IMMEDIATE:

- **WAGE SUBSIDY EXTENDED** - Extension of the Wage Subsidy for eligible businesses until September at an increased rate of \$320 per week for full-time staff.
- **INTEREST HIBERNATION PROGRAM** - 'Hibernation' of interest repayments for one year for individual and business debt holders, removing the interest burden with the deferred interest to be repaid under more favourable economic circumstances.
- **INCREASE IN TAX-FREE THRESHOLD** - Increase of the tax-free threshold for individuals from the current \$11,000 per year to \$12,800 on July 1 and to \$14,600 from 1 January 2021.
- **UNEMPLOYMENT BENEFIT EXTENDED** - Extension of the unemployment benefit measure with re-training initiatives
- **EMERGENCY HARDSHIP FUND** - Establishment of an Emergency Hardship Fund to help families get back on their feet.
- **SUPERANNUATION CONTRIBUTIONS FURTHER REDUCED** - Extension of the current reduction in superannuation contributions for both employees and employers for another 3 -months with a further reduction to one percent.
- **TE APONGA UIRA DISCOUNTS** - Coordination with Te Aponga Uira for further electricity discounts to eligible households and businesses.
- **BUSINESS CONTINUITY CREDIT FACILITY** - Access to low interest short-term loans to businesses.

RECOVERY

KICK-STARTING GROWTH OVER THE MEDIUM TERM:

- **BUSINESS TRAINING SUBSIDY** - A training subsidy and grant funding for interested businesses.
- **'FEES FREE'** - An initiative to encourage our workforce to upskill, including a waiver of fees during Semester 2 at the Cook Islands Tertiary Training Institute and a select number of certificates offered by the University of the South Pacific between June and December 2020.
- **ACCELERATED DEPRECIATION** - For businesses, tax measures such as accelerated depreciation to encourage investment in new productive equipment, buildings, and other capital works.
- **BUSINESS GROWTH LOAN PROGRAM** - Reduced interest longer-term loans and government-guaranteed loans to reduce finance costs for investment.

TRANSFORMATION

MOVING TO A SMARTER, GREENER ECONOMY OVER THE LONG TERM:

- **SMART ECONOMY INITIATIVE** - The soon-to-be online Manatua Cable and reform of the telecommunications sector are catalysts for a commercial ICT transformation. This initiative will provide a mix of grants, lower interest loans and tax credits to support commercial business ventures providing innovative ICT applications and services to business and consumers.
- **SMART AGRITECH** - This initiative aims to foster innovation and productivity in the commercial agricultural sector by providing grant funding and equipment to encourage investment and improve commercial viability and economic sustainability.
- **GREEN ECONOMY INCENTIVE**- Enhanced accelerated tax depreciation to encourage investment in environmentally sustainable assets with a focus on greening our economy.

For more information, please visit www.mfem.gov.ck

