

NECA MEMBER COVID-19 UPDATE

LATEST FEDERAL ANNOUNCEMENTS

1. NATIONAL STIMULUS PACKAGE UPDATE

The Federal Government has announced the ‘\$130 billion JobKeeper Payment’, it is a subsidy to businesses, which will keep more Australians in jobs through the course of the coronavirus outbreak. This package will bring the Government’s total economic support for the economy to \$320 billion, or 16.4 per cent of GDP.

JobKeeper Payment

- The JobKeeper Payment will be paid to employers, for up to six months, for each eligible employee that was on their books on 1 March 2020, and is retained or continues to be engaged by that employer. Where a business has stood down employees since 1 March 2020, the payment will help them maintain connection with their employees.
- Employers will receive a payment of \$1,500 per fortnight per eligible employee. Every eligible employee must receive at least \$1,500 per fortnight from this business, before tax.
- The program will commence 30 March 2020, with the first payments to be received by eligible businesses in the first week of May 2020 as monthly arrears from the Australian Taxation Office. Eligible businesses can begin distributing the JobKeeper payment immediately and will be reimbursed from the first week of May.
- The Government will provide updates on further business cashflow support in coming days.
- Eligible employers will be those with annual turnover of less than \$1 billion who self-assess that have a reduction in revenue of 30% or more, since 1 March 2020 over a minimum one-month period.
- Employers with an annual turnover of \$1 billion or more would be required to demonstrate a reduction in revenue of 50% or more to be eligible. Businesses subject to the Major Bank Levy will not be eligible.
- Eligible employers include businesses structured through companies, partnerships, trusts and sole traders. Not for profit entities, including charities, will also be eligible.
- Full time and part time employees, including stood down employees, would be eligible to receive the JobKeeper Payment. Where a casual employee has been with their employer for at least the previous 12 months they will also be eligible for the Payment. An employee will only be eligible to receive this payment from one employer.
- Eligible employees include Australian residents, New Zealand citizens in Australia who hold a subclass 444 special category visa, and migrants who are eligible for JobSeeker Payment or Youth Allowance (Other).
- Self-employed individuals are also eligible to receive the JobKeeper Payment.

For more information:

- Eligible businesses can apply for the payment online and are able to register their interest <https://www.ato.gov.au/general/gen/JobKeeper-payment/>
- JobKeeper Payments – Information for Employers: <https://treasury.gov.au/sites/default/files/2020-03/Fact sheet Info for Employers 0.pdf>
- JobKeeper Payments – Information for Employees: <https://treasury.gov.au/sites/default/files/2020-03/Fact sheet Info for Employees 0.pdf>
- Fact Sheet – ‘Supporting businesses to retain jobs’: <https://treasury.gov.au/sites/default/files/2020-03/Fact sheet supporting businesses 1.pdf>

Income support partner pay income test

Over the next six months the Government is temporarily expanding access to income support payments and establishing a Coronavirus Supplement of \$550 per fortnight.

JobSeeker Payment is subject to a partner income test, the Government has announced that it is temporarily relaxing the partner income test to ensure that an eligible person can receive the JobSeeker Payment, and associated Coronavirus Supplement, providing their partner earns less than \$3,068 per fortnight, around \$79,762 per annum.

The personal income test for individuals on JobSeeker Payment will still apply.

Every arm of government and industry is working to keep Australians in jobs and businesses in business, and to build a bridge to recovery on the other side.

The Government will continue to do what it takes to ensure that Australia bounces back stronger.

2. BANKS WILL EXTEND 6-MONTH DEFERRAL OF LOANS

Australia’s banks will extend the six-month deferral of loans, building on the Australian Business Associations (ABA) ‘Small Business Relief Package’. Businesses with total business loan facilities of up to \$10 million (up from the \$3 million small business threshold) will now be able to defer repayments for loans attached to their business for six months.

Banks have also agreed to not enforce business loans for nonfinancial breaches of the loan contract (such as changes in valuations). The new measures will apply in all sectors of the economy, and on an opt-in basis, under the conditions that:

- for commercial property landlords, they provide an undertaking to the bank that for the period of the interest capitalisation, they will not terminate leases or evict current tenants for rent arrears as a result of COVID19
- the customer has advised that its business is affected by COVID-19
- the customer was current in terms of existing facilities 90 days prior to applying
- interest is capitalised - meaning either the term of the loan is extended or payments are increased after the deferral period.

Businesses with total loans of more than \$10 million may also be eligible for relief, but this will need to be considered on a case by case basis. Banks have developed this relief package following discussions with APRA and ASIC to provide the appropriate regulatory treatment.

3. CHANGES TO FOREIGN INVESTMENT FRAMEWORK

The Federal Government announced temporary changes to the foreign investment review framework that are designed to protect Australia's national interest as we deal with the economic implications arising from the spread of the coronavirus.

Effective from 30 March 2020, all proposed foreign investments into Australia subject to the *Foreign Acquisitions and Takeovers Act 1975* will require approval, regardless of value or the nature of the foreign investor.

More information: <https://firb.gov.au/about-firb/news/changes-foreign-investment-framework-0>

4. AUSTRALIAN ENERGY REGULATOR CALLS ON ENERGY BUSINESSES TO PUT CUSTOMERS FIRST

The Australian Energy Regulator (AER) has called on energy businesses to put customers first during the current global health crisis.

Launching the '*Statement of Expectations of energy businesses: Protecting consumers and the energy market during COVID-19*', the AER has reiterated that energy is an essential service and the energy market has an important role to play in protecting and supporting businesses and the community through the COVID-19 and our recovery.

Key AER expectations include:

- energy retailers offer payment plans or hardship arrangements to all residential and small business customers who indicate they may be in financial stress, regardless of whether the customer meets the 'usual' criteria for that assistance;
- no disconnection of any residential or small business customers who may be in financial stress (without their agreement) before 31 July 2020 and potentially beyond;
- deferring referrals of customers to debt collection agencies for recovery actions, or credit default listing until at least 31 July 2020; and
- waiving disconnection, reconnection and/or contract break fees for small businesses that have ceased operation, along with daily supply charges to retailers, during any period of disconnection until at least 31 July 2020.

LATEST STATE AND TERRITORY ANNOUNCEMENTS

Contact your local NECA Chapter website for regular updates.