

## NECA MEMBER COVID-19 UPDATE

### LATEST FEDERAL ANNOUNCEMENTS

#### 1. National Stimulus Package (announced on 22 March 2020)

The Government has announced two rounds of economic responses to COVID-19, which combined with the previous actions, total \$189 billion of assistance to Australians.

Status: The Stimulus Package was announced by Government on 23 March 2020.

It is required to be passed by Parliament before any funding will be made available. This entire proposal is expected to be tabled during the Parliamentary Sitting Week commencing 23 March 2020.

***Members should treat all Federal measures as proposed measures until they become law.***

Current proposed measures:

##### ○ **Supporting Business – sole traders**

The Federal Government has announced an expansion to the eligibility to the Job Seeker Payment to support sole traders and the self-employed.

The Federal Government is allowing sole traders who have seen their hours of work or income fall 20% or more as a result of COVID-19 to access their superannuation capped at \$10,000 this financial year and a further \$10,000 next financial year. The withdrawals will be tax free.

##### ○ **Small Business – Saving jobs**

The Federal Government is giving businesses a cash payment of up to \$100,000 for the period March 2020 to September 2020. That payment will be worth 100% of the tax those small and medium businesses, with a turnover less than \$50 million, are withholding from their employees salary and wages. The payment will be tax free. It will now also be available to eligible charities or other not-for-profit entities.

Eligible businesses that withhold tax to the ATO on their employees' salary and wages – they report it each month or quarter anyway - will receive a payment equal to 100 per cent of the amount withheld, up to a maximum payment of \$100,000.

Eligible businesses that pay salary and wages will receive a minimum payment of \$20,000, even if they are not required to withhold tax.

##### ○ **Small Business – Loans**

The Government has announced a new Coronavirus SME Guarantee Scheme to support small and medium business with a turnover less than \$50 million. The Coronavirus SME Guarantee Scheme will be able to be accessed by eligible banks and non-bank lenders.

Under the Scheme, the Commonwealth will guarantee 50%, through the participating banks, of an eligible loan to small and medium enterprise customers that have been impacted by the coronavirus. The Scheme will have the capacity to support lending of \$40 billion to small and medium businesses.

Loans will be used for working capital purposes and be unsecured and it will be for loans granted within 6 months starting 1 April 2020.

The Scheme will apply to new or existing customers of banks and non-bank lenders. Lenders will not be charged a fee for accessing the Scheme. It will be repayment free for 6 months.

The maximum loan will be \$250,000 for a term up to 3 years.

It will not apply to re-financing of existing customers. Those already have existing loans that will benefit from the ABA announcement.

- ***Boosting Cash Flow for Employers***

The Government is enhancing the *Boosting Cash Flow for Employers* measure it announced on 12 March 2020. The Government is providing up to \$100,000 to eligible small and medium-sized businesses, and not-for-profits (NFPs) that employ people, with a minimum payment of \$20,000. These payments will help businesses and NFPs with their cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

Small and medium-sized business entities with aggregated annual turnover under \$50 million and that employ workers are eligible. NFPs, including charities, with aggregated annual turnover under \$50 million and that employ workers will now also be eligible. This will support employment at a time where NFPs are facing increasing demand for services.

Under the enhanced scheme, employers will receive a payment equal to 100 per cent of their salary and wages withheld (up from 50 per cent), with the maximum payment being increased from \$25,000 to \$50,000. In addition, the minimum payment is being increased from \$2,000 to \$10,000.

An additional payment is also being introduced in the July — October 2020 period. Eligible entities will receive an additional payment equal to the total of all of the *Boosting Cash Flow for Employers* payments they have received. This means that eligible entities will receive at least \$20,000 up to a total of \$100,000 under both payments.

- ***Temporary relief for financially distressed businesses***

The Government is temporarily increasing the threshold at which creditors can issue a statutory demand on a company and to initiate bankrupt proceedings against an individual as well as temporarily increasing the time companies and individuals have to respond to statutory demands they receive. The package also includes temporary relief for directors from any personal liability for trading while insolvent, and providing temporary flexibility in the *Corporations Act 2001* to provide targeted relief from provisions of the Act to deal with unforeseen events that arise as a result of the Coronavirus health crisis.

The ATO will tailor solutions for owners or directors of business that are currently struggling due to the Coronavirus, including temporary reduction of payments or deferrals, or withholding enforcement actions including Director Penalty Notices and wind-ups.

- ***Support for immediate cash flow needs for SMEs***

Under the Coronavirus SME Guarantee Scheme, the Government will provide a guarantee of 50 per cent to SME lenders to support new short-term unsecured loans to SMEs. The Scheme will guarantee up to \$40 billion of new lending. This will provide businesses with funding to meet cash flow needs, by further enhancing lenders' willingness and ability to provide credit. This will assist otherwise viable businesses across the economy who are facing significant challenges due to disrupted cash flow to meet existing obligations.

- **Quick and efficient access to credit for small business**

The Government is cutting red tape by providing a temporary exemption from responsible lending obligations for lenders providing credit to existing small business customers. This reform will help small businesses get access to credit quickly and efficiently.

- **Reserve Bank of Australia — Supporting the flow and reducing the cost of credit**

The Reserve Bank of Australia (RBA) announced a package on 19 March 2020 that will put downward pressure on borrowing costs for households and businesses. This will help mitigate the adverse consequences of the Coronavirus on businesses and support their day-to-day trading operations. The RBA is supporting small businesses as a particular priority.

The RBA announced a term funding facility for the banking system. Banks will have access to at least \$90 billion in funding at a fixed interest rate of 0.25 per cent. This will reinforce the benefits of a lower cash rate by reducing funding costs for banks, which in turn will help reduce interest rates for borrowers. To encourage lending to businesses, the facility offers additional low-cost funding to banks if they expand their business lending, with particular incentives applying to new loans to SMEs.

In addition, the RBA announced a further easing in monetary policy by reducing the cash rate to 0.25 per cent. It is also extending and complementing the interest rate cut by taking active steps to target a 0.25 per cent yield on 3-year Australian Government Securities.

- **Support for Non-ADI and smaller ADI lenders in the securitisation market**

The Government is providing the Australian Office of Financial Management (AOFM) with \$15 billion to invest in structured finance markets used by smaller lenders, including non-Authorised Deposit-Taking Institutions (non-ADI) and smaller Authorised Deposit-Taking Institutions (ADI). This support will be provided by making direct investments in primary market securitisations by these lenders and in warehouse facilities.

- **Australian Prudential Regulatory Authority — Ensuring banks are well placed to lend**

The Australian Prudential Regulatory Authority has announced temporary changes to its expectations regarding bank capital ratios. The changes will support banks' lending to customers, particularly if they wish to take advantage of the new facility being offered by the RBA.

For more information:

[https://treasury.gov.au/sites/default/files/2020-03/Overview-Economic\\_Response\\_to\\_the\\_Coronavirus\\_0.pdf](https://treasury.gov.au/sites/default/files/2020-03/Overview-Economic_Response_to_the_Coronavirus_0.pdf)

- **Government Helpline for business**

The Morrison Government's business hotline will give more support to small and medium businesses impacted by the COVID-19 pandemic. Operations at the business.gov.au 13 28 46 Contact Centre will increase from five days per week to seven days per week, and provide additional hours of support outside standard operating hours

- **There are additional measures available of interest to members including:**

- Income support for individuals
- Payments to support households
- Temporary early release of superannuation
- Temporarily reducing superannuation minimum drawdown rates
- Reducing social security deeming rates

## **2. Federal Government Stage 1 Restrictions (announcement on 22 March 2020)**

The Prime Minister announced Stage 1 of restrictions to the Australian people, including:

### **Places of social gathering and Social Distancing**

National Cabinet agreed to move to more widespread restrictions on social gatherings. Premiers and Chief Ministers agreed to implement, through State and Territory laws, new Stage 1 restrictions on social gatherings, to be reviewed on a monthly basis and include restrictions from opening:

- Pubs, registered & licenced clubs, hotels (excluding accommodation)
- Gyms and indoor sporting venues
- Cinemas, entertainment venues, casinos, and night clubs
- Restaurants and cafes will be restricted to takeaway and/or home delivery
- Religious gatherings, places of worship or funerals (in enclosed spaces and other than very small groups and where the 1 person per 4 square metre rule applies).

Isolated remote community hubs are not included in these restrictions.

Other facilities are not impacted, but will be considered under stage 2 restrictions, if necessary.

These measures also apply to outdoor spaces associated with the above venues.

State Premiers and Chief Ministers agreed they would give effect to these restrictions through their own legislative processes and make announcements accordingly.

Premiers and Chief Ministers will consider further Stage 2 restrictions if social distancing measures are not adhered to.

These restrictions concerning social gatherings will come into effect from midday on 23 March 2020 and are expected to be in place for 6 months.

### **Statement on Schools**

All leaders agreed that children should go to school on 23 March 2020.

State Premiers and Chief Ministers agreed that schools will remain open through to the end of the current school terms to support students whose parents choose to send their children to school.

Status: States and territories are making announcements around opening arrangements.

## **3. COAG Energy Council Update**

COAG Energy Council have met, Ministers discussed the challenges facing the energy system as a result of COVID-19 and important measures to continue to ensure the reliability, security and affordability of the grid.

Status: COAG Energy Council meeting was held on 20 March 2020

## **4. Federal Budget delayed from May to October 2020 (announced on 20 March 2020)**

The National Cabinet agreed that economic forecasting and the preparation of budgets at this time is not something that any Commonwealth or State Government should be doing. The Federal Budget has been deferred.

Status: The Federal Budget will now be released on 6 October 2020.

## **5. Appointment of Former Labor MP Greg Combet as Special Advisor on the workplace affects of COVID-19 (announced on 20 March 2020)**

The Morrison government has appointed former Labor minister Greg Combet as special adviser on the workplace affects of coronavirus, as announced by Federal Industrial Relations Minister Christian Porter.

Status: Appointed on 20 March 2020.

## **6. Advocacy update (as at 23 March 2020)**

### **Essential Services Industry status**

During times of crisis, the Government defines some industries as an 'Essential Services Industry'. This classification enables the industry to operate around any lockdowns/Government directions etc. The rationale is obvious, without electricians and communications workers, the lights go out, communication channels and networks go down, and the economy switches off.

Status: NECA National has been engaging with the Government to identify electrical contracting work as an 'Essential Services Industry'. NECA will provide regular updates on this topic.

### **Worksite status**

NECA is urgently seeking clarity from both Federal and State governments on the status of worksites, which should remain open while it is safe to do so, and to support electrical industry jobs and businesses in the current COVID 19 crisis.

NECA is also developing a set of economic proposals for government stimulus to support the contracting industry and the wider business community. Potential measures being considered by NECA include government investment to expedite electrical repair and maintenance, energy efficiency upgrades, especially in government buildings that are unoccupied or have limited occupancy.

Status: NECA is engaging with government and building firms to ensure sites stay open for as long as it is safe to do so with the Health and Safety of the workers and the community being the first priority. NECA will provide regular updates on this topic.

## **LATEST STATE AND TERRITORY ANNOUNCEMENTS**

Contact your local NECA Chapter website for regular updates.