

4 March 2020

COSBOA Communique

Developing an Economic Response to COVID-19

BACKGROUND

Earlier today (4 March 2020), COSBOA hosted a meeting of its members and other key stakeholders to discuss the need for the immediate development of an economic response to COVID-19 – one that complements the Health Response recently released by the Prime Minister.

The principal objective of the meeting was to identify the principles that could be used to frame such a response (*Theme 1*), as well as identifying the financial measures that could be advanced by Australian Governments to support small business (*Theme 2*) - in the event of any widespread contagion events occurring in Australia.

KEY MESSAGES

The key points arising from this meeting are as follows:

- 1. The Australian Government has already developed and implemented a health response to COVID-19. This response is considered both prudent and measured in terms of minimizing the adverse health impacts of a major COVID-19 outbreak.**
 - 2. There is an urgent need for the Australian Government to develop and implement a companion response that provides a framework for all Australians – business, government and the wider community – to work together to minimise the near term potential adverse financial impacts.**
 - 3. A measured response to the financial risk of COVID-19 on small business requires coordinated action in three areas, denoted as the Three C's, of *Cash Injection, Communication & Collaboration*.**
 - 4. COSBOA believes that the financial response should be advanced in a calm and deliberate manner, where financial actions are proportionate to the extent of contagion of local economies (and the consequent financial impact on small businesses in Australia).**
 - 5. It is essential that the Australian Community gets accurate and timely information on the progress of COVID-19 from a reliable and trusted source, as there is a significant risk of inaccurate media (mainstream and social) damaging small business and the Australian economy unnecessarily.**
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Theme 1: FRAMING AN ECONOMIC RESPONSE TO COVID-19

COSBOA believes that the Australian Government's response to COVID-19 should be developed around the following seven (7) principles:

- **Principle 1: A SHARED RESPONSIBILITY:** This issue affects all of us and therefore it is not simply up to the commonwealth government to address this issue. Federal, state and local governments, business (big, medium and small) and the wider community all have a shared responsibility to take all reasonable actions to minimise the financial impacts of COVID-19 on the Australian economy. This also means that Governments should work with the business community to design, deliver and monitor effectiveness of financial assistance for business - as opposed to developing solutions in isolation from business.
- **Principle 2: PROVISION OF TIMELY AND EFFECTIVE ASSISTANCE:** Financial assistance measures should be provided 'early and hard' – and then adjusted if necessary.
- **Principle 3: RELIABILITY OF COMMUNICATIONS:** There is a need to guard against inaccurate and/or fake news by developing a single trusted source of information that can be relayed to business (and employees) via established channels. All efforts should be made to monitor and address fake news promoted in the social media
- **Principle 4: TIMELY COMMUNICATIONS:** Communications between government and the business community should be timely, particularly in respect of any decisions to implement escalations of actions such as prohibition of large-scale gatherings and/or social distancing measures.
- **Principle 5: EMPLOYER EMPOWERMENT:** Protocols should be developed to empower business to manage risk in their own business workplaces in terms of (a) the management of staff risk, (b) management of customer risk, (c) actions to be taken in the event of workplace contagion, and (d) government notification protocols. The latter will need to take account of the need for employers to observe privacy laws while simultaneously meeting their duty of care to their customers, their staff and the wider community to minimise contagion.
- **Principle 6: STEPPED PROPORTIONALITY:** Financial and other assistance measures should be escalated in tandem with the extent of contagion and government actions to curtail same
- **Principle 7: UTILISATION OF EXISTING INSTITUTIONS** – The economic response to COVID-19 should wholly utilise existing government and business institutions (via retasking), as opposed to creating new institutions that take time to establish and deliver assistance

Theme 2: RECOMMENDED FINANCIAL ASSISTANCE MEASURES

Small business 'lives and dies' on cashflow. The failure of cashflow is the single biggest cause of small business closure and consequent loss of employment.

Given the flow-on effects, assistance to small businesses impacted by COVID-19 must seek to underpin cashflow so that businesses continue to remain viable and retain staff in the face of any dramatic falls in revenue.

Four measures, listed in order of priority below, should be provided under the umbrella of an economic response plan:

1. **Direct Cash Injection.** This assistance must be proportionate to need and provided early.
2. **Tax forgiveness.** Federal, state and local governments should announce a regime of tax forgiveness (as opposed to tax deferral) of BAS, company tax, payroll tax and rates. Such measures would free up cash to keep staff employed and fund ongoing business costs in the face of sharp declines in earnings.
3. **Wage Assistance:** In cases where businesses are forced to stand down employees from a workplace, the 13 week eligibility period for the employment benefits of affected employees should be waived and businesses should be given financial assistance to maintain the wages of impacted staff at the minimum award wage (i.e. after consideration of payment of employment benefits).
4. **Regional economic stimulus for affected communities:** Federal and state governments should develop and implement one-off payments to households in regions that are impacted by major outbreaks of COVID-19, possibly by the provision of business vouchers.

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