

## Developing an Economic Response to COVID-19

### Go Early, Go Hard

COSBOA has met with its member organisations, who collectively have a reach to over one million small businesses, to understand the most effective economic response for small businesses if and when they are impacted by effects of COVID-19.

The response can be summarised as “**Cash Injection, Communications & Collaboration**” - specifics are listed in [COSBOA's Communique](#).

This document provides the details of the recommended measures for small businesses (turnover <\$50m) and their employees if and/or when they have been affected by the implementation of the Government's COVID-19 Health Sector Response. This may include public transport disruptions, supply interruption, high rates of staff absent or staff being temporarily stood down, quarantine and movement restrictions.

These recommendations will need further consideration as to deliver and feasibility but they should be considered as part of any response.

Any response does need to be immediate and preparation must take place now within federal, state and local governments.

### Cash Flow Management

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 support healthy cashflow so that businesses continue to remain viable and retain staff in the face of any dramatic falls in revenue

#### Principals

**PROVISION OF TIMELY AND EFFECTIVE ASSISTANCE** Financial assistance measures should be provided 'early and hard' – and then adjusted if necessary.

**STEPPED PROPORTIONALITY** Financial and other assistance measures should be escalated in tandem with the extent of contagion and government actions to curtail same.

**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

#### 1. Direct Cash Injection

These measures would free up cash to keep staff employed and fund ongoing business costs in the face of sharp declines in earning.

- 1.1. Federal Government – adjust down the individual income tax rate for the 2019-20 financial year and issue a refund to all individual taxpayer's equivalent to the first six month period

(i.e. 1 July 2019 to 31 December 2019). Note: the balance of the refund will be paid when tax returns are submitted.

- 1.2. Federal Government – lifting the rate for the New Start allowance.
- 1.3. Big business – immediately pay invoices and other financial claims presented by small business clients

## 2. Tax forgiveness

- 2.1. Federal Government – forgive the payment of the GST collected in the quarterly Business Activity Statement (December 2019 and March 2020).
- 2.2. Federal Government – forgive the payment of company tax due for the December 2019 and March 2020 quarters.
- 2.3. State/Territory Governments – forgive the payroll tax due for the December 2019 and March 2020 quarters.

## 3. Wage and Employee Assistance:

- 3.1. Federal Government – waive the 13-week eligibility period for access to an allowance (equivalent to New Start) where employees are stood down due to the impact of COVID-19 on businesses. Simplify the application process.
- 3.2. Federal Government – provide additional financial assistance to businesses to supplement the wages of employees stood down, bringing the wages of impacted staff to the minimum award wage (i.e. a wages up up). This will help businesses retain staff.
- 3.3. Federal Government – free influenza vaccinations for all Australians. Employers can register at pharmacies for their employees to receive the injection at their workplace.
- 3.4. Where appropriate subsidies for online training opportunities be offered to businesses and their employees, who have been forced to stay at home due to movement restrictions.

## 4. Regional economic stimulus for affected communities:

- 4.1. Federal, State & Territory (FST) Governments collaborate to provide funding and mechanisms to issue business vouchers to households to be used in regional locations affected by COVID-19.
- 4.2. Financial Institutions – assistance with re-structuring loans and other debts in affected regional locations and identifying and adjusting lending criteria and credit ratings to reflect compliance with changed taxation obligations for businesses.
- 4.3. FST Governments – collaborate to provide funding and mechanisms to issue allowances for rent and utility services relief (similar to drought relief measures).
- 4.4. FST Governments – collaborate to provide funding and mechanisms to create web services assistance to businesses to establish on-line purchase arrangements.
- 4.5. National program for local economic development be created to enable faster, local disaster management.

## Communications

### Principals

**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

**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.

1. A single trusted source of information small business organisations can rely upon for up to date information about any Government imposed restrictions, quarantines, cancellations or other relevant COVID-19 information.
2. A COVID-19 tool kit for small business be created quickly, that provides contacts, rights, obligations, responsibilities, examples, case studies, relief measures and assistance available, both from Government and businesses big and small.

## Collaboration

### Principals

**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.

1. Small business organisations and Government Industrial Relations agencies collaborate to ensure assistance to small business who will have to navigate complex awards to have the confidence to stand down staff when and if required and understand leave provisions to make these workable in unprecedented situations. This information and assistance be made easily accessible through small business networks.
2. Small Business be directly involved in the design of the government's COVID-19 response plan that addresses wider social and economic impacts of the implementation of the Australian Health Sector Emergency Response Plan for Novel Coronavirus. Keep business in the design process, actively, not as an outsider giving advice. More involvement for better, more targeted appropriate responses and outcomes.
3. Develop closer collaboration between state and territory governments who deliver support.

**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.

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**For more information:**

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**Website [www.cosboa.org.au](http://www.cosboa.org.au)**

## References

Media release 4 March 2020

<https://www.cosboa.org.au/post/collaboration-cash-flow-communication-and-calmness-covid-19-for-small-business>

Communique 4 March 2020

[https://12181f63-b7b9-4e2e-b33f-d3d17c4a6b46.filesusr.com/ugd/c7ffff\\_30b1c9e030f7445a8350527fdc23f3a6.pdf](https://12181f63-b7b9-4e2e-b33f-d3d17c4a6b46.filesusr.com/ugd/c7ffff_30b1c9e030f7445a8350527fdc23f3a6.pdf)

Australian Health Sector Emergency Response Plan for Novel Coronavirus (the COVID-19 Plan) guides the Australian health sector response.

<https://www.health.gov.au/resources/publications/australian-health-sector-emergency-response-plan-for-novel-coronavirus-covid-19>