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BUSINESS CONTINUITY SUPPORT

MAY 2020

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ACT

An Australian Government Initiative

**Capital
Health
Network**
Partnering for better health

Disclaimer

This information is for general guidance only. Professional advice should be sought in relation to and prior to taking any action related to content below. The list of professional resources listed at the end of this document is not exhaustive, and those listed are not endorsed by CHN. All criteria are evolving – keep up-to-date and be prepared to revise your procedures and communicate change.

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1. Background information

There are a variety of support measures in place for general, specialist, and allied health practices affected by the impact of COVID-19. These include support measures recently announced by the Australian Government, state and territory governments, tax relief initiatives via the Australian Taxation Office and support packages from Australian banks. This document provides links to a number of these resources.

Capital Health Network, through the ACT PHN Program, has also developed a comprehensive Business Continuity Webinar Series which will be delivered over the coming weeks. The series has two separate focus areas:

- Supporting your people
- Supporting your finances

Register at <https://www.chnact.org.au/chn-event-calendar> . Recordings to completed webinars are available on the CHN website.

2. Business Continuity Strategies

- Stay calm
- Make a plan
- Be flexible and prepare for change
- Act fairly and with integrity
- Uphold your mission, goals and values
- Document, document, document, then document more!

At the practice

- Focus on the long-term outcome and your goals
- Prepare a simple budget so you have a realistic estimate of your cashflow over the next 3 – 6 months.
- Do not over predict your income (be conservative)
- Assess all aspects of your budget for ways to save
- Closely review your outgoings
- Brainstorm with your manager/trusted employees to gather ideas for ways to increase cash flow, establish what is working now, and cease or limit what is not working or is costing too much
- Communicate with your referral relationships keep them informed of your practice availability and methods of operation

Seek professional advice

- Use a certified accountant or advisor
- Access federal economic stimulus packages
- Note your usual PAYG expenses
- Approach your landlord for a rent reduction
- Discuss your gas/electricity/phone expenses with suppliers and request rate reductions

3. Develop a COVID-19 Plan using reliable resources

Subscribe -

The Treasury:

<https://treasury.gov.au/department-contact-us/subscribe>

Business.gov.au:

<https://confirmsubscription.com/h/j/9F929E22F49AED59>

Links -

To contact The Treasury Coronavirus Business Liaison Unit, email

CoronavirusBusinessLiaison@treasury.gov.au

ATO timeline of JobKeeper Payment updates:

<https://www.ato.gov.au/General/JobKeeper-Payment/In-detail/JobKeeper---timeline-of-content-updates/>

Department of the Prime Minister and Cabinet – National COVID-19 Coordination Commission (NCCC):

<https://pmc.gov.au/nccc/have-covid-19-plan>

NCCC – Have a COVID-19 Plan - Checklist for Businesses:

<https://pmc.gov.au/nccc/have-covid-19-plan>

Safe Work Australia – National COVID-19 safe workplace principles:

<https://www.safeworkaustralia.gov.au/>

4. Safeguard you and your staff's physical and mental health

Links -

Beyond Blue:

<https://coronavirus.beyondblue.org.au/>

Lifeline:

<https://www.lifeline.org.au/get-help/topics/mental-health-and-wellbeing-during-the-coronavirus-covid-19-outbreak>

Australian Government Department of Health:

<https://headtohealth.gov.au/covid-19-support/covid-19>

Life in Mind – comprehensive list of mental health resources, with links to programs and webpages: <https://lifeinmindaustralia.com.au/support-for-those-impacted-by-adverse-events/mental-health-support-for-covid-19>

Mental Health Commission of New South Wales – comprehensive list of mental health resources, tips, information, and support with links to programs and webpages:

<https://nswmentalhealthcommission.com.au/mental-health-and-the-coronavirus>

AccessEAP Healthcare Hotline:

<https://www.accesseap.com.au/resources/accesseap-blog/covid-19-accesseap-healthcare-hotline> -CHN is offering 3 free and confidential sessions with AccessEAP for every ACT general and allied health practice staff member.

5. Federal Stimulus Package

a) Supporting Individuals

(Supporting individuals section has been quoted from

<https://treasury.gov.au/coronavirus/households> - visit site for fact sheets and further information)

i. JobKeeper payment for employees (see Supporting Businesses below for detail)

The JobKeeper payment helps businesses significantly impacted by the Coronavirus cover the costs of their employees' wages, so more Australians can retain their jobs and continue to earn an income. Your employer will notify you if they intend to claim the fortnightly payment of \$1,500 on your behalf.

ii. Income support for individuals

Over a six-month period, the Government is temporarily expanding eligibility to income support payments and establishing a new, time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight. This will be paid to both existing and new recipients of JobSeeker Payment, Youth Allowance Jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit.

iii. Payments to support households

The Government is providing two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders. The first payment will be made from 31 March 2020 and the second payment will be made from 13 July 2020. Around half of those that benefit are pensioners. This payment will help to support confidence and domestic demand in the economy. The second payment will not be made to those eligible for the Coronavirus supplement.

iv. Temporary early release of superannuation

The Government is allowing individuals affected by the Coronavirus to access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21. Individuals will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.

v. Temporarily reducing superannuation minimum drawdown rates

The Government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50% for 2019-20 and 2020-21. This measure will benefit retirees holding these products by reducing the need to sell investment assets to fund minimum drawdown requirements.

vi. Reducing social security deeming rates

On 12 March, the Government announced a 0.5 percentage point reduction in both the upper and lower social security deeming rates. The Government will now reduce these rates by another 0.25 percentage points.

As of 1 May 2020, the upper deeming rate will be 2.25 % and the lower deeming rate will be 0.25%. The reductions reflect the low interest rate environment and its impact on the income from savings. The change will benefit around 900,000 income support recipients, including around 565,000 Age Pensioners who will, on average receive around \$324 more of the Age Pension in the first full year the reduced rates apply.

Links -

Services Australia:

<https://www.servicesaustralia.gov.au/>

Australian Taxation Office:

<https://www.ato.gov.au/>

Department of Veterans' Affairs:

<https://www.dva.gov.au/>

Department of Social Services:

<https://www.dss.gov.au/>

b) Supporting Businesses

- Five times the usual instant asset write off, increasing from \$30,000 to \$150,000 up until 30 June 2020 only, on new or second-hand items
- Potential uses may include medical equipment, a business vehicle, computers, server, printers, scanner, phone system, headsets, or other IT gear, high low beds or any furniture
- You need cash flow to support the purchase
- You do not have to pay upfront - you can borrow funds and write off the asset, but get more information on this from your accountant or lender
- The purchased product must be used or installed ready for use between 12 March 2020 and 30 June 2020.

i. JobKeeper Payment

(Changes are occurring constantly - refer to [Timeline of content updates](#), treasury.gov.au and business.gov.au)

- Payment assists eligible employers and the self-employed to continue to pay their workers
- Business with turnover of less than \$1b must have suffered a reduction of income of 30% or more
- Businesses with a turnover of more than \$1b must have suffered a reduction of income of 50% or more
- The reduction is related back to a duration of at least one month, 12 months ago
- Register intent to apply for the JobKeeper Allowance with the ATO, regardless of your current revenue
- Advise your employees and have them complete the Employee Nomination Notice (*link 5 below*)
- Payment of \$1500 after tax per fortnight per eligible employee is made from the ATO, paid via the employer for a period of 6 months. Paid from 30 March 2020 to all full time, part time and casual employees employed for over 12 months

- The employee must have been employed by the employer as at 1 March 2020
- Employees do not have to be working hours if there is no work to be done
- The employee may have been stood down or lost their job. They can be rehired and provided this payment
- The employee must be at least 16 years old, and if 16 or 17, must be financially independent
- The employee must be an Australian citizen or hold a permanent visa (*see link 4 for full eligibility criteria*)
- The employee may only receive the JobKeeper payment from one employer
- Employees in receipt of parental leave or Dad and Partner Pay from Services Australia are not eligible
- Employees on parental leave from their employer are eligible
- Employees receiving workers compensation are eligible if they are working reduced hours, but they are not eligible if they are not working
- Income support payments may be affected
- If employees did not earn \$1500 before tax per fortnight, they will still be paid the flat rate
- If the turnover test is not met initially, JobKeeper Payment may still commence later once the turnover test has been met
- Workforce Incentive Payment recipients are still eligible
- Enrolment deadline has been extended to 31 May 2020.

Links -

ATO:

<https://www.ato.gov.au/general/JobKeeper-Payment/>

The Treasury JobKeeper Payment:

<https://treasury.gov.au/coronavirus/jobkeeper>

The Treasury Resources:

<https://treasury.gov.au/coronavirus/resources>

Eligibility criteria:

<https://www.ato.gov.au/General/JobKeeper-Payment/Employees/Eligible-employees/>

The Treasury Fact Sheet - Supporting businesses to retain jobs:

https://treasury.gov.au/sites/default/files/202005/Fact_sheet_JobKeeper_supporting_businesses.pdf

The Treasury Fact Sheet - JobKeeper payment - Information for employers:

https://treasury.gov.au/sites/default/files/2020-05/Fact_sheet_JobKeeper_Info_for_Employers.pdf

ATO JobKeeper Guides:

<https://www.ato.gov.au/General/JobKeeper-Payment/JobKeeper-guides/>

The Treasury Fact Sheet - JobKeeper Payment — Frequently Asked Questions:

https://treasury.gov.au/sites/default/files/2020-04/JobKeeper_frequently_asked_questions_2.pdf

You Legal JobKeeper Sign Up Medical:

<https://youlegal.com.au/jobkeeper-resources-medical>

ii. Cash flow support for small and medium businesses

Two cash flow boosts, the first from 28 April 2020, will be administered via the credits in the activity statement system. They are to provide temporary cash flow support of up to \$100k for eligible Small and Medium Enterprises and Not for Profits that employ staff, so they can continue to operate, pay rent and bills, and keep staff. To be eligible, SMEs and NFPs must have held an ABN on 12 March 2020 and lodge their activity statements.

iii. Temporary relief for financially distressed businesses

The threshold at which creditors can issue a statutory demand on a company and the time a company must respond to such demands has been temporarily increased. There is also temporary relief for company directors from any personal liability for trading whilst insolvent. There is also temporary flexibility in the Corporations Act 2001. Contact the ATO to tailor solutions.

iv. Increasing the instant asset write-off

The instant asset write-off amount has been increased from \$30k to \$150k for businesses with a turnover of less than \$500m until 30 June 2020. This will benefit 99% of all business in Australia.

v. Backing business investment

Through to 30 June 2021, there is a time-limited investment incentive to support business investment and economic growth for 3.5 million businesses, by accelerating depreciation deductions. Businesses with a turnover or less than \$500m will be able to deduct 50% of the cost of an eligible asset on installation, with the balance treated with existing depreciation rules.

vi. Supporting apprentices and trainees

Eligible small business employers of apprentices and trainees can apply for a wage subsidy of 50% of the wage paid during the 9 months from 1 January 2020 to 30 September 2020. Employers will be reimbursed up to a maximum of \$21,000 per eligible apprentice or trainee (\$7,000 per quarter). If the business cannot retain an apprentice, the subsidy can pass on to a new employer.

vii. Not-for-profit organisations

The Government is providing support for not-for-profits (NFPs) to withstand the economic impacts of the Coronavirus.

viii. Support for sole traders

The Government is providing support to sole traders to withstand the economic impacts of the Coronavirus.

c) Supporting the Flow of Credit

i. Coronavirus Small and Medium Enterprises (SME) Guarantee Scheme

- Will provide working capital (immediate cash flow) for businesses with less than \$50m annual turnover - this includes sole traders and not-for-profits
- The Scheme will guarantee up to \$40 billion of new lending
- It will aid businesses who are now cash flow challenged but were normally viable to meet existing obligations
- The loan is in the form of unsecured finance meaning that borrowers do not have to provide an asset as security
- The government will guarantee 50% of new loans issued by eligible lenders to small and medium enterprises
- This will provide up to \$250k over a three-year maximum term with the initial repayments deferred for six months
- Check all banks for the deals they are offering, not just your usual institution
- The loan under this scheme does not preclude you from taking out other government loans or accessing other government support
- There is no need to be an existing customer of the lender
- This is not a grant - it may be must be repaid
- Due diligence is an absolute requirement.

Links -

Business.gov.au - Coronavirus SME Guarantee Scheme:

<https://business.gov.au/Risk-management/Emergency-management/Coronavirus-information-and-support-for-business/Supporting-the-flow-of-credit>

The Treasury – Coronavirus SME Guarantee Scheme:

<https://treasury.gov.au/coronavirus/sme-guarantee-scheme>

The Treasury – Support for Businesses:

<https://treasury.gov.au/coronavirus/businesses>

The Treasury Fact Sheet – Supporting the Flow of Credit:

https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Supporting_the_flow_of_credit_1.pdf

ii. Quick and efficient access to credit for small business

A six-month exemption from responsible lending obligations for lenders providing credit to existing small business customers will aid small businesses to get access to credit.

iii. Reserve Bank of Australia – Supporting the flow and reducing the cost of credit

The RBA is supporting small business as a priority, with a support package that places downward pressure on borrowing costs for households and businesses.

To reduce funding costs for banks and thus reduce interest rates for borrowers, banks can access over \$90b in funding at a fixed interest rate of 0.25%. Banks' lending to businesses is incentivised, especially for new loans to SMEs.

The cash rate remains at 0.25%. The RBA has also taken active steps to target a 0.25% yield on 3-year Australian Government Securities.

Links -

Reserve Bank of Australia:

<https://www.rba.gov.au/>

iv. Support for non-ADI and smaller ADI lenders in the securitisation market

The Australian Office of Financial Management (AOFM) has been provided with \$15b to invest in structured small business markets used by smaller lenders. It supports smaller lenders who may not be eligible for other initiatives available.

Links -

Australian Office of Financial Management:

<https://www.aofm.gov.au/>

v. Australian Prudential Regulation Authority - Ensuring banks are well placed to lend

Temporary changes to The Australian Prudential Regulation Authority's (APRA) expectations regarding bank capital ratios support banks' lending to customers.

Links -

Australian Prudential Regulation Authority:

<https://www.apra.gov.au/>

6. Bank Support

Support measures may include:

- Deferred repayments for up to six months for business or equipment loans
- Reduced interest rates for business or home loans
- Deferred business credit card repayments
- Waiving merchant terminal fee for up to three months
- Waiving early redraw fee on business term deposit account
- Approach your own bank first as you already have a credit relationship.

Key Message:

DISCUSS WITH YOUR ACCOUNTANT AND OTHER BUSINESS ADVISORS PRIOR TO COMMENCING ANY ACTION.

7. Professional Sources

The following sources have been used in the development of this resource.

- **AAPM - Australian Association of Practice Management**
<https://www.aapm.org.au/> 1800 196 000
- **ACCRM - Australian College of Rural and Remote Medicine**
<https://acrrm.org.au/> 1800 223 226
- **AMA - Australian Medical Association**
<https://ama.com.au/> (02) 6270 5400
- **David Dahm - CEO & Founder, Health and Life**
<https://www.healthandlife.com.au/> 1800 077 222
- **David Wenban - Managing Director, Australian Health Industry Group**
<https://www.ahiglegal.com.au/> (03) 9280 8000
- **Eythan Barraclough - Associate Director Business Services, BDO Australia**
<https://www.bdo.com.au/en-au/home> (08) 7324 6112
- **George Sotiris – Director, Health Industry Employment Services**
<https://healthindustries.com.au/> 0408 078 091
- **GPSA - General Practice Supervisors Australia**
<https://gpsupervisorsaustralia.org.au/> (03) 5440 9077
- **Jack Meagher - Associate Director, MediPay Private**
<https://medipayprivate.com.au/> 1300 810 950
- **Katrina Otto – Principal & Owner, Train IT Medical**
<https://trainitmedical.com.au/> katrina@trainitmedical.com.au
- **RACGP - Royal Australian College of General Practitioners**
<https://www.racgp.org.au/> 1800 472 247
- **Riwka Hagan - Principal Consultant, Medical Business Services**
<https://www.medicalbusiness.services/> 0419 892 126
- **Sarah Bartholomeusz - Principal, You Legal**
<https://youlegal.com.au/> 1300 800 661
- **Sasha Keats - Senior Employment Lawyer, Crawford Legal**
<https://www.crawfordlegal.com.au/> (03) 8639 5516
- **Steven Macarounas - Head of Education and Managing Editor, The Private Practice**
<https://theprivatepractice.com.au/> (02) 9229 3377

- **The Improvement Foundation**
<https://www.improve.org.au/> 1800 771 522
- **Young Han - Manager – Medical and Health Services, RSM Australia Pty Ltd**
<https://www.rsm.com.au> (02) 6217 0327

The above list of professional sources is not exhaustive and CHN is not endorsing or taking responsibility for any advice provided by those listed.

