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Subject: Stimulus Announcements for Business
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Dear IHEA CEO's & Leaders

The government stimulus package announced today includes access to cash payments and unsecured loans for Australian businesses.

We will have more information to our members tomorrow, but here are the key extracts from the Government Statement:

Assistance to business to keep people in a job

Boosting Cash Flow for Employers

The Government is providing up to \$100,000 to eligible small and medium sized businesses, and not-for-profits (including charities) that employ people, with a minimum payment of \$20,000. These payments will help businesses' and not-for-profits' cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.

Under the enhanced scheme from the first package, 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. The payment will be available from 28 April 2020.

By linking the payments to business to staff wage tax withholdings, businesses will be incentivised to hold on to more of their workers.

The payments are tax free, there will be no new forms and payments will flow automatically through the ATO.

This measure will benefit around 690,000 businesses employing around 7.8 million people, and around 30,000 NFPs (including charities).

Small and medium business entities with aggregated annual turnover under \$50 million and that employ workers are eligible. NFPs entities, 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.

An additional payment is also being made from 28 July 2020. Eligible entities will receive an additional payment equal to the total of all of the Boosting Cash Flow for Employers payments received.

This measure is estimated to cost \$31.9 billion over the forward estimates period,

including the value of the measure announced in the first package.

Regulatory protection and financial support for businesses to stay in business

Coronavirus SME Guarantee Scheme

The Government will establish the Coronavirus SME Guarantee Scheme which will support small and medium enterprises (SMEs) to get access to working capital to help them get through the impact of the coronavirus.

Under the Scheme, the Government will guarantee 50 per cent of new loans issued by eligible lenders to SMEs.

The Government's support will enhance lenders' willingness and ability to provide credit to SMEs with the Scheme able to support \$40 billion of lending to SMEs.

The Scheme will complement the announcement the Government has made to cut red-tape to allow SMEs to get access to credit faster. It also complements announcements made by Australian banks to support small businesses with their existing loans.

This builds on the investment the Government is making to enable smaller lenders to continue supporting Australian consumers and small businesses, through providing the AOFM an investment capacity of \$15 billion to invest in wholesale funding markets used by small authorised deposit-taking institutions (ADI) and non-ADI lenders.

It further supports the Reserve Bank of Australia's announcement of a \$90 billion term funding facility for non-ADIs, that will reduce the cost of lending, with particular incentives to lend to small and medium enterprises.

The measures the Government is announcing today, along with the previous announcements, will deliver a total of \$125 billion to support Australians get through the impact of the coronavirus.

The Government will guarantee up to \$20 billion to support \$40 billion in SME loans.

Providing 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 the time companies have to respond to statutory demands they receive. The package also includes temporary relief for directors from any personal liability for trading while insolvent. The *Corporations Act 2001* will be amended to provide temporary and targeted relief for companies to deal with unforeseen events that arise as a result of the Coronavirus.

- This builds on the support for business and business investment provided in our first economic support package, which included:
- increasing the instant asset write off
- backing business investment by providing accelerated depreciation deductions
- supporting apprentices and trainees
- targeted support for Coronavirus-affected regions and communities

Please feel free to call me at anytime on 0408 709 148 if you have any advice or need any assistance



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