

For Purpose COVID-19 Bulletin

2 April 2020

JBWere proudly provides investment management and philanthropic services to over 500 'for purpose' clients. The COVID-19 coronavirus poses a unique and unpredictable risk for the Australian economy and society as a whole, with the Australian 'For Purpose' sector, not immune to this challenge or societal need.

As the [JBWere Cause Report](#) articulated the sector is diverse with 26 different sub-sectors, all with different revenue sources across Government, Philanthropy and Self-Generated. The asset base of the sector may well be strong overall but it is very concentrated, with 92% of both assets and income controlled by the largest 8% of organisations. Different organisations, will face different challenges during these testing times, be it their own financial sustainability, sources of revenue and their ability to deliver services to a society in need.

The 'For Purpose' COVID Bulletin highlights the current packages available to the sector and its employees. It also highlights additional funding available to certain sub-sectors. The Philanthropic Services team will shortly be releasing a *For-purpose organisations and philanthropy in a time of COVID-19*, which attempts to estimate the outlook for philanthropy and volunteering in Australia, during the unprecedented combination of a major economic downturn and a significant global health crisis.

Federal government COVID-19 Support Announcements

Cashflow payments

Commencing 28 April 2020 not for profit entities (NFPs) and charities that have employees will be eligible for cash payments of up to \$100,000 from the ATO.

The measure is designed to augment cashflow to assist eligible for purpose entities to pay operating expenses, including wages.

Eligibility

- the aggregated annual turnover of the For Purpose entity must be <\$50m
- the entity must be employing people and payments to are subject to withholding tax
- NFPs must have an active ABN that commenced from 12 March 2020
- Charities are eligible if they are registered with the Australian Charities and Non-for-profits Commission (ACNC) and satisfy the other eligibility criteria. Charities do not need to hold an ABN to be eligible for this measure.

Administration

Eligible For Purpose employers will receive a payment equal to 100% of their salary and wages withholding (PAYGW), as reported in the April 2020 BAS/IAS (Activity Statement), up to a maximum of \$50,000.

If the entity has employees, but the rate of withholding is zero, the employer will be entitled to a minimum payment of \$10,000. Eligibility for further cashflow payments will however require PAYGW to be at least \$10,000.

For Purpose entities that have been granted a lodgement deferral are eligible for the cash flow payment when the lodgement is due to be made. That is, the deferral does not impact on the eligibility to receive the payment.

The measure applies for Activity Statements due to be lodged during the period of 28 April 2020 and 28 July 2020.

Subsequent payments are made at a rate of 50% (for quarterly Activity Statement lodgers) or 25% for monthly lodgers, bringing the total payment up to a maximum of \$100,000 for this cash flow measure.

Capital funding

Coronavirus Loan Guarantee Scheme

This measure will see the government guaranteeing 50% of loans issued by eligible lenders to entities that have a turnover of <\$50m, up to a total lending value of \$40bn.

The terms include:

- A maximum \$250k loan
- 3-years loan term, and
- no loan security required

Other announcements

Other announcements providing support for small entities include:

- the Reserve's Bank's \$90bn term funding facility for banks that will reduce the cost of lending with particular incentives for small organisations (including for purpose), and
- banks offering a 6-month repayment deferral for small organisations.
- Instant asset write-off extended to \$150,000
- Accelerated depreciation of 50% will apply to eligible assets until 30 June 2021
- Employers who employ apprentices or trainees can apply for a subsidy of 50% of the employee's wage

Wage subsidy

The federal government has also announced a JobKeeper Payment as a part of \$130bn wage subsidy measure.

This measure will provide employers with a payment of \$1,500 pfn to cover wages for employees who have been stood down, or are still working in an organisation impacted by the economic downturn.

Employee categories

The employee can be full or part-time, or a casual that has been working for at least 12-months in the organisation.

The employee category extends to NZ citizens working via a 444-special category visa, and other non-citizens that would otherwise be eligible for Centrelink payments if they applied.

Employees that are re-engaged by an organisation that was their employer on 1 March 2020 will also be eligible.

The measure is being tagged as a 'hibernation payment' that aims to keep organisations viable until the economy returns to normal functioning.

Eligibility is based on annual turnover

- If the annual turnover of the organization is <\$1bn, eligibility commences from a 30% reduction in turnover.

- If the annual turnover of the organization is +\$1bn, eligibility commences from a 50% reduction in turnover.

- The eligibility for the payment commenced from 30 March however, legislation is required to give effect to it and as such, parliament (in some form provided there is a quorum) is expected to sit again next week.
- The payment will be administered via the Tax Office with the first payment due in the first week of May.
- For Purpose organisations wishing to register their interest should follow this link: [JobKeeper registration](#).

Greater access to Centrelink for those that lose their work

For those that aren't the beneficiary of a JobKeeper payment and lose their job as a result of Covid-19, there will be easier access to the Jobseeker Payment and Youth Allowance.

Those eligible will also receive a 'Coronavirus Supplement' (along with current recipients) which amounts to an additional \$550 pfn.

To assist people make the claim for the support, there will be reduced means testing in that only the "income test" will be applied for eligibility for the 'Coronavirus Supplement'. In addition, the waiting period is waived.

The asset and income test applies to the basic eligibility.

ACNC Charity financial considerations

The ACNC has provided a list of tips that for purpose entities could consider when assessing the financial effects of COVID-19. These can include:

- Considering the use of reserves
- Assessing future cash flows and doing a forecast - or adjusting their forecast - in light of current events.
- Speaking to funders about the effects of cancelling or delaying activities that are part of funding agreements.
- Knowing fixed costs and when they will need to be paid. Also, not committing to any more expenditure if possible.
- Reviewing existing liabilities (for example, exploring options with banks or financial institutions, including deferring loan repayments if applicable).
- Responsible Persons should speak to their charity's accountant and auditor in preparation of budgets, forecasts and financial statements.

Blanket extension to Annual Information Statement submissions

If, due to the impacts of Covid-19, a for purpose entity experiences issues submitting their 2019 Annual Information Statement, the ACNC has announced an extension for lodgement.

The ACNC has identified the following potential reasons that may inhibit a for purpose entity from meeting their reporting deadlines:

- Not being able to hold Annual General Meetings
- Delays with having financial accounts audited or reviewed
- The Responsible Person being personally impacted by Covid-19

For purpose entities with an AIS due date between 12 March 2020 and 30 August 2020 have an extension until 31 August 2020 to lodge. Please refer to the ACNC website for further details regarding this announcement: [ACNC Covid-19 landing page](#)

Sector Specific Information

Child care

The government has announced that child care will be made available for free to parents who continue working during the coronavirus pandemic.

The support will be in the form of financial support to 13,000 centres Australia-wide, in addition to paying 50 per cent of the sector's fee revenue. The package is estimated to be worth \$1.6bn over the next 3-months.

Aged Care

An additional \$444.6 million in funding for the aged care sector to support staff retention in residential aged care and home care, as well as help with the viability of aged care facilities as the sector continues to provide care for the nation's elderly during the COVID-19 crisis.

The funds will be split between both aged care and home care services:

- \$234.9 million will be going towards staff retention bonuses and ensuring continuity of staff in residential and home care
- \$78.3 million of additional funding for continuity of workforce and supply
- \$26.9 million to supplement the viability of residential aged care facilities, including for the National Aboriginal and Torres Strait Islander Flexible Aged Care Program and multi-purpose services and homeless providers
- \$92.2 million to support home care providers and Commonwealth Home Support Programme (CHSP) providers

- \$12.3 million for My Aged Care services to continue supporting older Australians find the care and services they need

Please follow this link for more detail: [Aged care & CV-19](#)

Domestic violence support

An initial \$150 million will be provided to support Australians experiencing domestic, family and sexual violence due to the fallout from coronavirus.

- Counselling support for families affected by, or at risk of experiencing, domestic and family violence including men's behaviour change programs which will provide a short, medium and longer-term response to support men.
- 1800RESPECT, the national domestic, family and sexual violence counselling service, which already answers around 160,000 calls a year.
- Mensline Australia, the national counselling service for men that provides support for emotional health and relationship concerns for men affected by or considering using violence.
- Trafficked People Program to support particularly marriage, slavery and slavery-like practices.
- Support programs for women and children experiencing violence to protect themselves to stay in their homes, or a home of their choice, when it is safe to do so.

Mental health support

An initial \$74 million will be provided to support the mental health and wellbeing of all Australians.

The Government's digital mental health portal, Head to Health (www.headtohealth.gov.au), will be a single source of authoritative information and guidance on how to maintain good mental health during the coronavirus pandemic and in self-isolation, how to support children and loved ones, and how to access further mental health services and care.

\$10 million will be provided to Beyond Blue for the creation of a dedicated coronavirus wellbeing support line.

\$14 million for mental health support providers of which \$5m announced for Lifeline and \$2m for Kids Helpline.

\$10 million will be provided to the Community Visitors Scheme.

\$6.75 million will be provided to deliver the headspace digital work and study service and eheadspace.

Gayaa Dhuwi (Proud Spirit) Australia will develop culturally appropriate mental health and wellbeing resources for Indigenous Australians, whose elders and communities are particularly vulnerable to the impacts coronavirus.

\$28.3 million to deliver psychosocial support to Commonwealth community mental health clients for a further 12 months. This will allow additional time for people with severe and complex mental illness to complete their applications and testing for support under the National Disability Insurance Scheme.

Relief services for vulnerable Australians

An additional \$200 million will be provided to support charities and other community organisations which provide emergency and food relief as demand surges as a result of coronavirus.

- Emergency Relief which will help vulnerable Australians who need assistance with bills, food, clothing or petrol and increase and retain workforce capacity including volunteers.
- Assistance for food relief organisations to source additional food and transport for emergency relief service providers, and rebuild workforce capacity.
- Immediately scale-up services through the National Debt Helpline — which is often the first point of contact for people experiencing financial difficulties, and to support one-on-one tele-financial counselling.
- Creating a short-form Financial Counselling course through Financial Counselling Australia to train new financial counsellors to boost the workforce

Australian philanthropy unites to provide co-ordinated funding response to COVID-19 crisis

Australian Communities Foundation and peak body Philanthropy Australia have launched the COVID-19 National Funding Platform to support a co-ordinated philanthropic funding response to the escalating crisis.

The National Funding Platform is a central online directory that enables Australian philanthropic funders to connect with and respond to the COVID-19 related funding needs of non-profit organisations across Australia.

Both organisations are encouraging non-profit and community organisations to register their funding needs as they relate to COVID-19 so that Australian philanthropic funders can connect with and support the important work underway to tackle the pandemic and protect our communities.

[Visit the COVID-19 National Funding Platform here.](#)

Delivering on a mission

At JBWere we work closely with our “for-purpose” clients to provide insight and advice that go beyond investment management, to assist them achieve their wider strategic objectives and deliver on their mission

About JBWere Philanthropic Services

Working with charitable and Not-for-Profit (For Purpose) clients has been a key cornerstone of the growth and history of JBWere over its 175 years of existence. In 2001, JBWere established a dedicated Philanthropic Services division – a team of specialist advisers who provide strategic advice and insight to all our purpose driven clients, be they charities, NFP organisations, individuals, families or businesses.

Our unique, high quality, tailored offering represents significant value-for-money for our clients and consist of three broad pillars:

- Governance:
- Tailored Strategic Advice; and
- Executive Education and Insight

JBWere is the leading provider of Philanthropic and Investment Management advice to the sector, managing in excess of \$8 billion across more than 500 client accounts.

Our clients are as diverse as the For Purpose sector itself spanning philanthropic foundations, member organisations and charities involved in a range of cause areas. The highly skilled and multi-disciplined Philanthropic Services team is a key differentiator of the

JBWere approach and distinguishes the commitment to not only assist our clients in meeting their fiduciary obligations to prudently manage their assets, but also help them deliver on their mission.

Please visit our website [Thought Leadership](#) to download our Research and Insight papers.

If the team can help you or your organisation please contact us via:

- Phone (1300 263 166)
- or email (philanthropic.services@jbwere.com)

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