

Businesses seek urgent advice on what to do about COVID-19



Bradd Morelli, National Managing Partner, Jirsch Sutherland

The [constantly changing situation](#) surrounding the coronavirus – known as COVID-19 – has led to an increasing number of business owners, directors and business advisers contacting Jirsch Sutherland for advice. Last month, Jirsch Sutherland set up a dedicated coronavirus hotline for those clients needing guidance and support during this time. The number is 1300 547 725 and English, Mandarin and Cantonese speakers are on hand to deal with all enquiries.

National Managing Partner Bradd Morelli says the hotline is being well used although Jirsch Sutherland is finding most enquiries are received directly. “Accountants and lawyers are aware that the coronavirus is becoming a greater issue and is having a major impact on their clients’ businesses, and so are calling us to discuss potential solutions,” he says.

He adds a few weeks ago, there was a general air of “this won’t affect us”, but now as the situation is worsening and businesses are being affected by factors such as supply chain issues, lack of confidence among, and a decrease in, customers (for certain industries), it’s now front of mind. “As many businesses reach the end of their cash reserves in coming weeks, we expect there’ll be more calls (to us and to business advisers) for help.”

Cash-flow issues is one of the main concerns occupying business owners and directors, along with the ability to pay staff, rent, utilities, meet statutory requirements (such as tax and superannuation), and the delayed supply of products.

Morelli cites a business owner who uses a China-based manufacturer. “His supply chain has been affected as the factory he uses in China has temporarily closed,” he says. “This means that owner can’t meet his client obligations. And while he believes the factory will be up and running soon, there are no guarantees, so he needs to put another plan in place.”

In February’s JS Matters, we offered [tips to businesses affected by the virus](#), in light of the uncertainty regarding how long it is expected to be around. According to Kee Guan-Saw,

Principal of audit/accounting firm [KST Partners](#) and current President of the Chinese Chamber of Commerce of Victoria, the longer COVID-19 is a threat, the greater the number of Australian businesses that will be affected.

“We have clients in the tourism and food & beverage sectors that have been impacted and while they are currently handling the situation – for example, the F&B businesses are getting staff to take annual leave – if this is a prolonged crisis, then the impact will become greater,” Kee says.

“Another client has an inbound tourism business and the coronavirus has cut her client base. The business is trying to get back deposits worth hundreds of thousands of dollars from hotels and various attractions; if they’re successful they will be okay, but if not, then the business will suffer.”

Misinformation a major issue



Kee Guan-Shaw, President of the Chinese Chamber of Commerce of Victoria

In [an interview with Accountants Daily](#), Kee says the travel ban and misleading information on social media are harming local SMEs. However, it is the misinformation around food safety that has Kee particularly concerned. He says false reports have led to Chinese restaurants in Victoria experiencing massive losses. “Nobody is coming to eat because people are afraid of the virus,” he says. “They aren’t going out and it’s having a big impact on society.”

As part of a [\\$17 billion coronavirus stimulus package](#) announced by the Federal Government, SMEs will receive up to \$25,000 to cover the costs of employee wages and salaries, which will be paid by the Australian Taxation Office based on tax withheld. About 690,000 businesses employing around 7.8 million people are expected to be eligible for this payment.

Kee says a lot of cooperation is needed to help businesses survive. “For example, landlords and banks need to ‘chip in’ to provide support, such as allowing delayed payment of rent and loans, or by implementing payment plans.”

Meanwhile, Morelli advises businesses to do the following:

- Continue to monitor the situation carefully
- Communicate with your creditors
- Don't leave taking action too late
- Have a coronavirus plan to minimise the risks and impact on your business

“SMEs need to act now to find help if they are affected by the virus,” Morelli says. “It’s not the time for complacency. There are solutions and processes that can buy a company time, and the sooner owners and directors seek these solutions, the better. It’s vital to take swift action.”