

24 March 2020

Dear Member

It is clearly unprecedented times in the World. We are all reorganising our businesses to cope with the massive disruption of COVID-19. Whilst this is a time of uncertainty it is more important than ever that the CFO community has the facts and insights to lead through this and out the other side. Today, I wanted to update you on several issues:

Brisbane Dinner 14 April

It will come as no surprise that we have postponed the G100's April Dinner which had been planned for Brisbane. This is disappointing, but clearly as states close their borders, it is impossible to consider going ahead. We had several senior business people who had been looking forward to meeting with the G100, we hope that when this settles down, we are able to reschedule the function and catch up with them then. The board meeting and AGM will go ahead via teleconference.

Canberra Political Engagement Day and Dinner 17 June

One of the highlights of the year is the Political Engagement Day, this year scheduled for June. As Parliament has now declared that it will not sit until August, we are preparing to hold the Engagement Day and Dinner in the back half of the year.

Important series to stay up to date

The Group of 100 will continue to offer opportunities for members and their teams with a series of webinars. Planning is being finalised now and will include briefings from senior economists, business leaders, politicians and regulators giving their views on the economy as this pandemic continues and what happens when we come out the other side. Please stay tuned as we roll out this important series.

COVID-19 – the latest from the Federal Government

As you are all aware, the Prime Minister yesterday announced the closure of a number of businesses in Stage 1 of what may be a number of stages. These include:

- Registered and licensed clubs;
- Licensed premises in hotels and pubs (bottle shops will remain open);
- Entertainment venues, cinemas, casinos and nightclubs;
- Restaurants and cafes will be restricted to take away only;
- Indoor sporting venues including gyms; and
- Places of worship.

The Government believes it is essential to stop gathering in large groups and engage in proper social distancing to slow the spread of the virus.

The Government announced its second stimulus package, a \$66 billion economic response to COVID-19. This brings the total Government support for the Australian economy announced over the last week and a half to \$189 billion or 9.7% of GDP. This will provide:

- A new coronavirus payment of \$550 a fortnight for eligible Australians;
- A further \$750 support payment to more than 5 million eligible Australians;
- Early access to superannuation for affected workers and sole traders;
- Halving the superannuation drawdown rate for retirees;
- Reducing the deeming rate by 0.25% to benefit 900,000 Australians;
- Small business cash payments up to \$100,000;
- Guaranteeing loans for small business; and
- Increasing the insolvency and bankruptcy thresholds

Further information can be found at [Treasury.gov.au/coronavirus](https://www.treasury.gov.au/coronavirus) - more information below.

Advice from ASIC

We have had questions about reporting and consensus from several members. The advice received back from Commissioner John Price follows:

ASX's Guidance Note 8 (GN 8) in relation to individual analyst earnings forecasts and/or consensus estimates remains good guidance on this point.

GN 8 states listed entities have no obligation to correct individual analyst earnings forecasts or consensus estimates to bring them into line with an entity's internal projections. However, GN 8 recommends listed entities monitor individual analyst earnings forecasts and/or consensus estimates so that if material discrepancies emerge, the entities should consider why this is so and whether:

- a. there is any information, not protected by the carve-outs from disclosure in Listing Rule 3.1A, that should have been, but has not been, disclosed under Listing Rule 3.1; or*
- b. it is an indication that the market has not fully appreciate the import of the entity's previous announcements under Listing Rule 3.1, whether it needs to publish a further announcement with more information.*

For those listed entities that publish analysts' earnings forecasts and/or consensus estimates on their website or on ASX's Market Announcements Platform (MAP), GN 8 makes it clear that entities must not exclude a single analyst's forecasts without providing an acceptable explanation. Examples of acceptable explanations are the forecast does not reflect a material announcement or the most recent financial statements published by the entity and is therefore materially out of date, or it contains a manifest error. GN 8 also states an unacceptable explanation for excluding an analyst's forecast would be a bare statement that the entity regards the forecast as an "outlier".

Despite only a few analysts withdrawing their forecasts, for those entities that do publish analysts' forecasts on their website or on ASX's MAP, they may only exclude those forecasts in accordance with the guidelines in GN 8 otherwise they increase the risk that the published information could be regarded as de facto earnings guidance.

John further said that they have put statements out about AGMs and they are keeping a watch on reporting. If you have any issues on this or any specific concerns, please don't hesitate to call either of the heads of the ASIC Corporations Team –

- Rachel Howitt - 02 9911 5919
- Claire Labouchardiere - 02 9911 2226

Advice from the ATO

Second Commissioner Jeremy Hirschhorn has advised that those experiencing problems lodging or paying tax should call the ATO and seek guidance and they will be assisted. Blanket extensions will not be granted.

Overpaid instalments can have the rate varied to nil and refunds for prior instalments are available without penalty.

If people are worried about movements – caught here as expatriates or people overseas not being able to get back. Please don't delay, call the ATO for assistance.

There will shortly be an announcement on global entity payments. Please watch the ATO website for further information.

Jeremy said his overall message is that the ATO wants people focused on the important things and not being distracted by tax, if anyone, or organisation has an issue please call the ATO. You will be passed through to the relevant officers who can assist.

Submissions to Government

The G100 has not stopped work as a result of COVID-19. For example, several submissions are being put together for Government inquiries:

- Parliamentary Submission on Capital Bond Market;
- Parliamentary Submission on Staff Share Scheme;
- Parliamentary Submission on Class Actions (soon to be announced); and
- Parliamentary Submission on Foreign Investment Proposals.

The submission on Foreign Investment Proposals is to the Senate Economics Reference Committee. The submission being proposed by a member and the terms of reference follow. As this submission is due shortly, we would appreciate members getting back to us soon if you have any comments.

In brief the inquiry into foreign investment proposals will review foreign investment proposals against the national interest test:

- a) protection of Australia's market-based system from manipulation that would benefit proposed foreign investment;
- b) the assessment of the impact of proposed foreign investment on market concentration and competition;
- c) the imposition of conditions on foreign investors;
- d) the extent to which the risk that foreign investment proposals are being used for money laundering is examined;
- e) the role of the Foreign Investment Review Board; and
- f) any other related matters.



The submission briefly:

- A number of improvements could be made to the Foreign Acquisitions and Takeovers Act (FATA) to ensure Australian targets get procedural fairness and decision makers get complete and accurate information;
- Currently, there is no obligation for the target of a foreign investment proposal to be informed of a FATA application meaning that decisions about the proposal may be made without the benefit of information and submissions from the target;
- Providing targets with notification of foreign investment applications would allow the Treasurer and the Foreign Investment Review Board (**FIRB**) to make better informed decisions and would provide procedural fairness to Australian target companies;
- The '3% creep' rule in Australia's takeover provisions is unduly permissive and can allow control of a target to pass to an acquirer through 'attrition' and in a manner which denies shareholders the ability to receive a premium for their shares.

Accounting in the time of COVID-19

I would commend the attached paper from EY; a solid update on issues you and your teams will need to consider in the current environment.

Should you or your company wish to contribute to any of the submissions mentioned above please don't hesitate to contact our CEO, Stephen Woodhill. The final dates for these submissions have been moved back due to the disruption caused by the virus. We will advise final dates in coming days.

As always, if you have any issues you would like to discuss, please don't hesitate to contact either Stephen or myself.

Kind regards



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Attachment: EY - Applying IFRS

