

Thursday, 27 July 2023

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Via portal - <https://nema.gov.au/about-us/governance-and-reporting/reviews/Independent-Review-Disaster-Funding-Public-Submissions>

Dear Andrew

Independent review of Commonwealth Disaster Funding

Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants (the 'Professional Accounting Bodies' or 'we') together (and with their respective affiliate bodies) represent over 350,000 professional accountants in Australia, New Zealand and around the world. Our members work in diverse roles across public practice, industry, charities, government and academia.

This submission draws extensively from our joint submission to the [Independent Evaluation of the JobKeeper Payment](#).

We believe the lessons learned from the design and delivery of COVID business support can be applied to enhance business support provided following future disasters. This submission responds to questions 1 and 5 from the briefing paper.

1. What experience have you had with Commonwealth disaster funding support?

Our key lesson from JobKeeper is the need for a holistic pre-prepared and tested disaster relief package for business and their employees. With the benefit of hindsight, many of the less-than-ideal aspects of JobKeeper, the Cashflow Boost and state government COVID business support programs may have been avoided had the government had available a well-designed and tested ready-to-implement disaster support program for business.

The effectiveness of disaster support for business would be enhanced if state governments join the federal government in designing a national ready-to-deploy disaster support program for business. Ideally this would involve standardised and scalable business assistance that can be rolled out using an agreed mechanism by the ATO at the behest of either the Federal or State government, with the costs of that support being attributed to the requesting government.

Advantages of this approach include:

- greater speed and certainty in the delivery of assistance
- support can be adjusted following an agreed formula to match the severity and type of the disaster
- greater integrity due to the immense financial data available to the ATO combined with additional information held by other departments
- coherence in the selection of policy levers, definitions and access across Australia
- consistency in the design and delivery of support between states
- less strain on the public service, and professional advisers in supporting small business access such support.

When designing such a ready-to-deploy assistance package, consideration should be given to how best to adjust the support to match the scale and type of disaster. A "one-size fits all approach" will not work. The amount and type of support business needs to vary depending on the nature of the disaster, its impact and length. Factors will include industry, location, turnover, employee count and structure.

There were many challenges in the design and delivery of state government COVID business support programs following the end of JobKeeper. For example, state governments:

- lacked access to key financial data on businesses to ensure the integrity of their COVID assistance programs
- lacked expertise to apply the income tax and GST concepts they used in their COVID assistance packages
- did not have established communication lines to key intermediaries such as accountants in the COVID assistance delivery process.

5. Is there any further information you would like to provide?

Another key lesson learned from JobKeeper was businesses need support to transitioning to back to normal operations.

The nature of government support for businesses affected by a disaster needs to vary throughout a disaster. Direct financial support, such as JobKeeper is usually necessary in the early phases of a disaster as businesses may face reduced sales and increased expenses. As the impact of disasters lessen and businesses move from response to recovery, they face different challenges. Cutting off all government support early in the recovery may have negative impacts on business and the economy.

During the recovery phase, businesses are more likely to benefit from access to advice. As part of developing a ready-to-deploy disaster support program for business, the government should consider including incentives for impacted businesses to access advice from their existing adviser. Such support should become available as direct financial disaster support is removed.

If you have any questions on this submission, please contact Gavan Ord, Senior Manager - Business and Investment Policy at CPA Australia on gavan.ord@cpaaustralia.com.au, Susan Franks, Senior Tax Advocate at CA ANZ on susan.franks@charteredaccountantsanz.com and Tony Greco, General Manager Technical Policy at IPA on tony.greco@publicaccountants.org.au.

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