

Observations and Lessons - Bushfire Recovery

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BUSHFIRE RECOVERY - LESSONS AND OBSERVATIONS

The following pages are an extract from a submission provided as part of CPA Australia's ongoing engagement with the National Bushfire Recovery Agency and the Department of Home Affairs.

The submission includes collated feedback from CPA Australia members on specific lessons and observations identified through the 2019/2020 bushfire recovery.

CPA Australia thanks all the members who provided input and feedback on their experiences to inform the submission.

For further reading and background, please see CPA Australia's submission to the [Royal Commission into National Natural Disaster Arrangements](#).

Access to recovery support

1. Scalable response frameworks

Although bushfires and other emergencies are a regular and known occurrence each year, there does not seem to be a scalable response framework in place for small business impacted by disasters. This delays the time it takes to get business support out and impacts businesses ability to recover.

Once the government declares a natural disaster, pre-determined assistance frameworks or models should become immediately available to impacted businesses. As the scale of a disaster changes (e.g., becomes more severe), the government could recategorise support needed, allowing more assistance to flow immediately from government to business.

What worked well?

Roundtables and other forums demonstrated that various levels of government were listening and consulting on the options for business recovery, however the length of time it took governments to commence consultations was a significant drawback.

There was strong commitment and willingness from the business sector to contribute to and support recovery efforts.

What can be improved?

Following the 2019-20 bushfires, governments at all levels seemed ill-prepared for the economic and social consequences of the disaster. This lack of preparedness led to delays in the delivery of support for communities and business. It also led to hastily developed policy solutions with little time for critical analysis.

In relation to business, this slowed the roll out of effective assistance by all levels of government at the time when people and business needed certainty and support.

We note that after the 2019-20 bushfires, there was what seemed to be an unnecessarily long period of time for effective policies to assist businesses to be developed, announced and implemented. Such response gaps would not exist if there were pre-determined standard forms of assistance.

Additionally, the policy response left gaps where affected small businesses were unable to access support. For

example, those who were leasing a farm were initially unable to access primary producer grants and small business grants; and businesses that experienced a significant loss but were not directly affected by fires also had to wait for a policy change to access grants.

Opportunities

CPA Australia suggests that Governments should establish a 'break glass in case of emergency' model for business assistance following a natural disaster – that is, after a natural disaster is declared, there are standard forms of assistance for business that can be deployed quickly. This will help to deliver the certainty many need following a disaster.

This model should be scalable depending on the severity of the disaster. Hence the government should consider setting standards to categorise the severity of natural disasters, with the standard level of assistance increased the more severe the disaster.

Such a model allows for the quicker implementation of pre-determined policy measures to assist business – policy measures that have been subject to critical analysis to increase their effectiveness.

2. Access to support for small business

Access to recovery support for small business was challenging due to:

- Delays in support reaching local areas due to road closures and small communities being required to travel distances to recovery hubs
- Lack of focus on local service providers for a locally led recovery

Opportunities to leverage locally affected businesses first when seeking equipment or services should be explored.

Recovery authorities should also consider travel challenges for small or remote communities when choosing placement of recovery hubs and support services.

What worked well?

Recovery hubs were established quickly.

What can be improved?

As an example of the lack of focus on locally led recovery - for the Corryong and surrounding fires, there are only two roads in, and they were closed for approximately three weeks after the fires. This delayed support getting to these areas. The small community towns in these areas were difficult to access and people in these communities tend to not travel far distances outside their area. The location of the initial recovery hub in Tallangatta meant that many people were required to travel long distances for support or that support services had to travel to the communities to provide assistance as the recovery hubs did not effectively reach all those affected.

A further example of the lack of focus on local businesses and communities in the recovery effort also occurred in Corryong. A generator provider who had a fire affected business in Corryong was not selected as the authorised generator provider for Corryong (by recovery authorities). People had to go to Albury (two hours away) to get the equipment and support they needed. Further, this meant that funds ended up in Albury rather than the affected area.

Opportunities

Consult with local business advisers (such as accountants, lawyers, business chambers) to see how local service providers can be the primary provider of goods and services to support the recovery effort.

3. Coordination of multiple service providers

Access to recovery support for small business was challenging due to lack of coordination across multiple service providers offering the same services.

Recovery authorities should consider a single point where business can go for assistance and are connected with the supplier/agency that best supports their recovery needs at that point in time.

Recovery authorities should also consult with local business advisers (such as accountants, lawyers, business chambers) to see how local service providers can fit into the recovery effort.

What worked well?

The desire to provide assistance to the affected areas from multiple providers was a positive.

What can be improved?

As an example of the lack of coordination across multiple service providers in Victoria - Small Business Victoria appointed Small Business Mentoring Service to assist the businesses in the affected areas, whilst AgBiz Assist Small Business Support Specialists had already been supporting businesses in the same area since mid-January. Further the role out of the Strengthening Business program brought in additional business facilitators to affected areas in July/August that will be in place until 30 June 2022. There was no engagement with professional accounting organisations to leverage the significant connections local accountants have with businesses in impacted areas - in fact, some of the services established by government agencies directly competed with existing local business advisers, who themselves were running a business.

Multiple services with similar remits can cause confusion for business owners and add additional layers of inefficiency.

While there may be a need for multiple suppliers to meet the demand, there should be a simple way to determine which provider businesses should best access ensuring they get the right help for the recovery stage they are in.

Sorting through the financial assistance available from various sources, including governments, charities and non-for-profits is time consuming and demanding of both the business owner and the professional support person. Governments often have time limits on funding applications and strict interpretations of guidelines. Business owners are usually dealing with both personal devastation as well as devastation to their business, which compounds the financial and emotional impact. Support needs to be holistic, delivered by professionals with specialised skills from the local area and not time-limited to ensure businesses and individuals can get the support they need when they are ready to do so.

Opportunities

A single-entry point for businesses to seek assistance where they are triaged and connected with a provider that can:

- Meet their needs
- Has capacity and knowledge in the relevant area
- Where possible, prioritise and partner with local advisers (e.g. accountants, lawyers) who have connections to the community and existing relationships. They will also remain in the community long after official programs wind-up.

Additionally, there should be an acknowledgement that recovery is not linear for everyone. Support needs to be ongoing and there should be recognition that not all businesses / individuals will be at the same stage at the same time. Consideration should be given to how to triage and stagger support to ensure a sustainable recovery opportunity for everyone.

4. Concessional loan processing times

Concessional loan processing times have meant many businesses have not had access to financial support they need.

CPA Australia recommends mandating a national service level timeframe for the processing of concessional loans for businesses and individuals affected by natural disasters and emergencies.

What worked well?

The concessional loans are a sound recovery mechanism for those businesses in a position to recover quickly with some government assistance.

What can be improved?

The government announced the provision of concessional loans as part of the first round of grant assistance for businesses impacted by the fires.

Although many businesses were not keen to increase debt immediately after the fires, many now have little option and applications have been made for these loans.

Data we have reviewed from Victoria* shows that there has been very slow processing of assistance loans with many applications still outstanding.

That same data also shows that many businesses in Victoria have not been successful in their application for concessional loans as they cannot demonstrate a capacity to re-pay - which given the bushfires and COVID-19 is a very difficult threshold for many businesses to conclusively prove.

*We did not review data on the concessional loans for other locations.

Opportunities

Loan processing times should have a service level mandated so businesses know quickly whether their application will be successful. Businesses should be clear on the loan assessment requirements so that they have the best chance of submitting successful applications. There needs to be a consistent national approach to the delivery of assistance to businesses impacted by disaster - similar to the disaster assistance (including loans) delivered by the US Small Business Administration and the Federal Emergency Management Agency.

5. Business Advisory Services

Governments creating new business advisory services from scratch (or expanding their own services) takes time, competes with local business advisers (accountants, lawyers etc) and means more outsiders are involved.

Governments should leverage local business advisers (e.g. accountants, lawyers, etc) to provide business advice to small businesses. This allows advice to be delivered quickly and by locals in impacted areas. This would be more effective than ramping up support or maintaining government-run small business support services at the level required to manage a surge. The importance of supporting local business advisers first has been compounded by COVID-19. Businesses will recover at different rates and need support at different times in the cycle post-emergency. Therefore, it is critical that support for local advisers remain an option.

What worked well?

Financial counselling services were able to be established somewhat quickly and counsellors upskilled to deliver this specialised support.

CPA Australia and the other accounting professional organisations played a key support role in helping with resources, training and contacts for financial counsellors. These relationships were established early and have been maintained.

Financial counsellors have provided advice and assistance on a wide range of financial problems facing small business, although it appears they may have had more success supporting individuals.

Regular reporting mechanisms into government help agencies determine policy gaps and where help is most needed.

What can be improved?

Whilst the establishment of the small business financial counselling support line was relatively quick, it still took time to resource and upskill to provide this new service.

Greater effort could have been put into communication campaigns to small business to increase uptake and awareness of the service.

Opportunities

A change in mindset from government is needed to better support local businesses. Instead of creating their own advisory services, which takes time and involve people from outside the impacted areas, the government should instead fund local business advisers (accountants, lawyers, etc) to support local business recovery. Governments and other third parties can provide access to specialist advice to such advisers where it is lacking in an impacted area.

6. Charities and Not for Profit

The community expectations around the disbursement of donations from charities and not-for-profits to affected areas needs to be balanced with the understanding that funds and services are needed over time to support sustainable recovery.

Also, not only are charities and other not-for-profits subject to numerous regulations, they are also subject to their own constitution and other restrictions such as donations being required to be spent on a specific purpose. There is an education and awareness need amongst the donating public on these constraints that not-for-profits may face.

CPA Australia's submission on [Charitable Fundraising in Australia](#) recommends the harmonisation of regulations around charitable fundraising and operations.

What worked well?

There was a genuine effort from governments and the charity and not-for-profit sector to coordinate support and relief for effected communities.

The Australian Charities and Not-for-profit Commission (ACNC) register contains information about charities, their purpose and reporting - this helped members of the public ascertain relevant information about the charities they were donating to and how the funds would be used.

What can be improved?

Rebuilding after a natural disaster can be a very long process that can take several years. A point of frustration raised by the broader community was the perception that charities were not responding fast enough or not using donated funds where intended. Recovery is a long process and charities need to balance the immediacy of relief with the ability to provide on-going support as communities recover. Although donations increased during the 2019-20 bushfires to some charities, new emergencies and crises have also emerged that require charities and not-for-profits to respond (COVID-19 for example) but without necessarily having ready access to further revenue through fundraising, and therefore requiring some reliance on existing reserves. It should be acknowledged that charities and not-for-profits need to consider the sustainability of their services beyond individual disasters.

Additionally, during times of crisis stakeholders at all levels need to safeguard donated funds against fraud and the misuse of funds. This can be time-consuming and challenging as the sophistication of scams grow but

is a key consideration for charities and not-for-profits when using donated funds.

What can be improved?

Harmonise regulations around charitable fundraising and operations.

Data sharing

7. Data sharing

When accessing support, people were required to provide their details and their stories multiple times through the process. This was not only inefficient, it also meant that individuals were repeatedly asked to re-live very traumatic and upsetting experiences as part of accessing support.

Consider a single point where business or individuals can go for assistance and are connected with the supplier/agency that best supports their recovery needs at that point in time. This single-entry point would take the relevant details that are needed to kick-start the support processes and the individual would not need to provide the same information to multiple stakeholders.

What can be improved?

Anecdotally we have heard that businesses found it difficult re-telling their story to multiple stakeholders in order to receive support.

A single entry-point for those needing assistance to provide their details and input once and that is shared with relevant stakeholders and organisations providing support.

