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Dr Gordon de Brouwer  
Coronavirus Business Liaison Unit  
The Treasury  
Langton Cres PARKES ACT 2600

Via email: [CoronavirusBusinessLiaison@treasury.gov.au](mailto:CoronavirusBusinessLiaison@treasury.gov.au)

Dear Dr de Brouwer,

**Financial Reporting, Audit and Advisory Services  
External Administration and Bankruptcy**

CPA Australia represents the diverse interests of more than 166,000 members working in over a 100 countries and regions around the world. We make this submission to the Coronavirus Business Liaison Unit on behalf of our members and in the broader public interest.

The impact of the COVID-19 pandemic, with staff working remotely, regions and industries being impacted differently and potential IT limitations and stresses, means that entities will confront challenges with some hitherto simple financial statement preparation tasks; such as collating data and information from multiple sites and undertaking physical stock-takes. Similar challenges will be encountered by audit firms. Importantly, the assessment of future business viability, going concern and asset impairment, will be a difficult task for many entities, their advisors and auditors.

We note that Commonwealth and State regulators have been responding rapidly to the crisis, with announcements regarding relief and support. However, we wish to bring to your attention a number of critical issues that are being encountered by our members and their clients in meeting financial reporting and auditing obligations for Commonwealth and State/Territory regulated entities required to lodge financial information. Suggestions on how regulators might address some of these issues are outlined below.

We also take this opportunity to highlight several issues in relation to external administration and bankruptcy, along with proposed solutions to alleviate the impact of potentially increasing numbers of insolvencies.

**Proposal to delay some financial reporting deadlines**

Financial reporting plays a fundamental role in informing investors, creditors and other stakeholders, and is a critical lever in ensuring continuing confidence in the Australian capital markets. We recognise the importance of timely financial information to inform investor decision-making and the negative impact that delays in the delivery of such information could cause, including further distress to market confidence that is already shaken by the current crisis.

Therefore, the need for a measured and balanced approach to any potential deferrals of financial reporting lodgement deadlines to address some of the challenges faced by our members and their clients is important.

To ensure continuing confidence in markets, we suggest that any deferrals of lodgement for large listed entities (e.g. ASX 200 companies), large superannuation funds registered with the Australian Prudential Regulation Authority (APRA) and entities of similar size and importance to the Australian economy should continue to be considered on a case-by-case basis. We also support the continuation of continuous disclosures for listed entities. A similar approach to lodgement deferrals could be adopted for large proprietary companies under the Corporations Act.

A vast number of other entities are required to lodge financial reports with various regulators at both Commonwealth and State/Territory levels and/or obtain an audit, review or examination for accountability and transparency purposes. A blanket deferral of financial report lodgements or completion of audit, reviews or examinations could be considered, and may be justified for such entities, as a delay in reporting for these other entities is unlikely to lead to an immediate negative impact in market confidence.

We list below some of the common entity types that are likely to belong to this population:

- Public companies limited by guarantee under the Corporations Act, other than charities registered with the Australian Charities and Not-for-profits Commission (ACNC) which have already received relief (see below)
- Small proprietary companies with a statutory requirement to lodge financial reports
- Incorporated associations, fundraising licensees and others with obligations to lodge financial reports with regulators under State/Territory legislation
- Holders of trust accounts, licensees and others with a requirement to obtain an audit, review or examination under State/Territory legislation

We note that the ACNC has already extended the deadline for charities to submit Annual Information Statements (AIS) and financial reports until 31 August 2020, for reporting dates up to and including 28 February 2020.

A similar extension of lodgement deadlines with immediate effect, should be considered for the entities listed. Consideration should be given to deferral of reporting deadlines for 31 March through to 31 May year-ends as more information becomes available. We are currently in a very dynamic environment, and as the situation evolves further decisions on deferral should be considered if the necessity arises. This will be particularly relevant for the traditionally largest population of financial report lodgements arising for 30 June 2020 year-ends.

In addition, we suggest considering other relief, including:

- Waiving or deferring ASIC fees or levies imposed on entities or registered professionals, although we note that individual applications can be made to ASIC and considered on a case-by-case basis.
- Temporarily suspending inspection programs for registered company auditors.
- Deferral of the commencement of any non-essential regulatory actions and non-essential supervisory activities.

### **External Administration and Bankruptcy**

While not specifically a financial reporting and auditing issue, CPA Australia recognises the link between financial reporting and external administration and bankruptcy. With this in mind, we recommend that appropriate authorities consider:

- The relaxation or extension of the timeframes for holding creditor meetings under Part 5.3A (Administration of a Company's Affairs with a view to executing a deed of company arrangement) of the Corporations Act 2001
- With an associated 'sunset', reducing the current three-year period of automatic discharge from personal bankruptcy (Bankruptcy Act 1966 s 149) to one year

We will provide you with further updates that may be required to the above suggested approaches as the situation evolves.

In the meantime, we would welcome the opportunity to work with you, if required, to address the above suggestions. If you require further information on the views expressed above, please contact me on 03 9606 9941 or at [gary.pflugrath@cpaaustralia.com.au](mailto:gary.pflugrath@cpaaustralia.com.au).

Your sincerely



**Dr. Gary Pflugrath**

Executive General Manager, Policy and Advocacy