



**For immediate release**

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**Loan scheme addresses symptoms but not condition**

- Loan scheme welcome but too focused on short-term survival.
- Professional advice is needed to help small businesses recover.
- Call to include business advice and disaster support initiatives in Budget.

CPA Australia welcomes the government's decision to expand the loan guarantee scheme for pandemic-hit businesses but is concerned the scheme won't be as effective as it could be.

CPA Australia General Manager External Affairs Dr Jane Rennie said, "The time is right to move from broad-based financial supports like JobKeeper to more targeted measures.

"At a macro level, positive economic momentum is building. That doesn't mean the outlook for small businesses in highly impacted industries is bright – it's not.

"The loan scheme will help otherwise viable businesses survive until industry conditions improve."

However, according to CPA Australia, the loan scheme is overly focused on business survival rather than business recovery.

"Like HECS loans for university students, this scheme allows the government to lend money to struggling businesses and recoup at a future point in time," Rennie said.

"However, whereas HECS is designed to support students while they learn skills to succeed in their careers, there's no longer-term objective here.

"Professional advice is needed to help businesses move from survival to recovery. Without advice, providing loans is like treating the symptoms with addressing the underlying condition."

To address this issue, the government should implement measures to incentivise businesses to seek professional advice, as recommended in our [2021-22 Federal Budget Submission](#).

It's also important that the government design and direct the banks to administer the scheme flexibly. Rennie said, "If the eligibility criteria or application process are burdensome or rigidly applied, legitimate businesses will miss out or won't apply, as we've seen with other programs."

Today's announcement represents a golden opportunity to develop a model of standardised, scaleable and targeted disaster support for businesses, which was another recommendation in our [Budget Submission](#).

"It is reasonably foreseeable that Australia will experience other disasters, including fire and flood. When disasters occur, small businesses are often among the hardest hit. They need rapid assistance to help them to recover and survive," Rennie said.



“Delays in receiving assistance make it harder for affected businesses to recover from natural disasters. Having a pre-determined model of financial support would reduce the economic impact of these events.”

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