

Intro:

Welcome to CPA. Australia's COVID chat. A weekly podcast to answer your questions about the latest news and developments impacting business.

Dr Jane Rennie:

Hello, I'm Dr. Jane Rennie, general manager, external affairs at CPA Australia.

Gavan Ord:

And I'm Gavin Ord, senior manager business and investment policy also at CPA Australia.

Dr Jane Rennie:

It's Monday the 4th of October, and you are listening to COVID chat, bringing you this week's need to know information for business and accounting professionals. In today's episode, we are going to discuss the tapering off of business and individual financial support once vaccination targets are met and what this could mean for recipients. Also on the agenda, we have senior manager tax policy, Elinor Kasapidis to talk with us about tax lodgement deferrals and STP phase two. Last week, the federal government, along with the New South Wales Victorian, and ACT governments announced that it would begin tapering off financial support once the 70 and 80% vaccination targets are reached. It's a development that ties business support to vaccination rates rather than economic conditions and has led to major changes to the Victorian, New South Wales and ACT grant programmes. Gavin, what can you share with listeners about these changes and also what are the key dates for businesses in those locations?

Gavan Ord:

Thanks, Jane. And I do like your point around that the vaccination rates, the tapering of these grant programmes are linked to vaccination rates. And those vaccination rates are actually not economic indicators. So I think that's a great point to start off with. However, it is what it is. And we're now seeing both the federal and state governments starting to taper their support. So I'll go through location by location.

Gavan Ord:

So New South Wales, they've got two major grants at the moment, they're job saver and the micro business grant. The job saver grant is currently paid at up to 40% of weekly payroll. From the 11th of October, that's reduced to 30% of weekly payroll. So recipients will receive 30% of weekly payroll up until late October when New South Wales reaches the 80% target, 80% vaccination target. From that date until the 30th of November, the job saver payment will be 15% of weekly payroll. And at the 30th of November, that's when job saver ends.

Gavan Ord:

The micro business grant is slightly different. Currently the micro business grant is paid \$1,500 a fortnight. That will continue until the date when New South Wales reaches the 80% vaccination target. And then it will be reduced to \$750 a fortnight until the 30th of November.

Gavan Ord:

For Victoria, Victoria will continue to its same automatic payments that they're receiving now through what's called the business cost assistance programme. They'll continue as is until the 29th of October.

From the 29th of October to the 13th of November, these payments will be continue, but only for businesses that remain closed or heavily restricted due to public health orders. And payments will stop 13th of November.

Gavan Ord:

For ACT, their main grant closes on the 7th of October and payments basically cover the period up to the 15th of October. From the 15th of October, there will be actually further industry specific assistance in in ACT. So businesses in the tourism, accommodation, arts, hospitality, and fitness, will be able to apply for grants, additional grants of up to 25,000.

Gavan Ord:

There also will be further hardship assistance from the 15th of October. And that's where businesses can apply for a credit of up to \$10,000 that they could apply against other forms of government charges. The other grant or payment to mention is the federal government's disaster payment grant or assistance to workers. So there's two specific issues you need to be aware of. So when a state reaches 70% fully vaccinated target, recipients of the disaster payment will have to reapply each week to show they're eligible. And when the state reaches the 80% fully vaccinated target, the payment will be reduced over three weeks to nil. After that three week period, if somebody remains unemployed, then they could apply for job seeker.

Dr Jane Rennie:

Gavin, you and I have had a couple of discussions about the fact that not every business is going to get back up to speed as soon as those dates are reached. And some in particular thinking about CBD businesses might not get that snap back until office workers return. I'm going to put you in the hot seat now, is it in your opinion, premature to wind back business support so soon?

Gavan Ord:

Well, I think it's appropriate to start to wind back the general support such as job saver. But I think it's not appropriate to remove it for everybody. So what I think I'm trying to say there is that I think what governments need to do is to start to think of industry specific assistance and also geography specific assistance. So think of your CBD dry cleaner, your CBD cake shock, your CBD cafe. They're not going to snap back to use a vernacular of the day, anytime soon. So I think those businesses still need access to support.

Gavan Ord:

And I think if you look at New South Wales, for example, the state government has announced that it will announce economic support post jobs saver, but given it's changing leadership this week, that announcement might be delayed a little bit while the new premier takes control and puts his stamp on the government. So I think there is acknowledgement in some areas that there is that need for support post job save post the end of lockdown. So we do see that in New South Wales and some extent ACT, but we haven't seen anything in Victoria yet. And we do want to see some level of support for those hard hit Victorian businesses.

Dr Jane Rennie:

As you suggest, there may be a strong case for a nuanced approach. Well, it may be the dying days of the support programmes, but even so there have been several recent developments and even new

grants announced, which we'll go through in turn now. Let's start with Victoria, which this week launched a new grant to assist public event organisers and suppliers. Gavin, what do businesses need to know about this one?

Gavan Ord:

Yeah. So this is probably the second or third iteration of this grant for organisers of large scale public events. So that is businesses, sorry, events with a thousand plus people that had to be cancelled. So it applies to organisers. They can get up to 25,000 and suppliers can get up to \$10,000. The other thing to note with Victoria is over the weekend, the government announced assistance for the construction sector, which had to close for two weeks. That level of assistance is half of what the normal business cost assistance programme. And the state government is blaming the federal government for not willing to meet 50/50 on the cost for that programme.

Dr Jane Rennie:

And also in Victoria, we saw the government announced that it had extended the hardship fund. I know Gavin, from just discussing with you, you've got a bit of an interesting take on why this one occurred.

Gavan Ord:

Yeah. Look, some people read that media release as indicating a new funding, a new round of assistance. And whether the government's both federal and state thought that this was a chance to maybe mislead people, I don't know. But to give you an example of what it actually means, I have to talk about the numbers and go back in time a little bit. So when they announced, when the federal state governments announced the hardship grant a few weeks ago, probably a month ago, they budgeted for 600 million. So 30,000 businesses. Thanks largely to an effort by CPA Australia members, the number of businesses actually applied for the grant was 65,000. So this several hundred million dollars that was announced last week is actually just to pay for that oversubscribed grant. So it's not a new grant. It's just paying for what the government had promised.

Dr Jane Rennie:

Turning now to Tasmania. This week marked the launch of the small business advice and financial guidance programme. And this is the one I think we mentioned last week, which encourages small businesses to see a professional such as an accountant. So how long have businesses got to apply and what exactly is on offer?

Gavan Ord:

Yeah. So this one, we need to be a bit careful about the finishing date, because unlike other grants, this is a once the money's used up, that's it. So the closed date is May, 2022, but there's actually not much money on offer. And history has told us, because this is the third time they've offered this grant in Tasmania, that the money will run out pretty quickly. So if you are a Tasmanian business or a Tasmanian accountant, get your application in for this assistance early. It's \$750 to \$1,500. And it's designed to encourage businesses to seek business advice. I also should mention that applications for Tasmania's large scale business COVID business support grant closes this Friday, the 8th of October at 2:00 PM. Not sure why two PM is the closed time. Seems rather archaic. But this Friday, 8th of October 2:00 PM, the Tasmanian micro-business grant, micro and small business grant closes.

Dr Jane Rennie:

The cynic might suggest that it has to do with the 5:00 PM knockoff time, Gavin, but let's move on. In New South Wales job saver eligibility has been extended to certain charities with a 15% decline in turnover. How does this compare to the eligibility threshold for other sectors?

Gavan Ord:

Yeah, so this relates only to charities in the social services and the animal welfare sector. So they are eligible for job saver with a 15% decline in turnover. Every other business and not for profit and charity has to have a 30% decline in turnover. I'll just also add when the government released this feed, this announcement last week, the New South Wales government, they also clarified the definition and turnover for not for profits and the not for profit turnover includes grants and donations.

Dr Jane Rennie:

And still in New South Wales. We've had another kerfuffle. And I think I just like using that word kerfuffle, with reconfirming job saver eligibility. I know you meet weekly with service New South Wales. So what's the inside track on this one?

Gavan Ord:

kerfuffle is a great word. And I think kerfuffle would be a good explanation on what happened. So the issue was when businesses went to the reconfirmation screen on a service New South Wales website, it maintained, businesses had to confirm the eligibility for the 30th of August to 12th of September fortnight. Now that's not what the professional bodies and service New South Wales agreed. So we had a further discussions with them and service New South Wales agreed to remove the 30th of August to the 12th of September date from the confirmation screen. So if you go into it now, hopefully you should just see the 13th of September to the 26th of September, and you only have to reconfirm eligibility for that date.

Dr Jane Rennie:

Last week, the ABS released retail stats showing just how much damage the ACT's lockdown has done to territory businesses. And to give our business an indication the ACT's retail trade fell 19.9% from July to August, which is quite an extraordinary drop when you consider that the neighbouring states, New South Wales and Victoria recorded declines of 3.5 and 3% respectively. Are there any issues or dates involving ACT grants that businesses need to be aware of?

Gavan Ord:

Yes. The main date to be aware of is the 7th of October, which is the closing date for the ACT government's main COVID business support grant. And unlike Tasmania, the closing time is 5:00 PM for the ACT grant on this Friday. Also just add a few things on the closure of grants. The New South Wales, small business commissioner put out a survey last week, and it showed that 20% of businesses weren't certain whether they're eligible to apply for grants in New South Wales. And I think this goes across all the states. And he, as in Chris Lamont made the, I think a very sound advice to business who are not certain. He said, don't self-assess your eligibility. Go on and seek advice, whether that's your accountant, bookkeeper or even the department itself.

Gavan Ord:

So for members out there, if you come across businesses, which are just not certain whether they're eligible for any of these state government grants, encourage them to go and speak to their accountant,

to their bookkeeper, or even to call up the government to seek that advice. Don't self-assess because that business could be missing out on money they're entitled to. And another example for that is Queensland. We did speak to the Queensland government last week and they indicated that they're finding that a lot of businesses outside of Southeast Queensland and Cairns feel they're not eligible for the Queensland COVID business grant. And that's not true. All businesses in Queensland can apply for the COVID business grant.

Dr Jane Rennie:

That's it for our, around the nation of different grant programmes. I'd like to now introduce CPA Australia's senior manager tax policy, welcome to COVID chat, Elinor Kasapidis.

Elinor Kasapidis:

Thanks, [inaudible 00:15:43] nice be here.

Dr Jane Rennie:

It goes without saying that businesses and the accounting profession are currently stretched to breaking point, and there's a real need to take pressure out of the system. Lodgement deferrals would seem like a perfect way to do this. What is the ATO's current position on lodgement deferrals?

Elinor Kasapidis:

Thanks Jane. The ATO is taking the same approach that it did at the end of the financial year with 2020 tax returns, which is that they're not going to be providing blanket deferrals. So CPA Australia, along with other professional associations, we have been highlighting the pressures that accountants are under at the moment, and of course businesses as well. There's a lot of stress in the system. The ATO has got a differentiated approach. So the most important thing is to reach out to them and request a deferral. For tax agents and bass agents, they can also send an email to the ATO just saying, hey, need some help sorting out my lodgment programme and the ATO will get in touch and work through those. So I think it's really important just to make sure that you're in contact with the ATO and that they are taking a reasonable approach. It's just that they won't be blanket deferrals on offer.

Dr Jane Rennie:

And I know you've been engaging with the ATO on a number of fronts to reduce the pressure on businesses and the profession. One change that may give some businesses a bit more breathing room involves the introduction of single touch payroll phase two reporting. What can you tell us about this?

Elinor Kasapidis:

Well, we had a bit of a win in that the start date which was originally supposed to be the 1st of July this year got deferred to the 1st of January. The ATO recently announced that for businesses they have up until the 1st of March, 2022 to become, to start reporting using STP phase two. So in effect, it's a couple of extra months beyond that 1st of January start date without having to apply for a deferral to the ATO. So we're very please to see that because we have been highlighting the pressures and any changes that can to start dates and those sorts of things, we welcome just to alleviate some of those pressures.

Dr Jane Rennie:

Thanks, Elinor. If you've got a question about any of the topics we've discussed today, or any of CPA Australia's policy and advocacy work, please email policy.advocacy@cpaustralia.com.au. And if you've enjoyed listening, please tune in again next week and tell your friends. From all of us here at CPA Australia, thank for listening.

Outro:

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