



**CPA Australia Ltd**  
ABN 64 008 392 452

Level 20, 28 Freshwater Place  
Southbank VIC 3006  
Australia

GPO Box 2820  
Melbourne VIC 3001  
Australia

**Phone** +613 9606 9606

**Freecall (Aust)** 1300 737 373

**Website** [cpaaustralia.com.au](http://cpaaustralia.com.au)

29 July 2020

The Hon Paul Henderson AO and Mr Andrew Liveris AO  
Co-Chairs  
Territory Economic Reconstruction Commission  
NT Rebound  
Level 4 Charles Darwin Centre  
DARWIN NT 0800

**Via email:** [ntrebound@nt.gov.au](mailto:ntrebound@nt.gov.au)

Dear Co-Chairs

### **CPA Australia's submission to the Territory Economic Reconstruction Commission**

CPA Australia represents the diverse interests of more than 166,000 members working in over a 100 countries and regions around the world, including over 600 members in the Northern Territory. We make this submission on behalf of our members and in the broader public interest

We congratulate the Northern Territory government for establishing the Territory Economic Reconstruction Commission to provide suggestions to it for the Territory's immediate economic recovery from COVID-19, as well as its longer-term rejuvenation. We hope that the work of the Commission will result in the Government articulating a clear and ambitious vision for the future of the Northern Territory beyond COVID-19; a vision brought to life by equally ambitious policies.

The widespread economic and societal impact of the COVID-19 pandemic is unprecedented for most of us and will be felt for many years to come. The Government's response in swiftly announcing and rolling out programs to support businesses and employment was appropriate due to the significant uncertainty created by the pandemic.

The focus of the Commission should be on developing policy recommendations that support business, and economic recovery and jobs, while still managing the public health risks associated with COVID-19. As such, the Commission needs to consider disease prevention and control as a key factor in any recommendations it makes.

The opportunity exists for many businesses to reboot and permanently change the way they operate.

CPA Australia therefore supports a policy focus on business recovery and reinvention. This requires government giving businesses the space, time and resources to adjust their business to the new environment. Having access to professional advice is essential to achieve that adjustment.

In preparing this submission we engaged with CPA Australia members in the Northern Territory and drew on our experience in other jurisdictions. Feedback from members covered the following three broad areas:

#### **1. Working with accountants to attract business to the Territory**

Accountants are the professionals business turn to when they need advice on critical decisions such as where to establish a business, whether an investment is viable and how to improve performance.

Put plainly, it is accountants who analyse the market, policy settings and other issues to determine if investing in the Territory makes financial sense for their client or employer.

Many CPA Australia members have considerable experience in advising business. These members can provide their expertise to Team Territory to develop policy ideas that will attract businesses to open, grow and invest in the Territory.

With some small businesses less able to afford the advisory services of an accountant, they may miss out on the advice they need to grow their business, to make the best investment decisions or to help them decide whether they should recruit new staff. To help such businesses, the Territory Government should incentivise business to see their Territory accountant.

We also know that accountants are the most popular source of advice for people commencing a business. [Australian Taxation Office research](#) found that businesses are many times more likely to seek advice from an accountant when commencing a business than any other sources, including government. This does not mean there is no role for government in encouraging and supporting business, however, the effectiveness of such action is considerably greater if government encourages budding business owners to speak to an accountant before establishing a business rather than providing the advice themselves.

Also, if those start-ups have the right financial incentive to speak to a Territory accountant, and the policy settings are right, it is much more likely to see that business located and grow in the Northern Territory.

If the government was to complement the right economic policy settings with financial incentives for existing Territory business and start-ups to seek advice from a Territory accountant, this would do much to encourage greater business investment into the Territory.

Incentivising the Territory's small businesses to have a long-term relationships with their accountant is also likely to lead to better investment decisions and healthier, more innovative and compliant businesses, which are essential ingredients to job creation.

It should also be noted that the ability of small businesses to access professional advice goes to the heart of business recovery from COVID19 and adapting business for the new environment. For those unable to afford professional advice, the risks of business failure are likely to be higher.

To accelerate the Territory's economic recovery and transformation, and to support other policy initiatives to encourage business growth and investment, **we recommend the introduction of a small business and start-up voucher that can be redeemed for professional advice from a Territory accountant or other accredited advisers.**

## **2. Encouraging business investment**

To encourage greater business investment, the Commission should consider **recommending tax incentives and direct grants to incentivise business to make investment into the Territory.**

On tax incentives, this could include a payroll tax reduction or holiday for new businesses to the Territory. For existing businesses, one option could be a payroll tax reduction or holiday based on an investment intensity threshold, with the more a business spends on eligible investment as a proportion of its total expenditure, the greater the payroll tax offset.

Another approach could be the government providing direct grants to new and existing businesses making qualifying investments into the Territory.

We suggest that to be successful, a significant sum of money be invested into the grant pool. Small grant pools result in only a small number of business benefiting, severely limiting its impact. If the government is to achieve its ambitious target of growing the Territory's economy from \$26 billion now to \$40 billion by 2030, the grant pool and tax incentive must be equally ambitious. This is particularly so given economy is likely to be below where it should have otherwise been for some time and population increases are likely to be subdued due to very low expected levels of migration.

### 3. Creating jobs

One of the great challenges emerging from COVID-19 is how to create jobs, especially for younger, less experienced workers. Past experience shows that it can be some time after a recession finishes before youth unemployment and long-term unemployment comes down.

We also expect that there will be spikes in unemployment when stimulus measures cease and other government, banking and landlord support is withdrawn.

We believe that **a focus on youth unemployment is critical and that programs that promote apprenticeships and workforce engagement should be implemented.** This could include free or heavily discounted Vocational, Education and Training (VET) courses and tertiary qualifications.

While education and training are essential, there needs to be jobs for such people once they complete their training. As an interim measure, the government should consider increasing the size of its workforce, especially in roles that younger people can fill. As an example, in Singapore's most recent supplementary budget, it announced that the public sector is creating 15,000 jobs in 2020 by bringing forward its hiring in areas such as early childhood education, health and long-term care, as well as filling short-term needs related to COVID-19. The Territory government and local governments should consider bringing forward their planned hires.

#### **Other insights and recommendations**

##### ***A sustainable recovery***

- Economic policy decisions should take advantage of the currently low cost of debt and should not be driven by shorter-term budgetary considerations.
- Existing COVID-19 support measures should be tapered, balancing the need to support businesses that are viable in the longer-term against the limited benefit of sustaining businesses that have little or no chance of recovery.
- Recovery policies should encourage consumption and investment, as well as government spending initiatives.
- Consideration of climate change policy must be a core principle in post-COVID-19 economic recovery policy.
- The government should develop pre-prepared economic and policy frameworks that are activated in response to a disaster and can be scaled up or down quickly in response to the nature and magnitude of a disaster. This should include 'off the shelf' policy responses for small business.

##### ***Tax reform***

- Tax reforms should seek to encourage business investment and economic growth, as well as support consumer spending in order to restore GDP growth.
- The government should seek efficiencies and productivity gains within its operations, rather than increasing the overall tax burden.
- Inefficient taxes such as stamp duty could be targeted as part of a broader review of the Federal, State and Territory revenue sources with consideration given to broadening the GST base and/or increasing the rate.

##### ***Other business assistance***

- The government should develop or enhance existing measures to support the Territory's exporters, including support for diversifying their markets.
- The government should consider developing new programs and significantly increasing funding for existing programs that assist small businesses digitally transform their business.

- The government should provide increased financial support for small businesses to engage approved e-commerce platforms on which to sell their products and services.
- The government should permanently reduce or remove fees it imposes on business

***Strengthening not-for-profits (NFPs) and charities***

- Sufficient funding arrangements should be in place to assist NFPs and charities carry out essential services to support the most vulnerable members of the Territory's society as we emerge from the pandemic.
- The government should assist the NFP sector to build the capability and capacity to invest in the most appropriate technologies for their operations, make greater use of social media, and establish or make greater use of online platforms.

If you have any queries on this submission, please do not hesitate to contact Josh Ang, General Manager Northern Territory of CPA Australia on 08 8998 2015 or [josh.ang@cpaaustralia.com.au](mailto:josh.ang@cpaaustralia.com.au) or Gavan Ord, Manager Business and Investment Policy on 0419 547 782 or [gavan.ord@cpaaustralia.com.au](mailto:gavan.ord@cpaaustralia.com.au).

Yours sincerely



**Dr Gary Pflugrath CPA**  
**Executive General Manager, Policy and Advocacy**  
**CPA Australia**