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Challenging economic conditions demand fiscal stimulus measures, says CPA Australia

CPA Australia's 2020-21 Federal budget submission proposes the government consider implementing a suite of both short- and longer-term fiscal measures that will help to stimulate the economy.

Official and private sector data points to 2020 being another challenging year for Australia. Preliminary results from our organization's Asia-Pacific Small Business Survey also supports this view, with 40 per cent of Australian small business respondents expecting the economy to contract in 2020.

Australia is also facing challenges such as ever-increasing international competition and an ageing population, as well as the recent bushfires and ongoing drought.

Recommendations include:

- the government increase its spending on repairs, maintenance and preservation of public assets, especially in areas impacted by recent fires and drought;
- the government introduce a broad-based investment allowance for small businesses;
- the government reduce or remove fees it imposes on small business;
- the government fund a holistic review of the regulatory frameworks for financial advice, with the objective of such a review to ensure regulation is fit for purpose and to reduce overlaps and costs;
- the government introduce a 40 per cent savings income discount for individuals and non-business related net interest income and net residential rental income;
- the government fund the development of educational material and other programs to assist small business build their digital capability, management skills and understanding of overseas markets. The delivery of such material should be primarily by professional advisers;
- the government fund programs that encourage those new to business to seek professional advice. Options include the government giving new businesses a voucher that can be redeemed for professional advice from, for example, a registered tax agent;
- the government make the current instant asset write off a permanent feature of the tax system;
- the government participate in international efforts to develop guidance for the Global Climate Fund Board and consider reinstating its contribution of at least \$200 million to the GCF;
- the government replenish its funding of the Emissions Reduction Fund;
- the government re-commit to the Clean Energy Finance Corporation to the tune of \$2 billion per annum for the next five years.

We believe that these recommendations will assist Australian business weather the current economic malaise and help maintain the long-term sustainability of Australia's public finances.

CPA Australia's submission can be accessed [here](#).

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About CPA Australia

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