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Employment Taskforce  
Treasury  
Langton Cres  
PARKES ACT 2600



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Dear Sir/Madam,

## Submission to the Employment White Paper Consultation

CPA Australia represents the diverse interests of more than 170,000 members working in 100 countries and regions around the world. We make this submission on behalf of our members and in the broader public interest.

Labour and skills shortages are some of the most critical challenges facing Australian businesses. It's making it more difficult for many businesses to meet customer demand, and is impacting sales and creating supply chain pressures. These shortages are compounded in regional and rural areas where available jobs seekers are in short supply and accommodation costs and other factors make it difficult to attract workers.

These shortages were decades in the making and will take years to unwind. The Employment White Paper should focus on solutions for current labour and skills shortages, and set out a roadmap for addressing expected shortages. Policy suggestions should seek to break the cycle of recurring shortages and avoid creating scarcities in other areas.

In this submission, we recommend that the government:

- provide financial incentives to small business and smaller not-for-profits to seek professional advice and acquire selected technologies
- support the states and territories moving from stamp duty on property sales to annualised land and property taxes
- consider increasing the amount age pensioners can earn before their pension is reduced and make this increase permanent
- improve access to before school, and after school, childcare, and reduce its cost
- encourage industry and education institutions to offer flexible, relevant and lifelong learning opportunities
- support return to work programs for people who have been out of the workforce for some time or seek a mid-career change
- extend the Skills and Training Boost to non-accredited training and sole traders.

Australia's shift to renewable power generation will have major implications for the workforce. The scale of the investment required, and the labour force needed to support such a shift, will be very large. Adding to this challenge, much of the rest of the world will be making similar large-scale investments at the same time. The change will see a great increase in demand for workers directly engaged in the renewables sector and in affiliated areas such as project management and finance.

Digital transformation is also playing an important role in shaping the workforce. Digital literacy is an essential skill for most occupations, with its importance only likely to grow. While digitalisation is likely to result in demand for some occupations and skills to fall, it will also increase demand in other areas. For accountants, technology offers opportunities for our members to automate high volume repetitive tasks, allowing them to focus more on value-adding strategic tasks.

Our research shows that Australia's small business sector lags larger businesses and small businesses in Asia on digital uptake. This is affecting their performance and ability to create jobs. The White Paper should consider policies that

improve the digital skills of workers and small business owners. It should also consider policies that encourage investment into technologies that may relieve pressures on the jobs market and improve business productivity.

If you have any questions about this submission, please contact Gavan Ord, Senior Manager - Business and Investment Policy at [gavan.ord@cpaaustralia.com.au](mailto:gavan.ord@cpaaustralia.com.au).

Yours faithfully

**Dr Gary Pflugrath FCPA**  
**Executive General Manager, Policy and Advocacy**  
Encl.

## ATTACHMENT

### Productivity

For most of this century, Australia's productivity growth has been low. One reason for this is the large group of Australian businesses (especially small businesses) whose management practices and technology uptake are below their best practice peers. Not all businesses can achieve best practice, however, incrementally improving the performance of such businesses will do much to lift the nation's productivity.

According to the Productivity Commission's recent interim report titled '5-year Productivity Inquiry: Innovation for the 98%', some of the other major reasons for Australia's poor productivity performance include:

- investment in machinery and equipment as a percentage of GDP has fallen sharply
- investment in intangible assets such as software and R&D, have been stagnating
- labour mobility has been declining
- rates of business entries and exits have been falling.

Productivity is also impacted by difficulty in recruiting the right talent, legislative costs associated with employing staff and the rigidity of Australia's workplace relations systems.

The Productivity Commission did, however, point out that the gradual improvement in average workforce skill level is the main positive.

Lifting Australia's productivity will involve a combination of structural reforms and targeted policies that nudge Australian businesses closer to best practice.

The quickest way to build management capability (and therefore push more businesses towards best practice) is to encourage small business to seek advice from those that already have that capability - their existing professional advisers. The White Paper should consider how best to boost the number of businesses seeking advice. One example is the financial incentive the Victorian Government has offered small business to seek professional advice, titled the Small Business Specialist Advice Pathways Program.

#### Recommendation:

- The government provide financial incentives to small business to seek professional advice to boost their productivity.

### The future of work and the implications of structural change

#### *Energy transition and tackling climate change*

A massive, decades-long investment into renewable energy generation will be required if Australia is to achieve the government's emissions reduction targets. Much of that investment is required this decade. This presents substantial challenges, including sourcing, relocating and training the people necessary to build and maintain renewable energy infrastructure, and support households and business during the switch.

Adding to the challenge, this major spike in demand for such skills will be experienced at the same, or similar, times in many other jurisdictions.

Initiatives such as the 10,000 new energy apprenticeships may only be the start to what's required to support this sector's expected rapid growth.

It's important that the transferability of renewable energy skills and experience be considered. The massive effort needed to build the infrastructure required to generate and transmit renewable energy will eventually wind down and such workers may then have to transfer to other industries.

The significant sums of public and private investment expected to flow into the renewables energy sector over the next few decades may distort the labour market in ways similar to recent mining booms. This could lead to skills shortages in other areas, which might impact economic activity and the supply of public services.

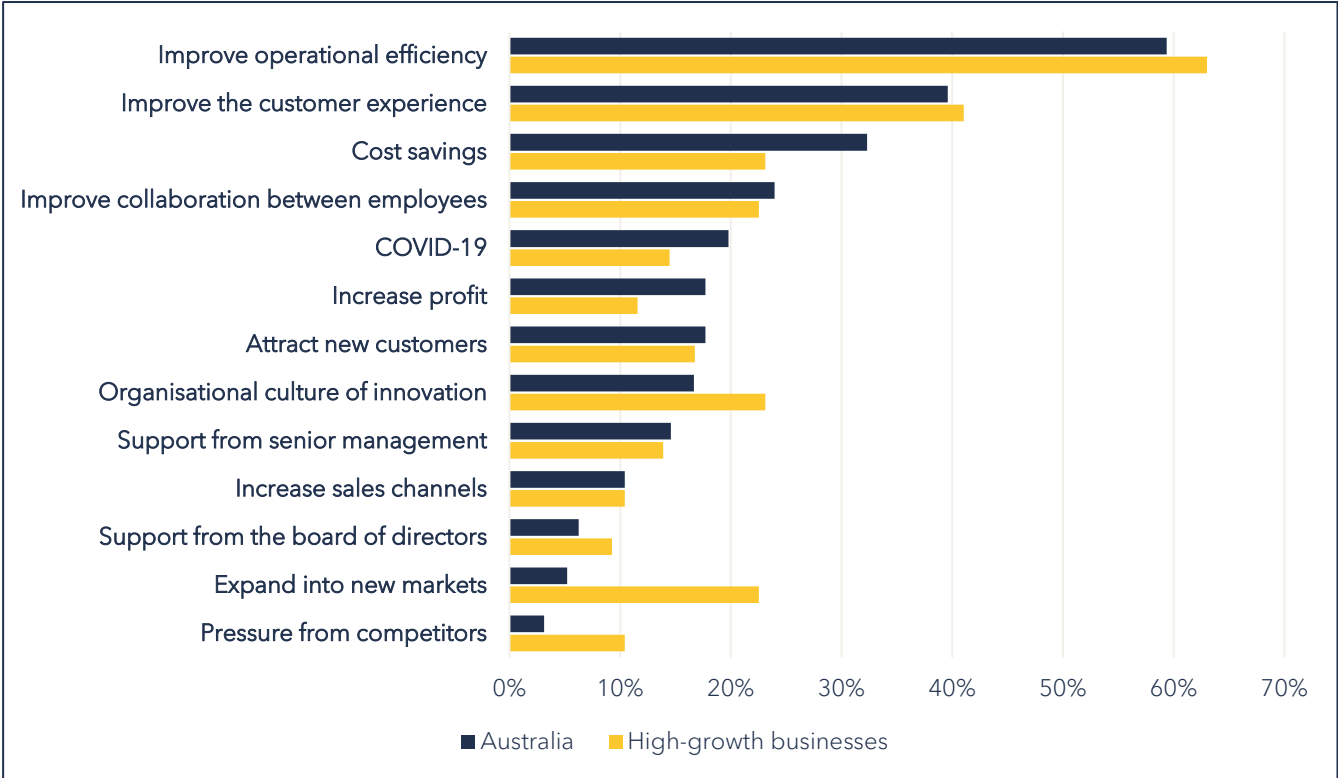
**The transformation associated with digitalisation and emerging technologies**

CPA Australia’s annual Asia Pacific Small Business Survey shows that Australian small businesses continue to lag their larger competitors and small business in Asia on digital uptake. The survey data shows that this may be having a negative impact on their profitability and efficiency. The Technology Investment Boost will hopefully encourage more small businesses to invest in technology. However, a major barrier to technology investment by small business is their general low understanding of technology and how to apply it in their business.

Government programs that support investment in selected technologies may complement the Boost. For example, the government may wish to consider Singapore’s SME Go Digital program and Victoria’s Small Business Digital Adaptation Program.

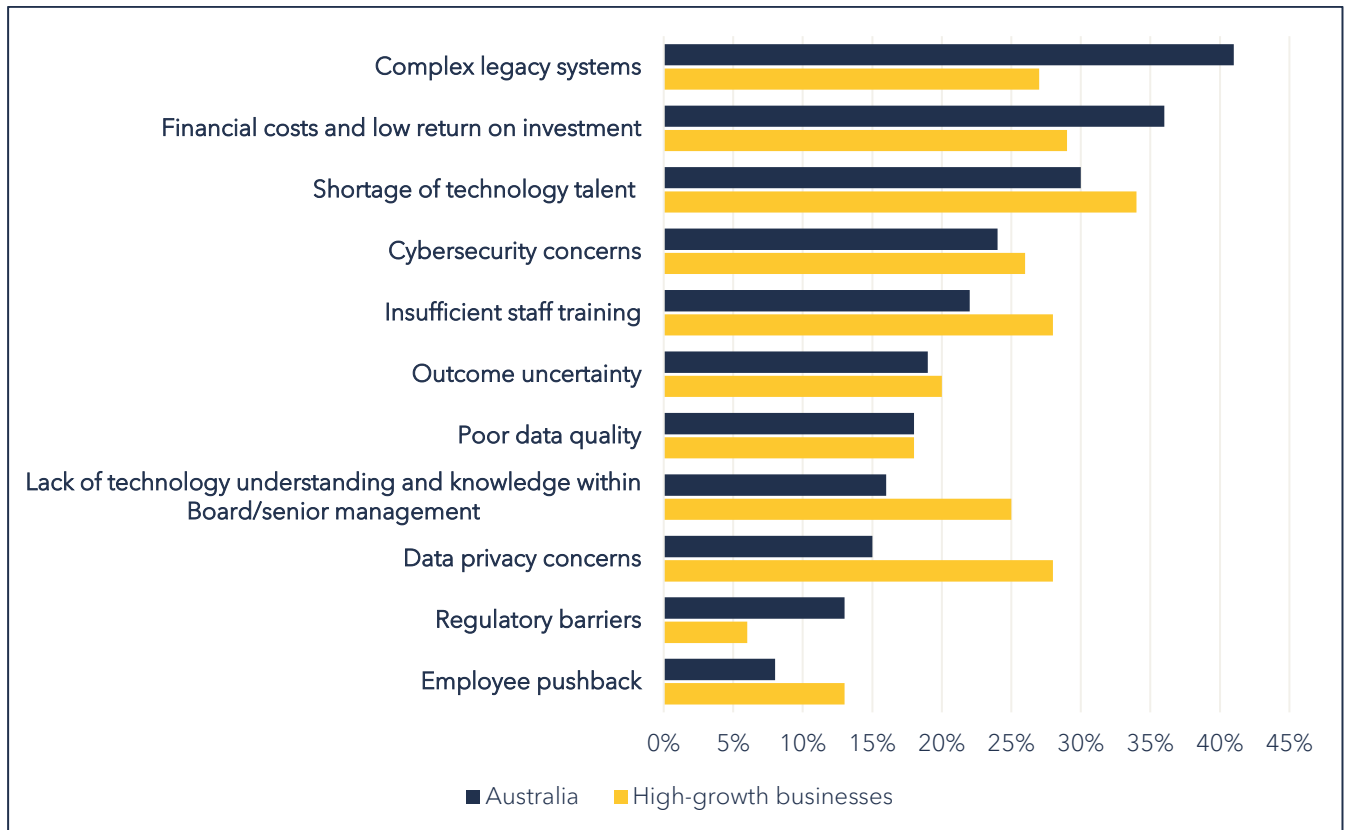
CPA Australia conducts annual research on business technology adoption across the region. The key drivers and barriers to technology adoption by business in 2022 are shown in Figures 1 and 2 below.

**Figure 1 Drivers of technology adoption in 2022 – Australia compared with high growth businesses**



Source CPA Australia Business Technology Report 2022

**Figure 2 Barriers to technology adoption in 2022 – Australia compared with high growth businesses**



Source CPA Australia Business Technology Report 2022

Larger businesses are much more likely to nominate “complex legacy systems” as a challenge to technology adoption (39 per cent compared with 19 per cent of smaller businesses). Respondents from smaller business were more inclined to choose “financial costs and low return on investment” (40 per cent) as a barrier to technology adoption than respondents from larger companies (29 per cent).

**Recommendation:**

- The government provide incentives for business to acquire selected technologies.

***Workforce adaptability and emerging trends***

Labour and skills shortages, an ageing population and increased automation are some of the major trends impacting the workforce.

Governments, professional advisers and industry associations have important roles to play in diffusing knowledge of such workforce trends. For employers to remain competitive, they need to stay abreast of these trends and adapt where appropriate.

Our engagement with small businesses and our members indicates that many smaller employers have difficulty responding to such trends in their organisation. This is where the business’ professional adviser is critical. They often have a long-standing relationship with the business and have the insights and knowledge necessary to assist the owner/management implement actions in response to an emerging trend.

Given many businesses engage our members, we suggest governments work more closely with advisers and industry associations on sharing information on workforce trends with the business community.

A critical role for government is ensuring its workplace relations system supports appropriate workforce adaption. Unnecessary rigidity in workplace relations laws will have a negative impact on Australia’s international competitiveness.

Education institutions and industry should continue to work closely together so that education and training systems are meeting the emerging needs of employers and workers.

## Pay equity and equal opportunities for women

CPA Australia supports pay equity and equal opportunities. There are several regulatory and voluntary initiatives to achieve these objectives. These include reporting by larger employers to the Workplace Gender Equality Agency and voluntary reporting by organisations such as CPA Australia against the UN Sustainable Development Goal (SDG) of achieving “gender equality and empower all women and girls.”

With gender pay equity remaining an issue, the White Paper should consider the effectiveness of these approaches and where necessary, propose improvements. One possible improvement involves requiring independent assurance of such reporting. This raises both public trust in, and the standard of, such reporting. This in turn may lead to stronger actions to address these problems.

## Labour force participation

### *Reducing barriers and disincentives to work*

#### Stamp duty

The inefficiencies and labour market distortions caused by stamp duties are well-understood and accepted. The White Paper presents an opportunity for the government to lead the states and territories on meaningful discussions on managing the transition from stamp duty to annualised land and property taxes.

This reform could help improve housing affordability and reduce cost barriers to labour mobility. In turn, this could reduce the need for current policy responses to housing affordability, such as first homeowner incentives, subsidised housing, transfer payments and public-private projects. Annual land charges could also provide a more stable revenue stream for state governments.

The experience of the New South Wales Government’s 2021 consultation provides insights into the appetite for change, the potential reform options and the management of the transition from a revenue perspective. This serves as a strong base from which to begin consultations on property tax reform.

#### **Recommendation:**

- The government recommend that the states and territories move from stamp duty on property sales to annualised land and property taxes.

#### Older Australians

As was discussed at the Summit, older Australians represent a potential source of labour. However, the number of older Australians willing to return to the workforce may not be large. The inclination of employers to employ older workers may also not be significant.

OECD data from 2021 shows that Australia’s labour force participation rate for those 65 and over was 15.0 per cent, compared to 68.2 per cent for those aged 55 to 64. The OECD average for those 65 and over is 15.5 per cent. Australia’s participation rate is below New Zealand (25.1 per cent) and the US (18.9 per cent). However, it is higher than most European nations.

While the participation rate for this age group is low, Australia’s unemployment rate for those 65 and over in October 2022 was 2.2 per cent, compared to 3.3 per cent for those aged 15 to 64. While there is a potentially large pool of older Australians that can work, the number actively seeking work is very low. According to the ABS, the main reason why people 55 and over are not working is they are permanently retired or they have no need to work.

Our engagement with members indicates that there are a variety of reasons why employers may be reluctant to employ older Australians. These include the currency of their knowledge and their digital literacy.

While acknowledging that older Australians don’t represent a large pool of potential workers, the White Paper could consider the following suggestions to increase their workforce participation:

- making the temporary increase in the amount age pensioners can earn before their pension is reduced (as announced at the Summit) permanent
- increasing the amount age pensioners can earn before their pension is reduced to the tax-free threshold (currently \$18,200)
- offering older Australians seeking to return to the workforce and / or volunteer free or highly subsidised training in areas with the greatest need.

**Recommendation:**

- The Government consider increasing the amount age pensioners can earn before their pension is reduced and make this increase permanent.

Child care

According to the [ABS](#), the main reason women give for not being available to start a job or work more hours is that they are caring for children, followed by long-term sickness or disability. The government should continue with its commitment to reduce early child care costs.

Early child care responsibilities are not the only barrier to greater workforce participation. As part of the White Paper process, the government may wish to study what it could do to improve access to, and reduce the cost of, before school and after school care.

**Recommendation:**

- The Government consider how it can improve access to before school, and after school, child care, and reduce its cost.

***Skills, education and training, upskilling and reskilling***

We are in a period of rapidly increasing technological disruption and industry changes. In this environment, upskilling and reskilling the workforce is vital. To upskill and reskill the workforce, we suggest the following:

- the development of a long-term strategy that encourages industry and educational institutions to offer flexible, relevant and lifelong learning opportunities to upskill or reskill. According to the [Technology Council of Australia](#), greater use of shorter and more flexible learning options to develop digital and data skills could lift female participation in specialist technology roles.
- assist the private sector to deliver back-to-work or “returnship” programs for individuals who have been out of the workforce for a period of time (for example, due to family responsibilities) or are seeking a career change. Such programs can help boost female participation rates. The White Paper may wish to consider the United Kingdom’s [Returners Fund](#), which supports organisations that assist individuals to return to work in the private sector
- expand the Skills and Training Boost to non-accredited training and sole traders.

**Recommendations:**

The Government:

- encourage industry and education institutions to offer flexible, relevant and lifelong learning opportunities
- support return to work programs for people that have been out of the workforce for some time or seek a mid-career change
- expand the Skills and Training Boost to non-accredited training and sole traders.

***Migration***

In our view, expanding and adapting the employer-nominated migration scheme alone is an overly narrow, short-term approach. It places a reliance on temporary migration pathways to fill skills shortages, rather than promoting

permanent pathways. We find that easily accessible pathways to permanent migration are fundamental to attracting skilled migrants to Australia in a very competitive global environment.

CPA Australia will have more to say on migration in our submission to the Department of Home Affairs 'A Migration System for Australia's Future' Review.

## **Other relevant topics**

### ***Support for community organisations***

The charitable and not-for-profit (NFPs) sector faces increased demand for goods and services in times of economic slowdown. At the same time, the sector is facing a decline in volunteers (caused in part by very high levels of employment), impacting their ability to meet increased demand. With these challenges in mind, governments should be looking at ways it can help improve the capability and capacity of the sector.

The performance of NFPs and charities can be improved through professional advice. The government should consider offering small NFPs and charities an incentive payment to help them access advice from their adviser of choice, similar to Victoria's Small Business Specialist Advice Pathways Program mentioned above.

The performance of the sector can also be improved by supporting investment in technology. The right technology may assist those in the sector to overcome volunteer shortages. With many having limited resources, government support will be key to driving the sector's digital transformation. Examples of policies the government could consider includes Victoria's Small Business Digital Adaptation Program mentioned above.

### **Recommendations:**

The government provide:

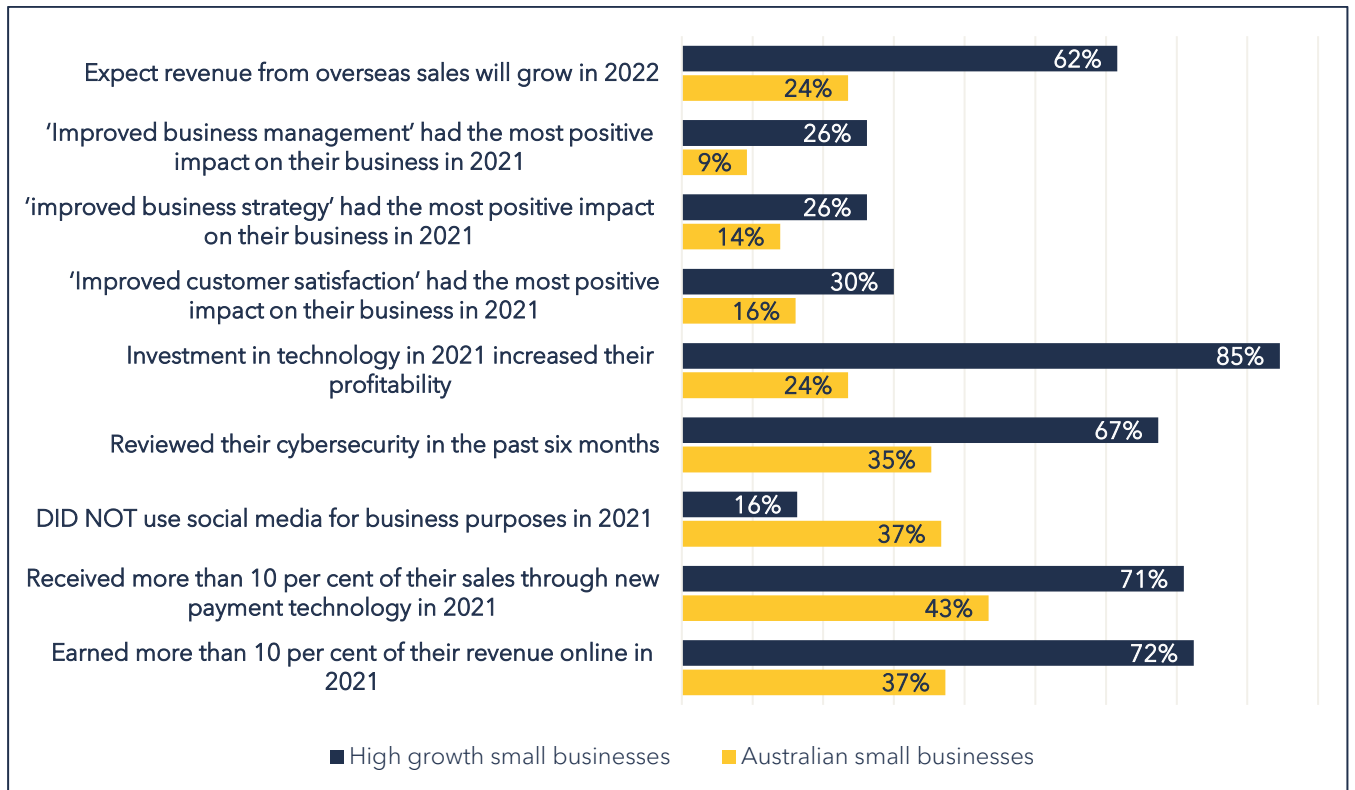
- financial incentives to smaller not-for-profits to seek professional advice
- incentives for smaller not-for-profits to acquire selected technologies.

### ***CPA Australia data on small business management practices***

The observation in the Productivity Commission's Interim Report that "there is a large group of Australian businesses whose management practices, uptake of technology and productivity are below their best practice peers" is consistent with the findings in our Asia Pacific Small Business Survey. The below data from the survey shows how far behind best practice the average Australian small business is located (we take 'high growth business' as a proxy for best practice).



**Figure 3 Business practices of Australian small business compared with best practice**



Source CPA Australia Asia Pacific Small Business Survey 2021-22