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Department of State Growth
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CPA Australia's submission on Tasmania's Business Growth Strategy

CPA Australia is Australia's leading professional accounting organisation representing the diverse interests of more than 170,000 members working in 100 countries and regions around the world, including 1745 members in Tasmania. We make this submission on behalf of our members and in the broader public interest.

We support the Department of State Growth's approach to refresh the Business Growth Strategy for 2022-26 in partnership with the Tasmanian Chamber of Commerce and Industry and the Tasmanian Small Business Council.

We believe there are many opportunities to support business growth in Tasmania over the next four years and have outlined our key policy proposals and recommendations in this submission. Detailed recommendations are outlined in Attachment 1 and are based on the questions posed in the consultation, including:

- What are the biggest opportunities for business over the next four years?
- What is in the way of making the most of these opportunities?
- What would assist in addressing barriers and making the most of identified opportunities?
- What would make you feel more confident to handle future challenges or disruptions to business?

Our summary of recommendations is as follows:

Creating opportunities for business and removing barriers

1. Improving the interactions between government, business and their advisers.
2. Integrating payroll tax reporting requirements into a RegTech solution such as Single Touch Payroll.
3. Reducing the volume of regulatory changes to give businesses more time to focus on their risks and opportunities.
4. Minimising the impacts of decision-making and delays.
5. Licensing considerations for the Tasmanian building sector
6. Improving access to professional advice, especially for those business in difficulty.
7. Assisting businesses to better respond to climate change and other sustainability issues.

Fostering resilience

8. Developing an "off the shelf" scalable national disaster support policy for businesses to help them recover and rebuild.
9. Managing external pressures – skills and costs.

Improving digital literacy and cybersecurity

10. Funding for integrated programs that build digital capability and capacity to digitally transform and improve cybersecurity.

If you have any questions about this submission, please contact Kimberley Ohayon, Manager of Advocacy and Engagement at Kimberley.ohayon@cpaaustralia.com.au

Yours faithfully

Dr Gary Pflugrath FCPA
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Detailed Recommendations

Creating opportunities for growth and removing barriers

1. *Interactions between government, business and advisers*

Most businesses engage professional advisers to manage their interactions with government. To maintain and respect the long-standing working relationships between business and their advisers, we recommend that the Tasmanian Government seeks to co-design, with professional advisers (such as accountants or lawyers), initiatives to improve business interaction with government. Having all stakeholders in the business eco-system represented in the design, implementation and evaluation of programs will help to achieve better outcomes and avoid unintended consequences.

2. *Payroll tax*

For businesses that operate across state and territory borders, payroll tax is disjointed, inefficient and time-consuming. The [Australian Chamber of Commerce and Industry \(ACCI\) 2021 Issues Paper](#) sets out the key challenges for business. We support efforts to unify, simplify and streamline payroll taxes across the nation.

We suggest consideration be given to integrating payroll tax reporting requirements into a RegTech solution such as Single Touch Payroll. This will enable the enhancement of business productivity, improve certainty for employers and reduce expenditure on compliance activity. The outcome should involve nationally consistent concepts, definitions and reporting requirements using a nationally integrated platform.

3. *Reducing the volume of regulatory change*

In the current challenging and uncertain environment, business needs more time to focus on managing risks and positioning themselves for a potentially very different future. Reducing the volume of regulatory changes would decrease the time required to comply with new laws, allowing business to better respond to their environment and help them to stabilise, or grow.

4. *Impact of decision-making and delays*

Regulators need to be quicker in their decision making. Delays can have significant impacts on business. While not a Tasmanian example, the following is an example that demonstrates the impact that delayed decision making can have on business.

An administrator of a building company in voluntary administration proposed a trade-on scenario (which would have allowed the company to continue its operations and complete outstanding projects). The state-based building regulator took six weeks to approve the proposal and by the time a decision was made to allow the building company to continue trading, it was too late. The business couldn't be saved and restructured. The housing projects they were working on remained uncompleted, employees lost their jobs, and the company went into liquidation.

Governments and regulators should consider decision-making timeframes and seek to reduce delays where possible.

5. *Licensing – building sector*

In addition to the example noted above, the [Tasmanian Occupational Licensing \(Building Services Work\) Determination](#) requires in granting an application for a builders licence, they will consider:

‘whether the person is or has been an insolvent under administration or a company under administration as defined in the Corporations Act 2001 (Cth)’ (p86)’

This presents a challenge whereby a business owner may be excluded from holding a building license due to a previous insolvency, thus limiting their ability to restructure a financially distressed business and/or to trade in a new capacity. This requirement should be reviewed in light of changing circumstances and increased business pressures.

6. Improving access to professional advice

Improving access to professional advice is important for businesses to be able to take up the opportunities ahead of them.

In CPA Australia’s latest [Asia Pacific Small Business Survey](#), data shows that only 8 per cent of Australian respondents said they sought advice from the government in 2021. This compares with respondents seeking advice from their accountants (35 per cent), family and friends (15 per cent) or business partner or bank (both 11 per cent).

However, over a third (34 per cent) of Australian small business didn’t seek any external advice in 2021. In engaging with business and our members, most attribute this failure to seek advice to businesses’ concerns over the cost of advice. With the [ATO stating](#) that around 90 per cent of businesses use a tax professional to help them manage their tax affairs, there is an opportunity for state governments to work more closely with accountants to better engage small businesses.

The reluctance to seek advice grows when a small business gets into financial difficulty. Our members find that businesses in distress increasingly avoid engaging with others, including their trusted adviser. Again, they attribute this to concerns over the cost of advice, as well as a fear of appearing to be a failure.

The consequence of businesses not seeking advice in such circumstances is that the range of options available to business owners to respond to their difficulties reduces significantly. This may lead to otherwise viable businesses needlessly struggling. In a worst-case scenario, decisions on the future of a business may be made by creditors, not the business owner.

Expanding business advisory services provided by governments or their contractors is only part of the solution. These services tend to reach a small number of businesses, and many businesses prefer to select their own provider with whom they can build long-term relationships.

We support and commend the Tasmanian government for the [Small Business Advice and Financial Guidance Program](#) and are pleased to see that Round 2 is currently in progress. CPA Australia would greatly appreciate the opportunity to be involved in any evaluation of the program or co-design for future similar programs.

7. Climate change and sustainability

We find that many businesses, especially small businesses, don’t know where to start when seeking to reduce their impact on climate change and the environment. Therefore, we recommend that the government develops information and training material to assist small businesses to better respond to climate change and other sustainability issues.

Fostering resilience

8. Resilience and disaster support

Accountants, including our members, have a range of business skills that have been invaluable in assisting small business and governments respond to COVID-19, bushfires and floods. This included assisting business recovery and helping clients access JobKeeper and JobSaver payments.

Our members are ready to assist business and governments with the next challenge. However, their role would be made easier if there was standardised support for business and individuals impacted by a disaster.

It's difficult to overstate the time, effort and resources invested by accountants and bookkeepers in supporting their clients, learning and applying the multiple business support payments hastily developed and delivered by various levels of government in response to recent disasters. It should be noted that much of this effort was done *pro bono*.

CPA Australia's submissions to the [National Natural Disaster Arrangements Royal Commission](#) and the Australian Small Business and Family Enterprise Ombudsman's [Natural Disaster Preparedness and Resilience Inquiry](#) argued that governments should develop standardised support for business and individuals that can be quickly activated in response to a disaster. Such support should be able to be scaled up or down in response to the nature and magnitude of the disaster.

A standardised and scalable disaster support package for business should expedite the delivery of appropriate support to business and individuals impacted by a disaster. This will provide greater certainty at a time where business and individuals could be facing significant distress.

Having an "off-the-shelf", scalable disaster support plan for business, that is based on robust risk analysis, would enable governments and our members to implement quickly, tried, tested and sound disaster support.

We recommend the development of an "off the shelf" scalable national disaster support policy for businesses. The level of support should reflect the nature and magnitude of a disaster.

9. *Managing External Pressures – skills and costs*

For professional services businesses, such as accounting practices, higher wages are currently one of the business costs of most concern. Another big concern is the shortage of skilled accountants.

Our members in practice are responding to these challenges in a variety of ways including:

- offshoring work
- turning down new work
- no longer servicing certain clients, especially those not paying on time
- working longer hours
- investing in technology that automates repetitive tasks.

We recommend that the Tasmanian government pursue opportunities to enhance the attraction and retention of talent to Australia.

Increasingly, we are also seeing that our members are playing an important role in helping their business clients manage through the current higher inflation environment. We have produced [these tips](#) to help business understand the options that can assist them through this period.

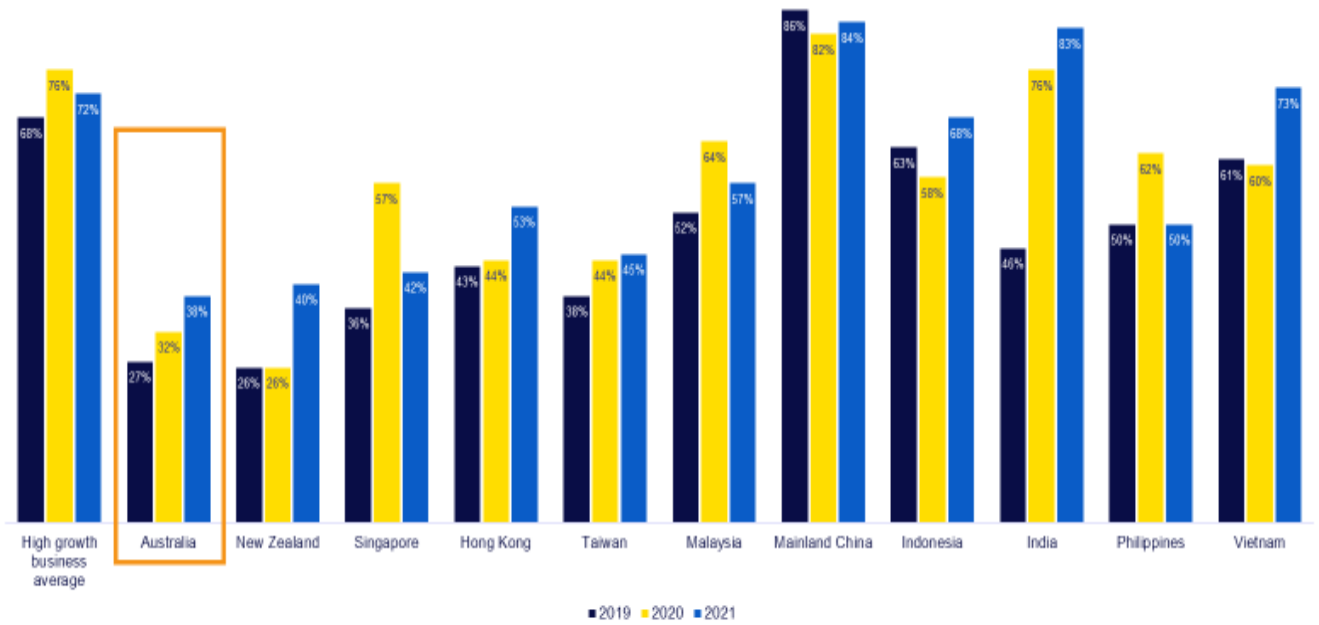
Improving digital literacy and cybersecurity

10. *Integrated programs to build digital and cyber capability*

According to our annual survey of small businesses across the Asia Pacific, Australian small businesses have, for at least the past decade, lagged behind their counterparts in Asia in using digital technologies in their business.

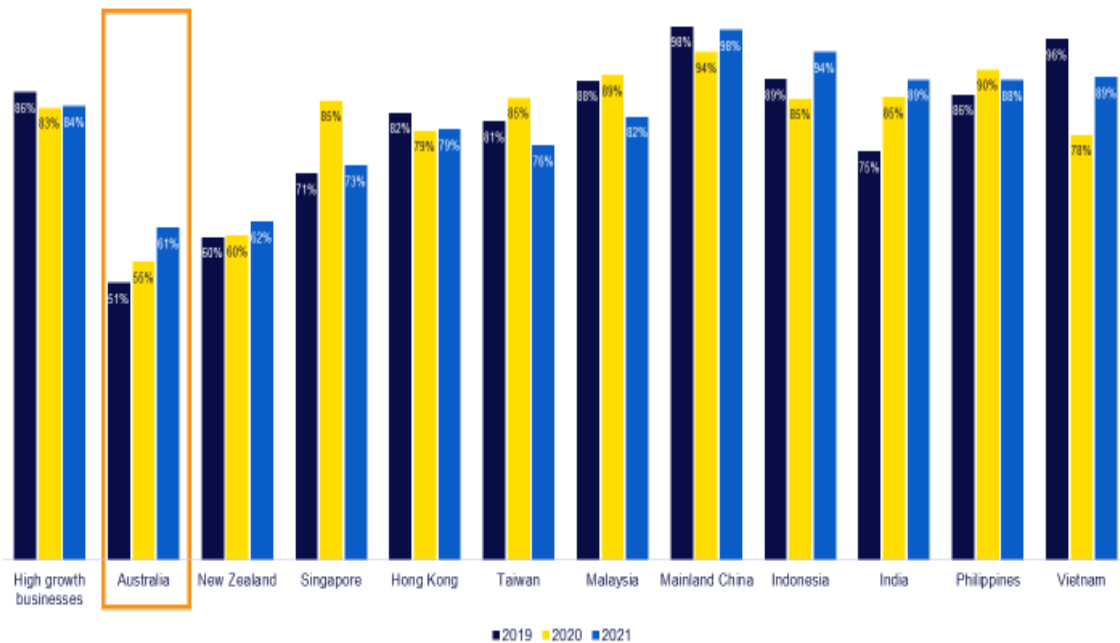
Australian small businesses remain the least likely to be generating revenue from online sales, however the trend is positive

Businesses that generated at least 10 per cent of their revenue through online sales



Australian businesses remain the least likely to use social media, although there has been an improvement

Small businesses using social media for business purposes



When Australian small businesses invest in technology, they are significantly less likely to experience a quick return on that investment than high growth businesses

The impact of technology investment on profitability – Australia v high growth businesses



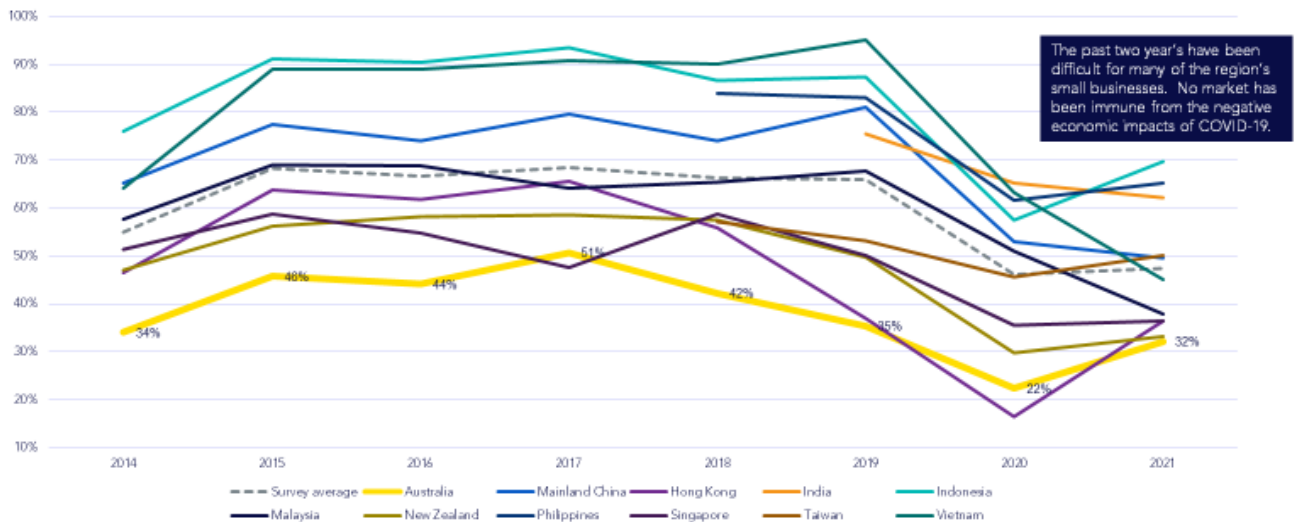
Top three technologies Australian small businesses invested most heavily in last year



The survey results show that the gap in digital adoption is contributing to the weaker performance of Australia’s small businesses. In the 13 years of the survey, Australian small businesses have consistently been at or near the bottom in terms of the percentage of small businesses that are growing.

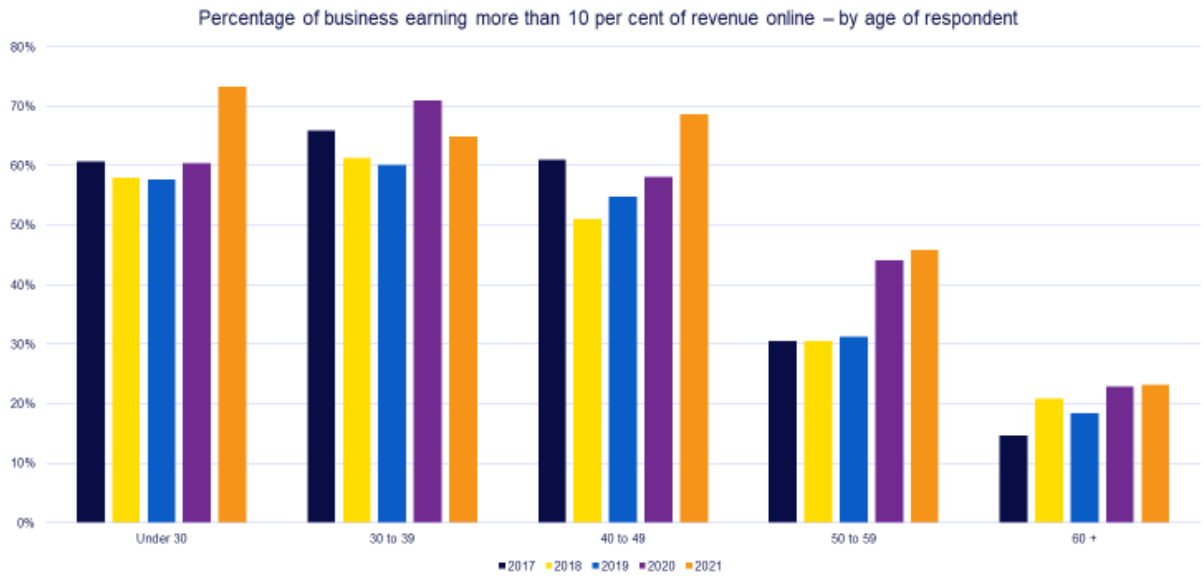
Australian small businesses continue to underperform against their peers in the region

Small businesses that grew in the previous 12 months – a comparison over time and by market

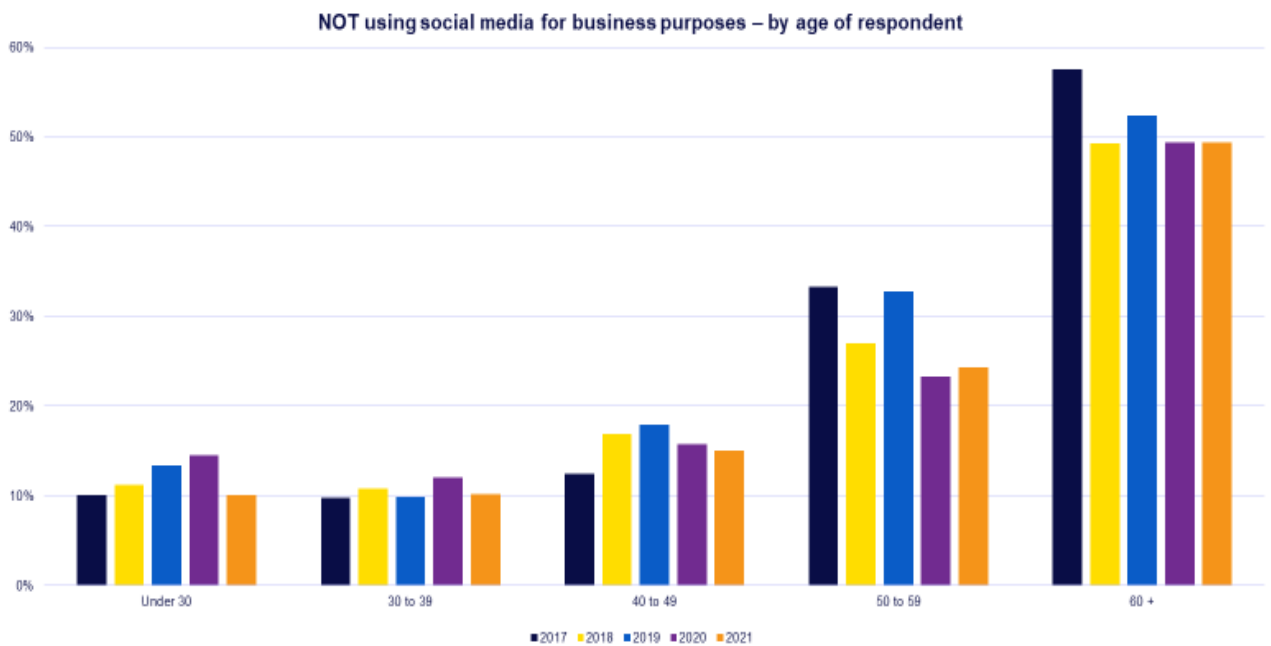


The survey results also show that the older age profile of Australian small business owners is most likely one of the major contributing factors to their lower digital and e-commerce uptake. In engaging with members, they indicate that older business owners often don’t understand the technology solutions available to them and /or are unclear on how to apply them in their business. Concerns over cybersecurity and privacy are also barriers to technology adoption. In our view technology vendors could do a better job at explaining their technology to older business owners.

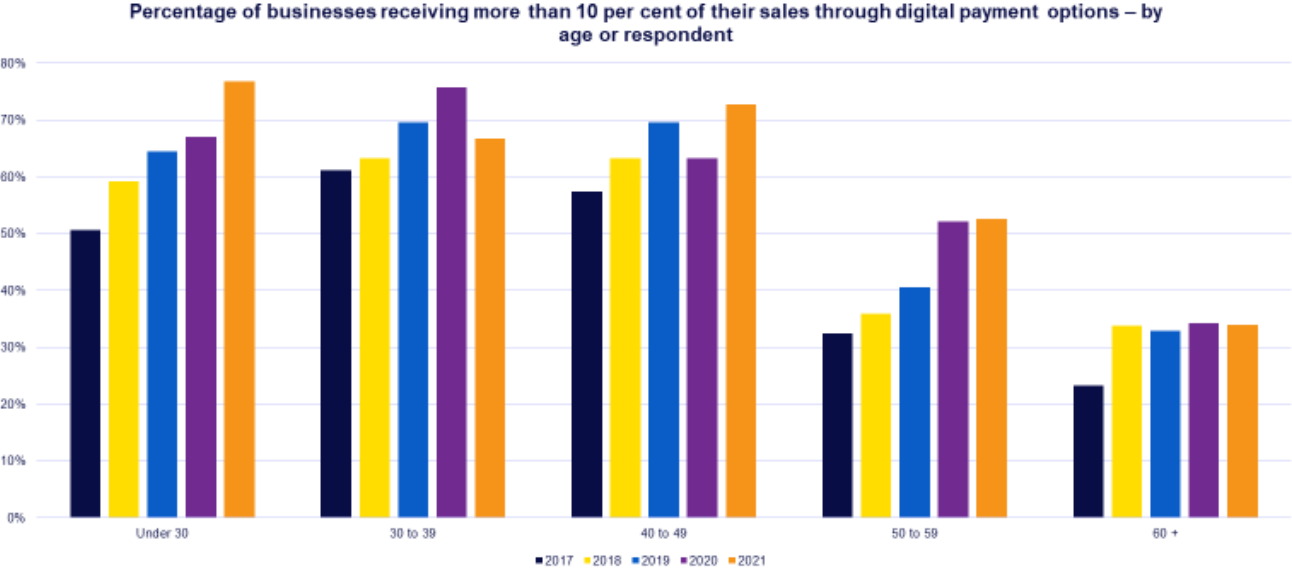
Respondents 50 and over are far less likely to be involved in businesses selling online



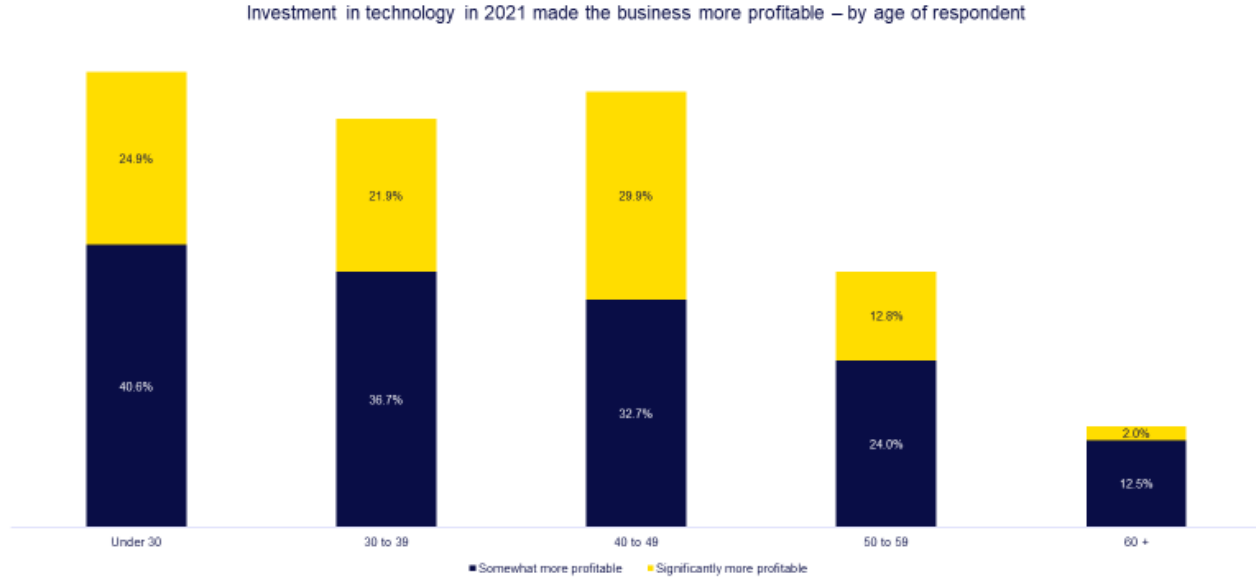
Respondents 60 and over are far more likely to NOT be using social media for business purposes



Respondents 50 and over are far less likely to be involved in businesses receiving payment through new payment technologies



Respondents 50 and over were far less likely to find their investment in technology in 2021 was profitable



Given the shortcomings in digital literacy in the sector, we recommend that funding be significantly increased for programs that assist small businesses to improve their capability and capacity to digitally transform. One example that should be considered is Victoria’s [Small Business Digital Adaptation Program](#). This program provides a \$1200 rebate to encourage small business to access a range of approved digital business tools.

We also recommend increasing the technology training available to small business, which should include training on cybersecurity and data privacy.