

19 September 2022

Small Business Tax Unit
Treasury
Langton Crescent
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To whom it may concern

The Business Council of Australia welcomes the opportunity to make a submission to the Skills and Training Boost and Technology Investment Boost exposure draft legislation. These policies will support small businesses in managing the COVID-19 recovery and help drive future growth.

Skills and Training Boost

The Skills and Training Boost will support small businesses in training and upskilling their employees and complements the outcomes of the Jobs and Skills Summit.

Ongoing skills shortages and task change mean many businesses will need to upskill and retrain staff. However, ABS data show the share of Australians participating in work-related training (not leading to a formal qualification) has declined from around 27 per cent in 2013 to around 23 per cent in 2021. The issue is even more acute for the employees of small businesses, who are around half as likely to engage in work-related training than employees of large businesses.

Consideration should be given to extending the policy to 30 June 2025 to provide more time for businesses to plan and deliver suitable training.

Technology Investment Boost

The Technology Investment Boost will support small businesses to digitise and modernise their operations, for example through portable payment devices, cyber security and cloud-based services. This is consistent with calls for a 20 per cent investment allowance to support digital adoption in the BCA's [2022-23 Budget Submission](#).

Every business will need to become a technology business if Australia is to remain competitive and to boost productivity. Large businesses are dependent on small businesses, and the more innovative they are and improve their systems, the greater the gains overall. We cannot become a frontier economy if elements are not able to keep up with technological change. This holds everyone back. To achieve this will mean removing the barriers or disincentives for businesses and citizens to go digital, whether these are regulatory, financial or due to lack of confidence and access.

Well targeted investments in digital technologies will be critical to Australia's future productivity. Firms with high digital intensity record productivity growth 11 per cent higher than those with low digital

intensity. Digitally advanced firms had more resilient revenues and profitability during the COVID crisis and were more likely to maintain employment.

The exposure draft legislation should ensure there is clarity and certainty around eligible expenditure, particularly the definition of “digital operations or digitising your operations”. This will provide businesses with the confidence and certainty to invest, minimise compliance and administration issues, and ensure the policy can best meet its policy intent. Consideration should also be given to extending the policy to 30 June 2025 to provide more time for businesses to plan and make their investments.

Australia must address the range of challenges we face, such as critical labour shortages, building up skills, making it easier for people to get back into the workforce and making it much easier to do business in Australia. The Skills and Training Boost and Technology Investment Boost will help to address these issues.

Yours sincerely



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