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Senate Standing Committee on Economics  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Via email: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

Dear Senator Walsh

### **RE: Treasury Laws Amendment (2022 Measures No.4) Bill 2022**

The Australian Chamber of Commerce and Industry (ACCI) welcomes the opportunity to provide comment to the Senate Standing Committee on Economics on the *Treasury Laws Amendment (2022 Measures No.4) Bill 2022*. Specifically, *Schedule 4: Skills and Training Boost*, and *Schedule 5: Technology Investment Boost*.

The COVID-19 pandemic and the consequential lockdowns, social distancing and the expansion into online business operations over the past few years have left small businesses needing significant support to invest in digital technology and the skills of their employees. While the impacts of COVID-19 are diminishing, the digital capabilities required by business still remains. From data management and cloud computing, to cybersecurity software, small businesses must continue to invest in digital software and employee training.

The measures announced in the 2022-23 Federal Budget and included within this Bill are strongly supported by the business community. This legislation will provide an additional tax deduction of 20 per cent for small businesses, with an aggregated annual turnover of less than \$50 million, to invest in external training of staff and business expenses and depreciating assets that support digital uptake.

Approximately 2.4 million small businesses will be supported to increase their digital presence and upskill their 8 million workers. The pandemic is estimated to have increased the rate of digitisation by seven years within a two-year period<sup>1</sup>. Despite this digital transformation, it is estimated that close to half a million Australian SMEs have no or little engagements with digital tools.<sup>2</sup> Comparatively, larger businesses with greater capacity and resources for technology adoption and training have been able to adapt more rapidly. As such, this level of government support implemented through this Bill will be essential to improve the uptake of digital tools and skills in small

<sup>1</sup> McKinsey & Company, [October 2022 Survey](#)

<sup>2</sup> Myob, [Australia's SMEs: A Snapshot, 2022](#)

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businesses and allow them to compete against larger organisations. With SMEs contributing more than \$700 billion of the economy's output as of June 2020<sup>3</sup>, it is vital they keep up with the digitisation of the market.

The backdating of the bonus deductions to the 29<sup>th</sup> of March 2022 is welcomed. We know that some small businesses heard the announcement and subsequently purchased equipment or provided training for their staff. The training and equipping of staff is expensive, and in a tight job market where skills shortages are prevalent innovative ways to assist small business owners are essential.

Nonetheless, there is scope to improve *Schedule 4: Skills and Training Boost*, and *Schedule 5: Technology Investment Boost* of the Bill to further support and facilitate small businesses digital uptake.

The tax deduction bonus for skills and training currently excludes sole traders, but it could be extended to them as they may also be in need of training to upgrade their skills. A sole trader may find it beneficial to undertake training in certain areas to develop their skills and enhance their productivity. With nearly 1.5 million sole traders in Australia<sup>4</sup>, including them within the incentives will provide large dividends to productivity and the economy.

The registration criteria for training providers to have their services eligible for the bonus deduction limits the number of productive partnerships between small businesses and training providers. For this reason, eligible training providers should be expanded to include bona fide registered associations (companies limited by guarantee or state/territory incorporated associations) responsible for delivering legitimate training and certified continuing professional development to their members.

Lastly, the end date of *Skills and Training Boost* is the 30 June 2024 whilst the *Technology Investment Boost* ends on the 30 June 2023. ACCI recommends both these incentives are amended so the end dates for both are the 30 June 2025. The *Technology Investment Boost* and the *Skills and Training Boost* incentives complement each other and will allow a small business to purchase equipment and train their staff in the usage of that equipment. It will benefit small businesses if both programs operate side by side for the duration of their existence and that both are extended. The impacts of the incentives would see a greater number of small businesses digitalise and grow, allowing them to continue to contribute further to economic growth.

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<sup>3</sup> Productivity Commission, [Small Business Access to Finance](#), September 2022

<sup>4</sup> ABS, [Counts of Australian Businesses](#), July 2018 – June 2022



Whilst ACCI supports the principles of both components of the Bill, the following amendments need to be made:

- **increasing the scope of eligible training providers to bona fide registered associations**
- **include sole traders; and**
- **extend and match the end dates of these expenditure deductions to 30 June 2025.**

The above amendments will create a productivity uplift for small businesses and amore highly skilled staff.