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Parliamentary Joint Committee on Corporations and Financial Services
Inquiry into Corporate insolvency in Australia

By email: corporations.joint@aph.gov.au

Response to Questions on Notice

On Tuesday 21 February HIA appeared before the Parliamentary Joint Committee on Corporations and Financial Services in relation to the Inquiry into Corporate insolvency in Australia.

HIA took two questions on notice which are outlined and responded to below.

What might be an appropriate interaction with a small contractor or other entity in the food chain of the ATO to look like to achieve a positive outcome for the industry, for that business and also for the Australian taxpayer?

The role of the ATO when dealing with business, particularly small business is complex. They must both ensure they carry out their obligations with respect to the Australian community regarding the collection of tax while also providing information, support, and guidance regarding a taxpayer's compliance obligations.

While each role can inherently support and promote the other, there is a perception that the ATO focuses on compliance and enforcement over and above education and support. The fact that actions by the ATO are a significant contributor to corporate insolvency is problematic and only serves to confirm the perception of ATO's priorities.

Changing this perception and prioritising education and support over compliance and enforcement would better serve businesses, particularly small businesses in the residential building industry.

HIA is of the view that there needs to be a review of:

- The education and support role that the ATO currently fulfils. What are the current strengths, gaps and opportunities in carry out that function? What improvements can be made to better support education and to better achieve a compliance outcome? Is there an opportunity to de-couple information relating to compliance and enforcement from business support and education?
- The compliance and enforcement framework. Giving the ATO more options to respond to recalcitrant individuals and businesses. Significant penalties should only be used to respond to deliberate and intentional breaches of the law.

I was wondering whether there are software tools or an enterprise resource planning tool that is a dominant user within the industry. Is there a role for software to help people understand the financial health of their business so they can more accurately manage it or maybe prevent insolvency?

HIA sees that there is a role for software to help people understand the financial health of their businesses. The products on offer vary greatly.

We understand that companies such as MYOB, Xero and Reckon which offer general accounting packages are widely used by small business. These products already offer guidance materials related to submitting returns, perhaps there is scope to offer an ATO online assistance package to accompany these commonly used products.

There are also other software providers that have estimating capability including for example, Buildxact, Buildsoft, Procore and Beams Software (WA) commonly used and that integrate with accounting software. These products can have the capacity to calculate GST and other construction-related taxes.

HIA also offers a range of professional development for the industry including the following:

Learning on Demand – 1 hour – Online

- Introduction to Marketing
- Operating a Business
- Building better business relationships

Other Virtual Professional Development – Duration varies from 2-4 hours

- Financial and Budgeting Skills
- Effective Team Communication
- Negotiation and Conflict Management Skills
- Understanding HIA Building Contracts
- Operating a business
- Business Planning
- Marketing a Business
- Managing Business Capital
- Resolve Business Disputes
- Building better business relationships

Yours sincerely
HOUSING INDUSTRY ASSOCIATION LIMITED

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