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Public accountant

THE OFFICIAL JOURNAL OF THE INSTITUTE OF PUBLIC ACCOUNTANTS

IPA INSTITUTE OF PUBLIC ACCOUNTANTS

inside
IPA HOSTED FEDERAL BUDGET BREAKFAST

Gender equality MATTERS

At the current pace, it will take **108** years to close the global gender gap and **202** years to achieve parity in the workforce

| AU-EU RELATIONS IN BREXIT ERA | WORK AND WOMEN'S HEALTH | SMEs GOING 'GLOCAL' |

Public accountant

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Features

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Women's fight for equality goes back to the 19th century. But what was once a fight for the right to vote and hold office, has become a fight to end sexual harassment and to empower women.

Despite recent local statistics suggesting that women are becoming an essential part of the Australian workplace, data from the World Economic Forum shows that there still remains a tremendous amount of work to be done to close the gender gap. In this issue, we take a closer look at Australia's progress on gender equality.

With the Brexit deadline extended several times and the UK held up in a hostage crisis of competing interests and political power struggles, Australia is trying to work out how best to approach trade negotiations with the soon to be former EU country. This edition we dive into UK-AU-EU relations and analyse the effects of the UK's EU divorce on Australia's FTA negotiations.

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INSTITUTE OF PUBLIC ACCOUNTANTS

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Policy from two sides of politics

The 2019 federal budget brought some good news and a sigh of relief for many small businesses seeking to take advantage of the instant asset write-off initiative. I am particularly pleased about this measure continuing as it was one of the IPA's signature policy recommendations.

The Coalition government proposed boosting the instant asset write-off from $20,000 to $30,000 and the annual turnover threshold from $10 million to $50 million.

The Coalition government announced earlier this year that the $20,000 would be increased to $25,000 but as this had not yet been legislated, the increase to $30,000 was very pleasing. This measure would save small business approximately $700 million through to 2020-21 and thereafter would start delivering extra revenue to the government.

However, the IPA will continue to advocate further on this matter as the fact remains, it is still a year-by-year proposition with the extension of the initiative to 30 June 2020 only.

We believe this initiative needs to be a permanent fixture of the taxation system and further increased to encourage business reinvestment, growth and employment opportunities. Government needs to get serious about this measure and not use it as an annual dangling carrot.

On the other hand, the ALP's Australian Investment Guarantee has not received as much attention. It proposes allowing all businesses to 'immediately expense' 20 per cent of the value of eligible depreciable assets in the first year with the balance depreciated in line with normal depreciation schedules from the first year. This is also known as 'accelerated depreciation' and would remain indefinitely. It seems to be one of the few ALP tax policies that would assist large businesses.

At the time of writing this, the Prime Minister has announced the election for 18 May 2019.

Both parties, as we have previously reported, have disparate tax policies and members should be watchful as the election plays out and determine how to service clients according to any new legislation.

The potential ramifications may be around tax brackets and the level of tax applied to individuals, negative gearing, capital gains tax (CGT) and the management of self-managed superannuation funds. I note, again at time of writing, the shifting sands when it comes to negative gearing, CGT changes and the potential of moves in the franking credit issue in relation to superannuation investments.

One thing is for certain – there will be more legislative changes driving a lot more demand for the services of public accountants.

Damien Moore FIPA FFA

Budget 2019: What did it deliver?

I should forewarn that at the time of writing this column, we have just had the federal budget and are waiting for the federal election to be called. Therefore, the political landscape may change and the longevity of the federal budget may be challenged in coming months.

Unfortunately, I do not have a crystal ball in which to gaze and foretell what the political and fiscal year ahead will bring. However, in reporting on the budget outcomes, I am pleased to say there was some good news for individuals and for small business. We should keep in mind that small business has received a number of wins over the past few budget cycles.

Some small unincorporated businesses could be beneficiaries of the personal income tax cuts announced in the budget. The current low- and middle-income tax offset has in effect been increased from $550 to a new maximum of $1,080, but only for those within the income bracket level of $48,000 to $90,000. Those beyond this bracket will be waiting until 2024-25. While this announcement translates to an increase of $550 in tax offset, for those within the specified bracket there are some other positive side effects. These are indirect benefits associated with the immediate tax relief for the low- and -middle-income earners (up to $1,080 for singles or up to $2,160 for families). Benefiting some 4.5 million individuals, this will help to incentivise spending and economic growth, which has recently slowed and is in need of a boost to maintain economic growth.

The government's infrastructure announcements may also be of benefit to small business as long as they can access and be active participants in the supply chain.

Another good outcome was the unincorporated small business tax discount being increased to 16 per cent by 2021-22. We are, however, disappointed that the cap has remained up to $1,000 each year. This $1,000 cap is now out of kilter with company tax rates that have been progressively reduced in recent years, putting unincorporated entities at a disadvantage.

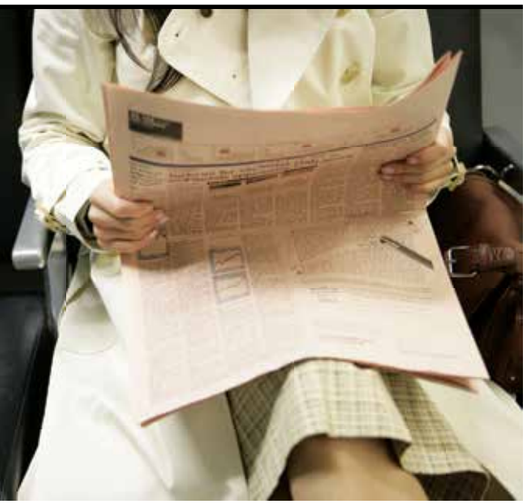
There was also good news with the increase in the instant asset write-off for small business, along with an increase in the associated turnover thresholds.

We always knew this would be an 'election budget' and I am sure that many of our members will have differing views of the good, the bad and the ugly amongst the policy measures announced on 2 April. We will do our best to keep you abreast of the ramifications of the budget leading up to, and post, the election. For a comprehensive report on the federal budget you can refer to the special edition of Technical Advantage that was sent to all members on budget night.

Andrew Conway FIPA FFA

IPA in the media

The IPA has actively engaged with the media on a wide range of important and pressing issues such as single touch payroll, regulator funding, and the gig economy.



Kickstarting the economy

Unless Australia can stem the tide of the flagging productivity levels, our economy will continue to decline and our current living standards will suffer accordingly.

– Andrew Conway, MyBusiness

Tax reform

Mr [Andrew] Conway lamented that both major parties seem to be political point-scoring rather than collaborating to achieve a desirable outcome for the nation when it comes to tax.

– MyBusiness

Single touch payroll

While it is appreciated that not all small or micro businesses are digitally ready for STP, their accountant is in the driver's seat to assist them to meet these new reporting obligations.

– Andrew Conway, *Money Management*

STP becomes law

The IPA chief executive, Andrew Conway, revealed that some 30 per cent of small businesses are still not on a digital platform and while cost may be a factor, some may well be missing out on many efficiency and productivity benefits that could help their business grow.

– Public Accountant Hub

Increase in regulation

Up until recent times, ASIC have had the regulatory teeth on paper but not the resources and funding to actually bite, so they should be given the good grace to prove themselves.

– Andrew Conway, *selfmanagedsuper*

Unclaimed super

It is encouraging to see the work by the ATO to educate the public over lost and unclaimed superannuation with promising results of $860 million found and consolidated just in the last quarter of 2018.

– Andrew Conway, *Dynamic Business*

ATO penalty amnesty

Mr [Tony] Greco said the government should have made sure it had support of the crossbenchers or the opposition before making the announcement about amnesty.

– *The Age*

Funding regulators

It gives you an example of how hamstrung some regulators are and I think the same can be said about ASIC. Part of the issues that are unravelling or have unravelled has got to do with resourcing and it won't answer for all the deficiencies that are happening in relation to the findings but certainly part of the problem has been the resourcing.

– Tony Greco, Accountants Daily

Garnishee notices

Garnishee notices are quite debilitating, they should only be used as the last point of call when a client is going to abscond with the funds.

– Tony Greco, *SmartCompany*

Advice gap

For people looking for a solution to this gap, the IPA believes they should be able to get genuine advice and support from their trusted adviser; the accountant.

– Andrew Conway, *Money Management*

Outage compensation

We haven't had many outages in the last 12 months, and since the major ones, things have improved ... but the ATO don't quite realise the reputational damage it has done and the costs.

– Tony Greco, *SmartCompany*

ATO crackdown on Airbnb hosts

I think full transparency as you stated [is key]. It won't be too long before that information is known to the Tax Office, so you can't ignore it once those reporting regimes are fully operational.

– Tony Greco, Smart Property Investment

Asset write-off

We do see it as a dangling carrot awaiting every budget every year. But most organisations prepare their budgets well in advance and they want to know these things well in advance.

– Wayne Debernardi, *The Sydney Morning Herald*

Learning to innovate: Unleash your potential

According to the Oxford dictionary, to innovate means to "make changes in something established, especially by introducing new methods, ideas or products". But what does it mean in practical terms?

Today, innovation has become another buzzword. Its meaning has been muddied by an exhausting number of conversations between peers and scholars worldwide.

According to the Institute of Public Accountants (IPA), innovation is and always has been the implementation of new ideas, with the goal of creating value.

Looking at it from a business perspective, it generally means coming up with new and more efficient ways of doing things via computer software or machinery.

Is Australia innovative?

According to the 2018 Global Innovation Index, co-authored by Cornell University, INSEAD and the World Intellectual Property Organisation, Australia is ranked at 20, behind smaller economies such as Ireland and Luxembourg.

Australia's main weaknesses, the report reads, are its business sophistication, knowledge and technology output levels, as well as its innovation linkages.

In an effort to grow the capacity to innovate in Australia, in 2017 the government devised a national plan for action to put Australia into the international top tier by 2030.

The plan makes 30 recommendations that underpin five strategic policy imperatives:

- Education: respond to the changing nature of work by equipping all Australians with skills relevant to 2030;
- Industry: ensure Australia's ongoing prosperity by stimulating high-growth firms and raising productivity;
- Government: become a catalyst for innovation and be recognised as a global leader in innovative service delivery;
- Research and development: improve R&D effectiveness by increasing translation and commercialisation of research; and
- Culture and ambition: the plan advocates the creation of national missions that will be central to promoting innovation in certain areas (such as medicine).

The establishment of goals to be achieved by 2030 highlights the importance the federal government, departments and agencies place on innovation, the IPA said in its recent Small Business White Paper.

It warned, however, that there is still an apparent lack of appropriate acknowledgement by small businesses of the importance of innovation to their growth.

The Australian Bureau of Statistics reports that only one in seven small businesses see innovation as important.

"That statistic alone illustrates that more needs to be done to create and promote incentives for small businesses to improve their prospects of future success," the IPA judged.

In fact, the small business sector, as a huge component of the economy, has the potential to positively influence Australia's productivity growth.

However, apart from operating in an increasingly complex global environment, small businesses are experiencing a range of barriers to innovation, the IPA signalled.

The professional body advised the government to fine-tune its innovation policy in an effort to assist businesses to understand the value of innovation and, where appropriate, provide incentives to encourage innovative thinking.

"Our results show compelling evidence that the innovation capability of start-ups and young firms underpins the observed firm-employment dynamics, significantly influencing employment outcomes in the Australian economy," said the IPA.

Moroney & Associates principal Mitchell Moroney agrees. He notes that the government must step up its policies on innovation.

"The government does provide some support for innovation, through certain grants and initiatives, however I do believe they need to reassess their policies and really think how they can provide the best outcome for small businesses," he says.

Mr Moroney adds that for Australia to stay competitive it must increase innovation.

"Australia is a small world economy, and if it wants to keep up and excel against the likes of Asian countries who are renowned for their innovation, the government must look at how to increase innovation both from local businesses as well as entice multinational innovation companies to our shores," he says.

In his opinion, the main barriers to innovation faced by small businesses are cost and time related.

Financial cost of entry

Aside from the direct cost, it also includes the risk associated with implementing new systems and procedures, Mr Moroney says.

And although innovation is often about making bets, small businesses are caught up with questions such as: what if my clients don't respond? What if it doesn't work how it should?

Time cost of entry

Business innovation is not an overnight adjustment, it takes time and planning, he advises.

"It requires learning about the pros and cons, implementing the change and tracking the results," Mr Moroney says.

Apart from the physical costs associated with rolling out a new product or service, or trying out a new business model, time is a commodity small businesses often lack.

"Although necessary for any business to thrive, many small business owners simply don't have the time. Generally, the small business owner is also the main income producer, which severely limits the amount of time available for innovation," he adds.

Psychological cost of entry

The psychological cost of innovation is often overlooked, judges Mr Moroney.

He points out that while conversations are heard about challenges to innovation, only a few voice their concerns about the psychological costs, which can be summed up in a couple of short questions.

"Is the business owner prepared to spend less time with their family? This could be short term during the implementation phase or long term for expansions and policy changes," he says.

"Is the small business even open to change? A common theme of business owners is, why would I change? I have been doing it this way for 40 years?"

These costs, Mr Moroney says, must be mitigated if businesses are to actually innovate.

Talent is the key

The IPA emphasised in its White Paper that talent, not technology, is the key to innovation. It warns that if wider skill requirements are not addressed, "bottlenecks" are likely to be created downstream.

"Technical skills across the workforce, and particularly interdisciplinary skills that bridge areas of expertise, are particularly important for innovation and are often subject to market failures," the IPA said.

However, the IPA advises that despite the complexities of innovation, it is possible to abstract an underlying set of stages typically followed by inventive firms.

These include:

1. Searching for new opportunities. This typically involves firms searching externally for new markets, technologies or delivery mechanisms they can exploit by building on their existing capabilities and connections to customers and suppliers.

2. Selecting which opportunities to support. Once a range of opportunities has been found, firms need to make strategic decisions, under conditions of uncertainty, about which options to pursue and which to reject.

3. Implementation. Once the strategic decision has been made, firms need to implement their strategy and allocate time, people and resources to ensure the process is effectively undertaken. Innovation is inherently uncertain, and this will typically involve formal and informal experimentation to develop new products and services that provide value.

4. Capturing value. Creating value for customers does not guarantee commercial success, as firms need to find ways to monetise the value they have created. Innovations, particularly disruptive innovations, often create non-monetary forms of value, such as improved brand recognition, which firms can also capture. Firms can capture value by learning from their experiences to improve their future innovation processes.

The IPA cautions, however, that these steps in the process of innovation will only be successful if business owners and their staff are able to focus on building the business overall, rather than making what they do solely a matter of habit.

The federal government, in particular, should:

- Provide tax breaks for companies acquiring new technologies not developed in-house
- Develop a 'matching' service to promote collaborative relationships between multinational corporations and Australian businesses, both domestically and abroad
- Provide a tax allowance for companies that invest in intellectual property protection (through patents, copyright, trademarks, design rights etc) in-house
- Provide tax allowances for companies that generate licensing income for in-house new technologies
- Rigorously continue with its 'patent box' initiatives, as outlined in its current reform agenda
- Further develop government procurement initiatives to ensure small business procurement targets are met and exceeded by 2022
- Allocate funds for further research into youth entrepreneurship in Australia





The IPA recommends that federal, state, territory and local governments should:

- Provide more support for research and development by small and medium-sized firms
- Promote better linkages between research universities and industry
- Provide more support for firms to adapt existing technologies and innovation
- Develop and implement measures to help the spread of existing innovations to a broader range of firms
- Encourage firms to adopt 'continuous improvement' methods to embed incremental innovation

An overview of the new whistleblower protections

A self-proclaimed "single, strengthened whistleblower protection regime [that] covers the corporate ... sector" has been passed by Federal Parliament in February 2019. James Mattson and Jade Bond provide an overview of this new regime

James Mattson,
partner, Bartier Perry

Jade Bond,
lawyer, Bartier Perry

The Treasury Laws Amendment (Enhancing Whistleblower Protections) Bill 2018 (Cth) will amend the *Corporations Act 2001* (Cth) to vastly expand the whistleblower protections presently contained in Part 9.4AAA of the act.

The changes come into force on 1 July 2019 and represent a substantial alteration to Australia's current piecemeal whistleblower protections. Following recent royal commissions, the new regime seeks to promote a more ethical corporate culture by encouraging whistleblowing.

In short, the laws will provide greater protection for whistleblowers, bestowing significant obligations on businesses to constructively deal with, and not ignore, disclosures.

The laws are broad and there are some complexities, which is why businesses need to prepare. Processes and policies will need to be developed and enhanced, while education and training of key staff – especially those authorised to receive disclosures – will be critical.

What's new?

Disclosures can still be made to the relevant authorities (like ASIC and APRA), and to an auditor, officer, senior manager or other person authorised by the company to receive disclosures.

Here are some of the key changes worth knowing:

1. More people can now make a disclosure

Previously, only a company officer, employee, contractor or supplier could make a disclosure. Now, the list of 'eligible whistleblowers' has been expanded to include:

- former company officers, employees, contractors and suppliers; and
- relatives and dependants of officers, employees, contractors and suppliers.

2. Anonymous disclosures are allowed

Under the current regime, whistleblowers are not protected unless they disclose their name when making a disclosure. However, the new laws protect anonymous disclosures, which means their management requires careful consideration, including how to best investigate them.

3. More can be disclosed

Current whistleblowing protections are limited to circumstances where the discloser has 'reasonable grounds' to suspect that the company, an officer or an employee has contravened the *Corporations Act*.

The new protections apply to the disclosure of information where the discloser has 'reasonable grounds' to suspect that the information "concerns misconduct, or an improper state of affairs or circumstances" in relation to a company or a related body corporate.

This includes, but is not limited to, when the discloser has reasonable grounds to suspect that a company, or an officer or employee has:

- committed an offence against, or in contravention of, a range of legislation like the act;
- engaged in conduct that constitutes an offence against any law of the Commonwealth where the offence is punishable by imprisonment of 12 months or more; or
- engaged in conduct that represents a danger to the public or financial system.

As is apparent, the new laws open the protections to a large range of disclosures.

4. Removing 'good faith' requirement

The current protections only apply if a discloser is acting in 'good faith'. This requirement has been removed from the bill, meaning that the motives behind a discloser's actions are irrelevant.

5. Inaction may permit disclosures to members of Parliament or the media

The bill creates a new category of 'public interest disclosures' and 'emergency disclosures', both of which may be made to a member of Parliament and/or the media.

A 'public interest disclosure' may be made 90 days after the original disclosure when the discloser has reasonable grounds to believe that their original disclosure is not being acted on.

Where the discloser has reasonable grounds to believe that a further disclosure is in the public interest, they must then give notice of their intent to go public before telling a member of Parliament and/or the media.

An 'emergency disclosure' is one in which the discloser "has reasonable grounds to believe that the information concerns a substantial and imminent danger to the health or safety of one or more persons, or to the natural environment".

To be protected, the discloser must notify the company of their intent to make an emergency disclosure before telling a member of Parliament and/or the media.

6. Greater protection for whistleblowers

The bill provides whistleblowers with confidentiality, broader immunity and protection against victimisation. It is an offence to disclose the identity of a discloser, including information that is likely to lead to the identification of the discloser, without their consent. A whistleblower cannot be subject to any civil, criminal or administrative liability (including disciplinary) for making a protected disclosure.

A whistleblower cannot be subjected to any detriment or a threat of detriment because they made, or are believed to have made, a protected disclosure. Like the *Fair Work Act*, the new laws:

- expand liability to those involved in a contravention;
- shift the evidential burden of proof to the defendant in circumstances where confidentiality has been breached; and
- the discloser cannot be ordered to pay costs incurred by the other party, except in limited circumstances.

These protections carry high penalties if they are breached. At the same time, the bill also provides for a variety of compensatory orders, including exemplary damages and reinstatement.

7. Significant penalties for non-compliance

The bill definitely packs a punch when it comes to penalties. Civil penalty provisions currently carry maximum fines of $200,000 for individuals and $1 million for a body corporate, and apply to cases where a whistleblower's confidentiality has been breached or they have been victimised. However, these are set to increase under the Treasury Laws Amendment (Strengthening Corporate and Financial Sector Penalties) Bill 2018, which was also recently passed.

Under the new laws, the civil penalties will increase to:

- for individuals: $1.05 million, or three times the benefit derived, or detriment avoided;
- for corporations: up to $10.5 million, or three times the benefit derived, or detriment avoided, or 10 per cent of the body corporate's annual turnover (although it is capped).

8. Large companies must have a whistleblower policy

Public companies and large proprietary companies must implement (and make available) a whistleblower policy that outlines, among other things:

- the protections available to whistleblowers;
- to whom qualified disclosures may be made and how they may be made;
- the support available for whistleblowers; and
- how the company will investigate disclosures and ensure fair treatment.

Failure to put this policy in place can result in a $12,600 fine.

9. Is whistleblowing still a risk?

In short, yes. The bill definitely acts to increase the protections offered to whistleblowers. At the same time, hefty penalties for non-compliance provide a significant incentive for both companies and individuals to comply with the provisions.

However, the biggest issue with the new regime is the uncertainty surrounding what constitutes a 'disclosable matter', especially those disclosures that relate to 'misconduct, or an improper state of affairs or circumstances'. This phrase is undefined.

Until there is some guidance regarding the limits of this expression, there is still a significant chance that a disclosure may not be treated with the appropriate protections, resulting in potential confidentiality breaches.

Although there are penalties for non-compliance, mishandling by companies of disclosures can do significant damage to reputations and the livelihood of whistleblowers.

Beefing up the regulators

Following criticism of ASIC and APRA at the Hayne royal commission, the government's allocation of new powers and a funding boost should give the regulators renewed strength and purpose

Adrian Flores,
features editor, ifa

Even the corporate and prudential regulators were not immune from the crosshairs of commissioner Kenneth Hayne's Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

Commissioner Hayne gave a scathing assessment of both APRA and ASIC, observing that when misconduct was revealed, it went unpunished or the consequences did not meet the seriousness of what had been done.

"The conduct regulator, ASIC, rarely went to court to seek public denunciation of and punishment for misconduct," he said.

"The prudential regulator, APRA, never went to court. Much more often than not, when misconduct was revealed, little happened beyond apology from the entity, a drawn-out remediation program and protracted negotiation with ASIC of a media release, an infringement notice, or an enforceable undertaking that acknowledged no more than that ASIC had reasonable 'concerns' about the entity's conduct."

When the final report was tabled in Parliament on 4 February, commissioner Hayne would recommend a raft of reforms for both regulators.

A new oversight authority

One of the recommendations was the formation of a new ASIC/APRA oversight authority that would be comprised of three part-time members and staffed by a permanent secretariat. Further, the new authority would be required to report to the minister in respect of each regulator at least biennially.

The government agreed, allocating funding towards the new authority in the budget shortly after. It noted that an independent assessment of ASIC and APRA's strategic performance against their overall mandate was lacking.

"The government is committed to maintaining the independence of the financial system regulators. Accordingly, this body will not have the ability to direct, make, assess or comment on specific enforcement actions, regulatory decisions, complaints and like matters," it said.

"The Financial Sector Advisory Council will be disbanded given the establishment of this new body and consideration will be given to streamlining other accountability mechanisms."

Other government measures

The government said it would also give more powers to ASIC to hold licensees to account for misconduct in response to Recommendation 1.15 of the Hayne commission's final report to enhance the current approved codes framework in the *Corporations Act 2001*.

Commissioner Hayne noted that "there must be adequate means to identify, correct and prevent systemic failures in applying the code", and that "in order to do that, some provisions of the codes should be picked up and applied as law".

The government also said it would amend the law to allow:

- ASIC to approve codes for a wider range of entities than currently possible;
- ASIC-approved codes to include 'enforceable code provisions', contravention of which constitutes a breach of the law and with remedies modelled on those in the *Competition and Consumer Act 2010*; and
- ASIC to take into account whether particular provisions of an industry code have been designated as enforceable code provisions in determining whether to approve a code.

Through these changes, Treasurer Josh Frydenberg said it will also be made clear that certain promises made in codes are enforceable against financial services firms by consumers.

"To deal with the case where an industry does not put forward its proposed enforceable code provisions in a timely manner, mandatory financial services industry codes will be able to be imposed by the government," Mr Frydenberg said.

"The government continues to support and encourage industry to develop voluntary codes that go beyond the requirements in the law."

To put these reforms into action, the government committed more than $550 million in the 2019-20 budget to strengthen both ASIC and APRA.

It would provide $404.8 million to ASIC over four years from 2019-20 to implement its new enforcement strategy and expand its capabilities.

The government would also give $145 million to APRA over four years from 2019-20 to strengthen its supervisory and enforcement activities.

Further, $7.7 million would be committed over three years from 2020-21 to establish the new regulator oversight authority.

Responses from ASIC and APRA

ASIC says the royal commission's recommendations will inform the implementation of a strategic program of change that began in 2018.

"There are 12 recommendations that are directed at ASIC, or where the government's response requires action now by ASIC, without the need for legislative change. ASIC is committed to fully implementing each of these," ASIC said.

"Many of the recommendations made by the royal commission involve reforms ASIC advocated for in its earlier submissions to the royal commission and, in some cases, in earlier reviews and inquiries."

APRA made a similar response, saying it's taking a new approach to enforcement by implementing seven recommendations from the royal commission, including:

- 'constructively tough' appetite to enforcement and setting it out in a board-endorsed enforcement strategy document;
- ensuring APRA supervisors are supported and empowered to hold institutions and individuals to account, and strengthening governance of enforcement-related decisions;
- combining APRA's enforcement, investigation and legal experts in one strengthened support team, and ensuring resources are available to support the pursuit of enforcement action where appropriate; and
- strengthening co-operation on enforcement with ASIC.

"To remain effective, we must continue to evolve and improve, especially in response to the ways in which non-financial risks, such as culture, can impact on prudential outcomes," APRA deputy chair John Lonsdale said.

"The recommendations of the review will still mean that APRA as a safety regulator remains focused on preventing harm with the use of non-formal supervisory tools.

"However, APRA will be more willing to use the full range of its formal powers – such as direction powers and licence conditions – to achieve prudential outcomes and deter unacceptable practices."

Budget allocation to ASIC and APRA

Measure	Funding
Resourcing ASIC to implement its new enforcement strategy and expand its capabilities and roles	**$404.8 million over four years from 2019-20**
Resourcing APRA to strengthen its supervisory and enforcement activities, including with respect to governance, culture and remuneration	**$145.0 million over four years from 2019-20**
Establishing an independent financial regulator oversight authority, to assess and report on the effectiveness of ASIC and APRA in discharging their functions and meeting their statutory objectives	**$7.7 million over three years from 2020-21**
Undertaking a capability review of APRA	**$1.0 million in 2018-19**
Establishing a Financial Services Reform Implementation Taskforce within the Treasury and co-ordinate reform efforts with APRA, ASIC and other agencies through an implementation steering committee	**$11.2 million in 2019-20**

Source: Budget 2019-20

Public Accountant news in brief

95%

of respondents to an IPA member survey do not support any change to franking credits

IPA questions unfairness of Labor's proposal to remove refundable franking credits

The Institute of Public Accountants (IPA) is questioning the unfairness of Labor's proposal to remove the ability for individuals and superannuation funds to claim their full entitlement to franking credits.

"The refunding of imputation credit policy has been in operation for close to two decades and removing it in a piecemeal way without dealing with the consequences is fraught with danger," said IPA CEO Andrew Conway.

Read more at https://bit.ly/2KCOStB

Bill extending instant asset write-off passes Parliament

Parliament swiftly passed the Treasury Laws Amendments (Increasing and Extending the Instant Asset Write-Off) Bill 2019 just two days after it was announced.

The bill was passed by the Senate and the House of Representatives, with 18 government amendments, paving the way for the implementation of what has been referred to as the big budget win for small business.

Read more at https://bit.ly/2KE7f15

> "Every year this initiative, a signature policy recommendation of the IPA, is a dangling carrot come the federal budget"

Holding pattern for division 7A welcomed by IPA

The government has announced it is deferring the start date for changes to Division 7A from 1 July 2019 to 1 July 2020.

The IPA has welcomed the deferral of the start date for these changes to Division 7A.

Read more at https://bit.ly/2KCUNPq

TPB to focus attention on $90m owed to ATO by tax practitioners

The Tax Practitioners Board (TPB) has said it will focus its attention on the $90 million in outstanding debts owed to the ATO by tax practitioners.

The TPB said in a statement that it is concerned about tax practitioners who have failed to meet their own tax obligations and participate in other high-risk behaviours.

Read more at https://bit.ly/2Ljr9MV

ATO assures small employers, transition to STP will be flexible

The ATO is assuring small businesses that its approach to extending single touch payroll (STP) will be flexible, reasonable and pragmatic.

Parliament has passed legislation to extend STP reporting to include all small employers (those with fewer than 20 employees) from 1 July 2019. STP is payday reporting by employers to the ATO as it happens, this reporting having started on 1 July 2018 for large employers (20 or more employees).

Read more at https://bit.ly/2KCX392

IPA supports government's instant write-off extension

The IPA has commended the government's announcement to not only extend the instant asset write-off for small business but also the increase in the limit from $20,000 to $25,000.

Prime Minister Scott Morrison announced on that the write-off will be extended to 30 June 2020, and will be increased by $5,000.

Read more at https://bit.ly/2DeAiSG

ASIC to launch several investigations following royal commission

ASIC's enforcement teams are undertaking investigations into 12 matters that were case studies before the royal commission and are assessing another 16 case studies to determine whether investigations should be commenced, the regulator said in response to the royal commission's findings.

Read more at https://bit.ly/2UhdO9t

Large companies refuse to reveal payment times

Large corporations such as David Jones and Vodafone are reluctant to reveal the time frames in which they pay their small business suppliers, an ASBFEO report has revealed.

In November 2018, Minister for Small and Family Business, Skills and Vocational Education Michaelia Cash requested that the ASBFEO conduct a review of payment times, to measure the effects of late or extended payment practices on the cash flow of small businesses and family enterprises in Australia.

Read more at https://bit.ly/2UBRigA

Ethical dilemmas – What would you do?

As members of the IPA, accountants know that they are bound to act ethically and in the public interest. But what exactly does this mean? If you are confronted by an ethical dilemma then how do you make the right decision?

by Vicki Stylianou

Vicki Stylianou, executive general manager – advocacy and technical, IPA

What do we mean by an ethical dilemma? This is a situation in which a difficult choice has to be made between two courses of action, either of which entails transgressing a moral principle. Put another way, when faced by an ethical dilemma, you can't win. Or you are damned if you do, and damned if you don't.

A moral dilemma is a choice between right and wrong, as opposed to an ethical dilemma, which is a choice where all options are right (or none are wrong).

Our starting point is APES 110 Code of Ethics for Professional Accountants (including Independence Standards), (the Code). This is the guiding light for all accountants who are members of one of the three accounting bodies in Australia, including the IPA. The Code has been restructured and is taking effect from 1 January 2020 (with early adoption permitted).

The Code is promulgated by the Accounting Professional and Ethical Standards Board (APESB) the members of which are the three accounting bodies (IPA, CA ANZ and CPAA).

The five principles that underpin the Code are:

- Integrity;
- Objectivity;
- Professional competence and due care;
- Confidentiality (subject to NOCLAR); and
- Professional behaviour.

How do you apply these principles when faced with an ethical dilemma?

What type of decision-making process or framework should you apply using these high-level principles?

The Code states that it "requires members to apply the conceptual framework to identify, evaluate and address threats to compliance with the fundamental principles".

"Applying the conceptual framework requires exercising professional judgment, remaining alert for new information and to changes in facts and circumstances, and using the reasonable and informed third party test," it says.

The conceptual framework centres on identifying threats to compliance with the fundamental principles, and then evaluating them and eliminating or reducing the threats to an acceptable level. The Code is over 200 pages long and provides guidance on complying with the principles.

We urge members to review the revised Code at: *https://www.apesb.org.au/uploads/home/02112018000152_APES_110_Restructured_Code_Nov_2018.pdf*

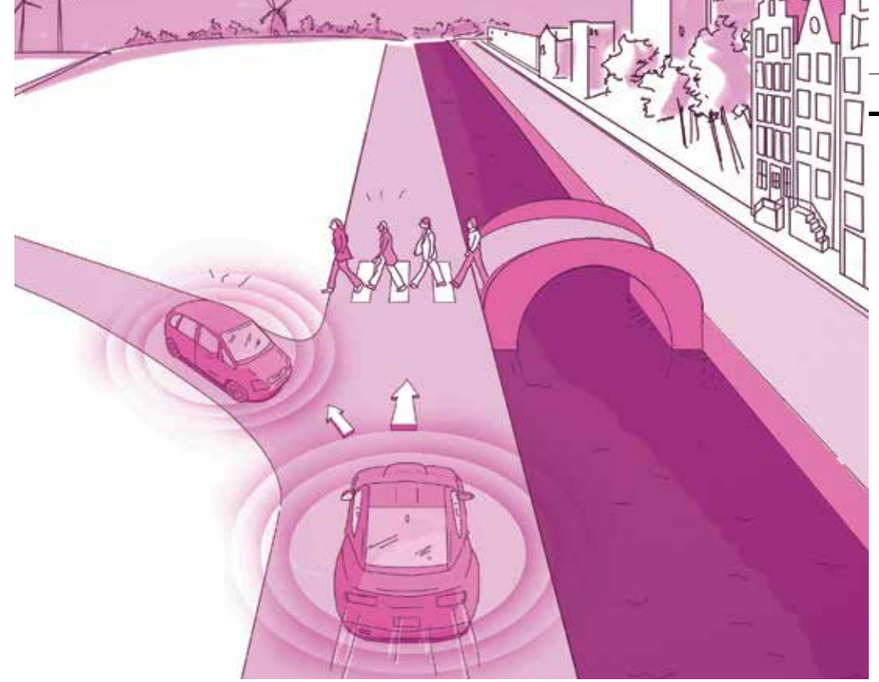
It also contains a new section (260) on 'Responding to Non-compliance with Laws and Regulations (NOCLAR)', which requires members to evaluate and report where applicable, any potential or actual material breach of laws or regulations.

Examples include situations relating to fraud, corruption, money laundering, data protection, tax and pension liabilities, environmental protection, public health and safety, and so on. To help in applying the Code and the conceptual framework, one of the most common models is the 'AAA model' or variations of it. Essentially, this takes you through the stages of:

- Recognising an ethical issue;
- Getting the facts;
- Evaluating alternative actions;
- Making a decision and testing it; and
- Acting and reflecting on the outcome.

However, how do you evaluate and make a decision? To drill down even further it may be helpful to consider some of the numerous ethical theories and frameworks that can be applied, depending on the particular situation. For instance, we have the following:

- Utilitarian approach – doing the most good or the least harm;
- Rights approach – best protection and respect for the moral rights of those affected;
- Fairness or justice approach – all equals should be treated equally;
- Common good approach – refers to the interlocking relationships of society; and
- Virtue approach – acting according to the highest potential of our character.



Some commentators believe that the virtue approach is the most suited to accountants and the profession. This means that no matter what the situation, accountants must always behave virtuously and develop a virtuous disposition. It was espoused by Aristotle over 2,300 years ago and is still relevant today.

Then we have the different types of ethics and ethical dilemmas:

- Normative ethics – how do people work out the correct moral action;
- Meta-ethics – understanding the nature of ethical judgments;
- Applied ethics – applying theories from philosophers to everyday life;
- Moral ethics – how do people develop their morality, why is it different or the same;
- Descriptive ethics – how do people operate in the real world, rather than theorising about it; and
- Samaritans dilemma – what if helping people stops them from helping themselves – research shows countries receiving aid do not prosper as much as those that don't.

Classical ethical dilemma scenario

The classical ethical dilemma scenario is used in countless ethics courses around the world.

Imagine you are driving a runaway trolley car, which has steering but no brakes.

In front of you are five workers facing certain death, while off to the right is a laneway with a lone worker on the road.

Do you steer towards the laneway killing the one worker, but saving the five workers, or do you kill the five workers and save the one?

Now imagine you are on a footbridge overlooking the track, where a trolley is rushing towards five people who have nowhere to escape. Standing near you on the bridge is another person, whose bulk will likely stop the trolley.

Would you push that person over the bridge to stop the trolley? Would you sacrifice them to save the five workers?

What if the trolley was a driverless car and you were the programmer? How would you program it for situations like these?

The classical response to the first trolley scenario is that people would choose to save the five workers and sacrifice the one. Yet, in the second scenario, most people would refrain from pushing the bystander of the bridge, even if it means saving five people.

Why would people sacrifice the one person in the first situation but not in the second?

There is no right answer.

However, in the second scenario, most people revert to making a decision based on the actual process involved. People find that throwing an innocent bystander of a bridge, as he kicks and screams for his life, is a lot worse than steering a trolley car in a person's path.

In the third scenario, which may be more familiar to accountants, we have a situation where you have been auditing the books of a local, well-respected charity for the last five years.

While undertaking the audit you discover an anomaly. You suspect that the accountant working for the charity has been committing fraud, so you approach them seeking an explanation. They confess and are extremely remorseful. They promise to return the funds and explain that their spouse has a gambling problem, they are about to lose their family home and that their eldest child has been diagnosed with a serious illness.

What would you do? What should you do?

As accountants you are leaders, not only in business, but also in the community. You have an opportunity as trusted professionals, citizens, consumers and taxpayers to shape the agenda and be involved in the conversations affecting the world in which we live. Currently, and in the future, we are all facing numerous ethical dilemmas, including:

- Do you save the planet but at the expense of developing countries wanting to expand their industries and lift their people out of poverty?
- Do we genetically modify humans to prevent disease?
- Do we sacrifice online privacy for national security?
- Should robots in war have the right to kill?
- Should we impose population controls if it meant sustaining the planet?
- How do you program autonomous vehicles to make a decision in a life and death situation?

The IPA would like to hear about the ethical dilemmas that members may have faced professionally. Send us your feedback on any of the above, or on any other ethical dilemmas facing our society, to *ipagroupfeedback@publicaccountants.org.au*.

And remember, the IPA is here to assist members when faced with an ethical dilemma.

So, if you are in doubt, or if you simply need a sounding board, don't hesitate to call us. We're here to help.

The latest on the IPA's advocacy work

Part 1: Mental Health Inquiry

The IPA presents its submission to the Productivity Commission's Mental Health Inquiry, on behalf of the IPA Deakin SME Research Centre (RC)

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The RC is currently finalising a grant application with partners with respect to research on how the mental wellbeing of SME and small business owners and operators can be improved through using a professional such as an accountant.

Our preliminary research indicates that small business and SME owners have reduced stress and anxiety when they engage with their accountant.

Our research proposal focuses on evaluating an accountant professional development program that integrates mental health first aid training with a more relationship-centred, business mentoring approach to supporting small business and SME owners, with the client relationship training that accountants (and other professionals) receive.

The accountant would not be replacing healthcare professionals, as the intention is not to try and turn them into counsellors. Rather, we are exploring how existing relationships and training can be utilised and adapted with the objective of improving the mental wellbeing of clients.

The combination of mental health first aid and relationship business training is expected to lead to improvements in psychosocial working conditions for small business and SME owners and operators, and thereby improving their mental health.

This research has application to various issues and questions raised in the inquiry issues paper, *The Social and Economic Benefits of Improving Mental Health*.

Given that small business and SME owners and operators are at the front line of economic participation and contribution, we believe that the economic benefits of assisting these sectors would be greater than that for other sectors. For this reason, we contend that this research should be fully encouraged and supported by government.

We note the issues paper states, "We will comment on how the costs and benefits of our recommended reforms are likely to be distributed across different groups. This may include testing the hypothesis that interventions to facilitate improved mental health can generate a net financial return for the entity that funds them."

According to the paper, the funder could be a government or employer, depending on the circumstances.

In this regard, we note that our research proposal specifically recognises the detrimental impact of mental ill-health on employees and employers and the subsequent economic benefit if we are able to address the issues.

We refer to the issues paper and the section on contributing components to improving mental health and wellbeing. We support the focus on workplaces and education providers (and justice systems). It is critical that a broader and more integrated approach is adopted if we are to seriously tackle some of the issues confronting us.

> Small business and SME owners have reduced stress and anxiety when they engage with their accountant

Taking this approach will highlight preventive care rather than relying on the healthcare system to tackle the issues once they've been identified or diagnosed.

In this regard, we note the section in the issues paper on mental health promotion, prevention and early intervention. We also welcome the focus on skills acquisition, employment and healthy workplaces. The research of the RC and our partners is focused primarily in this area.

While government support to find and maintain a job for people experiencing mental ill-health is commendable and obviously needed, we believe that more can be done to assess the existing programs and to replace or supplement these through utilising the relationship that certain sectors (i.e. small businesses and SMEs) have with their trusted adviser, their accountant and, to a lesser extent, other professionals they use in the course of their business.

With respect to mentally healthy workplaces, we acknowledge the modelling work that has been undertaken indicating the significant cost to the economy of mental illness.

In terms of the question posed in the issues paper as to why employers are not investing more in workplace mental health, given the large potential benefits, we believe that the barriers to implementing measures to improve workplace mental health require greater attention. And further, that any beneficial measures need to be capable of replication so they can be applied more widely at an affordable cost.

The RC research will be relevant to these issues and we are particularly focused on being able to develop measures that have broad application across various sectors of the economy.

We welcome the points made in the issues paper about small businesses and their particular challenges; and the role of industry associations, professional groups, governments and other external parties in assisting small businesses to reduce implementation barriers and costs. This is the core of the work currently being undertaken by the RC.

We will be addressing most of the questions raised in the issues paper around mentally healthy workplaces in our various research projects. Obviously, the IPA and Deakin University, as well as our joint RC, have a particular focus on the role of stakeholders such as industry/professional associations, universities and external parties.

At this stage, the specific details of the grant proposal being submitted by the RC and our partners is confidential. However, we would be pleased to meet with the commission to discuss our research and findings to date.

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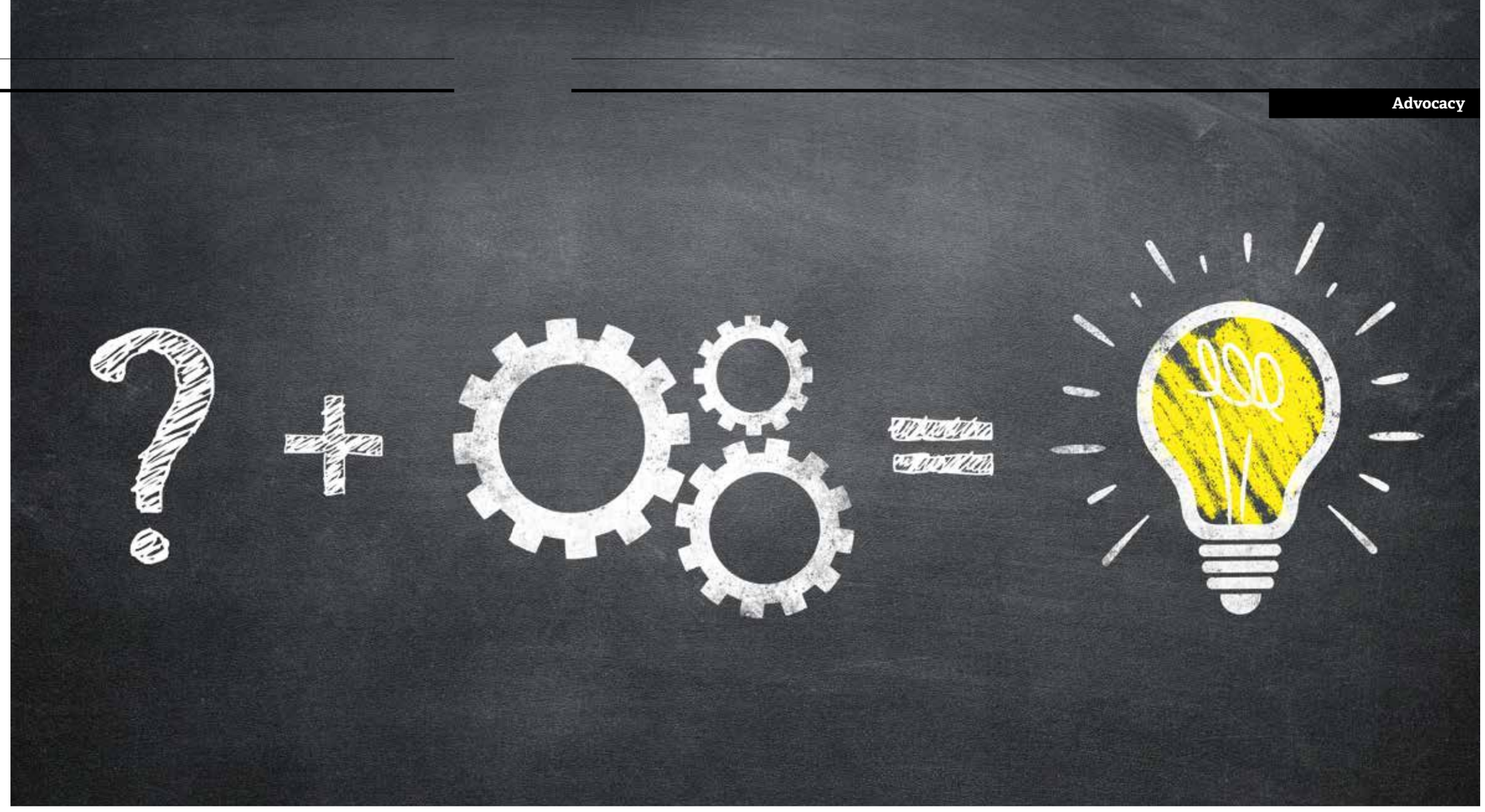

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Part 2: IPA proposes regime for accountants to fill advice gap

To address the advice gap, the IPA has developed a revised financial services licensing regime for qualified accountants

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In April 2010, the then minister for financial services, superannuation and corporate law Chris Bowen announced the Future of Financial Advice (FoFA) reforms, as a response to the 2009 Inquiry into Financial Products and Services in Australia. The reforms were continued under the coalition government.

A part of the FoFA reforms was the removal of what is referred to as the 'accountants' exemption'. Essentially, the policy objective of the reforms was to provide affordable and competent financial advice for Australian consumers. The IPA contends that there has been a market failure in that financial advice has not become more affordable and competent. Moreover, there remains an unmet demand for financial advice.

In order to address this situation, the IPA recommends that the *Corporations Act 2001* and/or Corporations Regulations 2001 be amended so that 'qualified accountants' be allowed to provide limited financial advice.

Further, that the professional accounting bodies should be recognised for the existing regulatory function that they perform with respect to qualified accountants.

Background

Prior to 1 July 2016, under the Corporations Regulations, Reg 7.1.29A, accountants had an exemption from requiring a financial services licence to provide advice on establishing or winding up an interest in an SMSF. After 1 July 2016, the exemption relating to SMSFs was removed, meaning that accountants need to be appropriately licensed to provide SMSF related financial advice.

However, accountants can still provide specific services relating to SMSFs under existing exemptions.

ASIC has issued Info Sheet 216 to explain what accountants can and cannot say to clients. It may be fair to say that the legislation has proved difficult to interpret and apply in practice.

For instance, accountants can still provide administrative, procedural, accounting and tax work relating to SMSFs (Corporations Regulations, Regs 7.1.29 and 7.1.33A). It does not mean that accountants can give financial advice or make recommendations relating to SMSFs, but they can give advice to ensure the client remains compliant with the *Superannuation Industry (Supervision) Act 1993*.

This can include advice on:

- the practical/factual steps that need to be taken to establish or wind up an SMSF;
- how to add new trustees and members to an existing SMSF;
- the different ways an SMSF could be structured;
- how to process transfers or rollovers of funds;
- assist clients to complete paperwork (e.g. to acquire securities through the SMSF, as long as you do not influence the decision to acquire those securities);
- help clients to add new members and trustees to a fund or to exit a fund; and
- arrange to wind up an SMSF on a client's behalf (once they have made a decision, which you cannot influence).

Financial advice is provided on a continuum, which means there is scope for ambiguity and greyness. Indeed, Info Sheet 216 refers to situations where an accountant may easily stray into giving financial advice during the course of providing administrative/procedural/accounting/tax advice and warns that accountants must be alert to this possibility.

As ASIC states in Info Sheet 216:

"The advice you give about establishing, operating, structuring or valuing an SMSF must not amount to an explicit or implied recommendation to establish an SMSF, or to acquire or dispose of an interest in an SMSF (or another superannuation product). However, we recognise that advice given to a person about the establishment of an SMSF may also carry an implicit recommendation that the person acquire an interest in the SMSF. Therefore, you are more likely to be able to rely on the exemption when your client has already made a decision to establish the SMSF before seeking your assistance to take the next steps. For example, you may recommend the best structure for an SMSF to suit your client's situation, once they have made the decision to establish an SMSF."

Advice can also be provided on asset allocation in a very broad sense. This can be easily confused with advice on investment strategies, which requires an AFSL. This is a particularly grey area.

Accountants don't need to be licensed to provide recommendations or statements of opinion on distributing available funds among different categories of investments such as shares, debentures, bonds, deposit products etc (e.g. shares, but not which classes of shares, such as international shares, or industry sectors or shares with franked dividends).

What type of advice can't accountants provide?

Accountants cannot provide advice about:

- the acquisition or disposal by a superannuation fund, including an SMSF, of specific financial products or classes of financial product;
- whether a person should acquire or dispose of a superannuation product; and
- a person's existing holding in a superannuation product, for the purpose of modifying an investment strategy or a contribution level.

As ASIC states in Info Sheet 216:

"Without an AFS licence, you may not advise your client about their retirement investment strategy, including whether your client should increase or decrease their contributions into their SMSF, what their overall investment strategy should be (e.g. what the target investment return should be and how to achieve this), or what contributions they should make to their SMSF relative to any other superannuation fund of which they are a member."

The IPA believes that the explanations given by ASIC indicate that the law and its application are

confusing and may lead to unintentional consequences.

We question whether the best interests of the client are being served by these arbitrary lines. The Treasury Super System Review (Chapter 8 – Self-managed super solutions), released in November 2015, called the accountants' exemption "clearly a quite artificial exemption".

Despite recommendation 8.7 that the accountants' licence exemption should not be replaced by any new exemption or restricted licensing framework, we contend that this undermines the policy objective of FoFA.

Policy objective – General outline and financial impact

The Corporations Amendment (Future of Financial Advice) Bill 2011 implemented the first components of the FoFA reforms. The reforms focus on the framework for the provision of financial advice.

The underlying objective of the reforms is to improve the quality of financial advice while building trust and confidence in the financial planning industry through enhanced standards that align the interests of the adviser with the client and reduce conflicts of interest.

The reforms also focus on facilitating access to financial advice, through the provision of simple or limited advice. To this end, the bill sets up a framework with the following features:

- a requirement for providers of financial advice to obtain client agreement to ongoing advice fees and enhanced disclosure of fees and services associated with ongoing fees (charging ongoing fees to clients); and
- enhancement of the ability of ASIC to supervise the financial services industry through changes to its licensing and banning powers.

The reforms also include the introduction of a requirement for advisers to act in the best interests of clients and a ban on conflicted remuneration, including commissions, volume payments and soft-dollar benefits.

Market failure

As stated above, the policy objective of FoFA was to provide affordable and competent advice to Australian consumers. According to ASIC Report 224 (December 2010), a survey at the time suggested that 60 per cent to 80 per cent of adult Australians have never used a financial adviser.

In the eight years since this report and the introduction of FoFA, we find that the numbers have not changed.

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry in Background Paper 6 (Part A), revealed that between 20 per cent and 40 per cent of the Australian adult population use, or have used, a financial planner or adviser.

The Productivity Commission observed that 48 per cent of Australian adults indicated having unmet financial advice needs, even though the number of financial advisers has grown by 41 per cent from 2009 to 2018.

The PC report found that the five main types of advice sought by consumers were:

1. Superannuation and retirement advice;
2. Loan and investment advice;
3. SMSF advice;
4. Other services – such as estate planning; and
5. Tax advice.

ASIC Report 562: *Financial Advice: Vertically Integrated Institutions and Conflicts of Interest*, January 2018, reviewed financial institutions' approved product lists and found that they comprised 21 per cent in-house products and 79 per cent external products.

However, as a result of receiving personal advice from the licensee's advisers, 68 per cent of the total funds invested by customers were placed into in-house products, with 32 per cent of such funds invested in external products. The ASIC report continues to state that overall, customers were not better off from the advice and that their best interests were not served.

Investment Trends' *2017 Financial Advice Report* found that demand for advice from financial planners is at a record high, with numbers of people intending to access advice increasing since 2013.

However, financial planners are not able to turn this demand into actual clients with planners typically losing three clients for every two they gain. One of the main problems is the substantial difference between the amount that Australians are willing to pay for advice ($750 on average) and planners' estimated cost of delivering advice ($2,500 on average).

Under the *Corporations Act*, generally before the financial service is provided, a retail client must be provided with a financial services guide (FSG) that contains information about remuneration, including commissions or other benefits to be received by an adviser.

If personal advice is provided, the retail client also generally receives a statement of advice (SOA), which includes information about the advice, the remuneration and commissions that might reasonably influence the adviser in providing the advice.

Before a product is provided, a retail client must further receive a product disclosure statement, which must include information about the cost of the product and other payments that may impact returns.

By this stage, the cost of advice has become more than some consumers are willing to pay.

Given the PC, ASIC, Hayne royal commission and Investment Trends outcomes, the IPA contends that there has been a significant market failure, which has occurred despite the FoFA reforms coming into operation and which warrants government intervention.

IPA's proposal

The IPA proposes that the government amend the licensing regime under the *Corporations Act* and Regulations to allow qualified accountants (defined under section 88B of the *Corporations Act*) to provide personal financial advice on SMSFs; with the scope of advice being extended to include that stated in Info Sheet 216.

To ensure regulatory oversight, we propose that the three professional accounting bodies (IPA, CA ANZ and CPAA) be 'accredited' to regulate their respective members.

Members of the three professional accounting bodies must have the requisite qualifications, undertake continuing professional development (CPD) on average 40 hours per annum, comply with a Code of Ethics (independently oversighted by the Accounting Professional and Ethical Standards Board) and are subject to disciplinary action for breaches of the standards.

Further, to ensure transparency and accountability, the accounting bodies could report annually (to ASIC) against an agreed set of criteria, which would be developed to indicate whether the new regime is operating effectively and as intended and to ensure the policy objective of the FoFA reforms are being met.

Additional monitoring and reporting requirements could be developed through consultation. We note that the code monitoring bodies under FASEA are an example where the government has accepted a more formal co-regulatory regime.

The proposed Qualified Accountants Financial Services Licensing Regime would operate to introduce a new class of licence for appropriately qualified accountants who are regulated by the accounting bodies. The scope of advice would include the areas currently included under the limited AFSL.

Expectations

The IPA will be vehemently advocating this proposal as we believe it is in the public interest to ensure that Australian consumers have access to competent and affordable financial advice, as envisaged by the FoFA reforms.

However, even though we remain positive and believe we have a compelling proposal, we are realistic about the challenge of achieving a change in legislation. That is, we are not expecting a change in legislation in the foreseeable future.

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The lock-up: An IPA advocacy commitment

For the uninitiated, the words lock-up can be unfamiliar, unnerving or, at the worst, a reminder of past transgressions

by Wayne Debernardi

Wayne Debernardi, general manager, media and strategic communications, IPA

The *Macquarie Dictionary* defines a lock-up as "a jail, especially a local jail to which offenders are taken before their first court hearing".

Please do not confuse this with the term 'lockout': also defined by *Macquarie* as the "the closing of a business, or wholesale dismissal of employees, because the employees refuse to accept the terms set by the employer".

Not such a savoury definition for either of the two terms.

What does the term lock-up mean to you? Is it one of imprisonment or the need to escape?

Neither may be the truth when it comes to IPA's advocacy work addressing the latest federal budget.

For the first time, my seventh budget appearance in Canberra for the IPA, I attended the 'brushing of shoulders with the regalia of lock-ups'.

I was somewhat apprehensive; semi-excited; all in all, semi-who-cares-less. The brushing of shoulders consisted of checking in, within the queue; resigning my mobile phone in a plastic bag, ensuring my computer was in flight mode and again, queuing into the 'lock-up'.

Silence prevails. The outside world does not breathe.

We enter a universe where the wannabes prevail and while we are all in the breathtaking mode of the possibility or the improbability of federal budget policy-making sense, cane toads have probably already crossed another border.

We sat and explored the show bag of goodies at any seat we could find; my selfish aim was to be close to coffee, water and food.

The government's glossy overviews and the two-plus kilos of budget documents outweighed most tables. After reading the glossies, I started on budget paper one and I take you back to my earlier question; 'or the need to escape?'

The difference, and a major difference: I was in the lock-up with the maestro of budget and budget lock-ups, Tony Greco, our general manager of technical policy.

Members should be very proud of having Tony represent them on an ongoing basis, not just at budget time, but throughout the year.

I have worked in many industries, sat on executive boards and worked as a business consultant for many years.

My very last lock-up was the final report of the royal commission into the Black Saturday bushfires in Victoria. That was tough considering my position at the time.

But here I was a novice when it came to federal budget lock-ups. I distilled what I needed to put out; three media releases (none of which could happen until we had left the lock-up).

But Tony, the mainstay, consistently represented the IPA, further consolidating my thoughts throughout the night, which was just the beginning as we headed back to Parliament House and then to the hotel, where the IPA team worked diligently to convey the budget results to all of our members.

A big night for our team to deliver the outcomes.

Would I prefer to be in lock-up or lockout? I was in very good company both during and post, as we worked late in the night to deliver the special edition of Technical Advantage to our members.

Interesting quandary – let's see. I was very proud to be there for the IPA...

I enjoyed the sausage rolls.

The IPA's BUDGET RECAP

The Morrison government's budget for 2019-20 delivered a sales pitch for small and medium-sized businesses and met several previously promised initiatives, predicted to give SMEs a shot at increasing productivity and improving their competitiveness

by Maja Garaca Djurdjevic

The budget headliner for SMEs was the extension of the instant asset write-off, passed swiftly in Parliament only two days following the budget reveal.

In what was declared a win for the SME sector, the Morrison government announced on 2 April it would further boost the instant asset write-off cap to $30,000, after deciding in January to lift it from $20,000 to $25,000 and extend it out until 30 June 2020.

The Institute of Public Accountants (IPA) welcomed the increase, but expressed disappointment that, in leaving the deadline at 30 June 2020, the Morrison government had ignored calls for the scheme to be made permanent.

"The increase in the instant asset write-off from $20,000 to $30,000 along with the increase in the turnover threshold from $10 million to $50 million is welcomed, but we believe this should be a permanent fixture of the tax system and not just an extension through to 2020," IPA CEO Andrew Conway said.

The morning following the release of the budget, the IPA held a federal budget breakfast in the Great Hall of Parliament House, Canberra, in conjunction with the Canberra Business Chamber.

Besides enjoying a breakfast with their peers, the attendees were treated to a rundown of how the 2019 federal budget would impact small business and the wider community, hosted by Leigh Sales and featuring John Kehoe of *The Australian Financial Review* and Katarina Taurian of Momentum Media.

Senator Zed Seselja and shadow assistant treasurer Andrew Leigh both shared their insight on the budget, while using the opportunity to pitch their agendas ahead of the election.

$30k

The amount the instant asset write-off cap was increased to in the 2019-20 budget

Key budget measures

Measures in the 2019 budget included the instant asset write-off cap increase, personal income tax cuts, a tax boost for low- and middle-income earners, a deferred start date for changes to Division 7A, a $525 million skills package, a refocus on the black economy and an increase in infrastructure spending.

Instant asset write-off

Besides increasing the instant asset write-off from $20,000 to $30,000, the Morrison government also expanded the scheme to encompass medium-sized businesses with an annual turnover of less than $50 million. This reportedly covers an additional 22,000 businesses, employing over 1.7 million Australians.

The policy was, at the time, predicted to cost the budget $400 million over four years.

"Every year this initiative, a signature policy recommendation of the IPA, is a dangling carrot come the federal budget. It needs to be permanent to give small business certainty in making reinvestment in their business decisions," Mr Conway said.

Personal income tax cuts

The Morrison government pledged to cut taxes for "hard-working Australians" by more than doubling the low- and middle-income tax offset.

The Coalition government assured low- and middle-income earners will receive a benefit of up to $1,080, that's up to $2,160 for a dual income family, to support consumption growth and ease cost of living pressures.

Taxpayers would be able to access the offset after they lodge their end of year tax returns from 1 July 2019, the Treasurer said in April.

The IPA, however, explained that although some of Australia's unincorporated small businesses may welcome the news of personal income tax cuts, many would not reap the benefit this year.

"The current low- and middle-income tax offset has in effect been increased from $550 to a new maximum of $1,080, but only for those within the income bracket level of $48,000 to $90,000. Those beyond this bracket will be waiting until 2024-25," Mr Conway said.

"In other words, tonight's announcement provides an increase of $550 in tax offset, for the chosen few," he added at the time.

On the flip side, however, Mr Conway clarified that there are indirect benefits associated with the immediate tax relief.

"Benefiting some 4.5 million individuals will help to incentivise spending and economic growth, which has recently slowed and is in need of a boost to maintain economic growth," he said.

Further tax cuts

The Morrison government pledged to bring forward the increases to the unincorporated small business tax discount rate, rising from 8 per cent currently to 13 per cent in 2020-21 and to 16 per cent from 2021-22.

Mr Conway explained that while it is pleasing to see the unincorporated small business tax discount increased, it is disappointing that the cap has remained up to $1,000 each year.

"This $1,000 cap is now out of kilter with company tax rates that have been progressively reduced in recent years, putting unincorporated entities at a disadvantage," he said.

Additionally, the Treasurer said that businesses with a turnover of less than $50 million will benefit from a tax cut, with the current 27.5 per cent rate dropped to 25 per cent by 2021-22 – five years earlier than planned.

Deferred start date for changes to Division 7A

The Morrison government said in April it is deferring the start date for changes to Division 7A from 1 July 2019 to 1 July 2020.

The IPA welcomed the deferral, praising Division 7A for being "all about integrity measures" primarily aimed at private company loans, payments and debt forgiveness to shareholders or their associates.

The Coalition government issued a consultation paper in October 2018, seeking views on the proposed implementation approach for the amendments to Division 7A.

"The consultation paper was not well received by stakeholders, particularly in its deviation in a few critical areas when compared to recommendations detailed in the 2014 Board of Tax review of Division 7A," said Mr Conway.

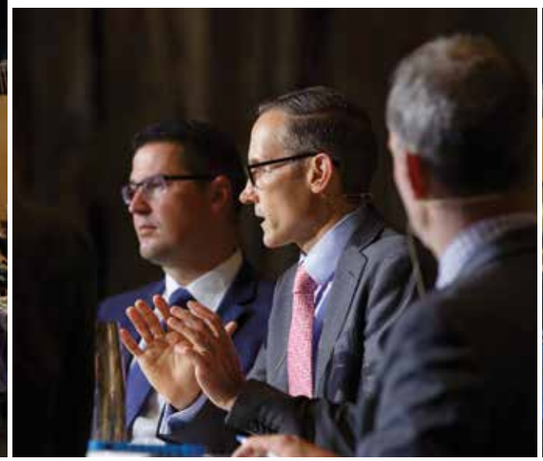
He stated at the time that the IPA is pleased that the changes proposed in the consultation paper will be subject to further consultation with stakeholders.

"This deferral announcement comes with a sigh of relief as it removes some of the uncertainties that practitioners faced trying to advise clients with Division 7A issues prior to 1 July 2019 deadline without any definitive legislation," said Mr Conway.

Skills package

The Morrison government also allocated funds for a new skills package in the amount of $525 million, which would create an estimated 80,000 new apprenticeships in sectors with skill shortages.

Moreover, businesses that hire apprentices in these industries were promised incentive payments worth $8,000 per placement, double the previous amount.



the IPA held a federal budget breakfast in the Great Hall of Parliament House, Canberra, in conjunction with the Canberra Business Chamber

Addressing the country-wide literacy problem, the Morrison government said it will invest $62 million to boost literacy, numeracy and digital skills and provide further funding to increase participation for women and girls in STEM.

Additionally, in order to remedy youth unemployment in regional areas, it announced 10 "training hubs" across Australia.

Black economy

The Coalition government on 2 April reiterated its focus on combating the black economy by revealing it will extend funding for the ATO's Tax Avoidance Taskforce until 30 June 2023.

The extension was estimated to raise a further $4.6 billion in liabilities over the next four years.

It also confirmed additional resources will be made available to financial regulators following the banking royal commission.

Infrastructure spending

The Morrison government announced an increase in infrastructure spending – $100 billion over 10 years, which was viewed as a positive for all Australians.

Mr Conway welcomed the news on behalf of the IPA.

"The government's infrastructure announcements can be of benefit to small business as long as they can access and be active participants in the supply chain," he said.

Labor's response

A couple of days following the budget announcement, Bill Shorten used his budget reply speech as a launching pad for Labor's election campaign.

On 4 April, Mr Shorten made it clear that Labor would put a heavy focus on Medicare by announcing its intention to invest $2.3 billion to help cancer patients with the cost of scans, medical appointments and treatment over the next four years.

"Every year, 300,000 Australians who need radiology don't get it because they can't afford it," said Mr Shorten. "That's 300,000 of us. We're a smart country. We've got the best healthcare staff. We are a rich country, a generous country. We are better than the statistics I read out."

Mr Shorten also unveiled Labor's plan to match the Coalition's personal tax cuts for low and middle income earners. He said that no matter who Australians vote for, if they are earning between $48,000 and $126,000, they will get the same tax break.

Under his government, however, the 2.9 million Australians who earn less than $40,000 "will get more", Mr Shorten said at the time.

He portrayed the policy as a relief for the working mother, with lower taxes for lower income and part-time workers.

"About 57 per cent of these (low income Australians) are women – child care workers, classroom assistants, hairdressers, office managers, and they are parents returning to work part-time," he said.

Read this online at publicaccountant.com.au

"Tonight, I am pleased to say that in Chris Bowen's first budget, Labor will provide a bigger tax refund than the Liberals for 3.6 million Australians – all told, an extra $1 billion for low-income earners in this country."

But in a move that undermined the Morrison government, Mr Shorten revealed that Labor would reject the Coalition's second and third tranches of tax cuts, projected to cost $143 billion between 2022 and 2029.

Calling it a "flat-tax experiment way off in the future", Mr Shorten said the Liberal's scheme would see a nurse on $50,000 paying the same tax rate as a surgeon on $200,000.

"We won't back a plan that gives a retail worker on $35,000 less than $5 a week while an investment banker pockets more than $11,000 a year," said Mr Shorten, while pitching zero tax cuts for those with a wage between $120,000 and $200,000.

The Opposition Leader reinforced Labor's plans to limit negative gearing to new properties from 1 January 2020.

"Instead of patronising millions of young Australians with lectures about cutting back on smashed avo, why don't we tell them the truth? Getting together a 20 per cent deposit plus stamp duty is much, much harder than it was 20 or 25 years ago," Mr Shorten judged.

The Opposition Leader did not overlook education, pledging to double the size of its rebuilding TAFE program – up to $200 million to renovate campuses in regional and outer suburban Australia – and pay upfront fees for 100,000 TAFE places.

"I am proud to announce that 20,000 of these places will be allocated to a new generation of aged care workers and paid carers for the NDIS," he said.

Mr Shorten also reiterated infrastructure funding commitments and vowed to take climate change seriously.

THOMSON REUTERS

On the move and in the cloud

What it takes to grow 25% year on year

Building an accountancy service from the ground up is no easy feat. Try growing your annual revenue along a steep curve and it's even harder.

Thomson Reuters Tax and Accounting

Business owners in the tax and accounting industry are facing increasing digital disruption and a new generation of clientele. But are they braced for what's to come? According to research by *CPA Australia*,

> 92% of accountants are not feeling future ready*.

If this describes you, then gearing yourself up for the future may be simpler than you think. Take Jen Heath, Brisbane-based owner of *Blue Ribbon Accounting* for example. She's one of our *Onvio* customers - a cloud based, end-to-end tax and practice management software.

Blue Ribbon Accounting has held a strong track record over the last ten years from its humble beginnings in Brisbane. Naturally, we had to find out why.

Ms Heath runs a mobile accounting, advisory and tax returns business, primarily serving her clients in their homes, usually over a cup of tea or coffee.

> "Face to face service is so important. We are looking after people's personal and financial well-being, so a solid relationship, solidified with trust and assurance is necessary," she says.

Prior to launching *Blue Ribbon Accounting*, Ms Heath drew on her early career years at a big corporate firm to identify the ideal service for her customers. Essentially, the experience provided clarity on what to move away from.

"The traditional view of the accountant and the confinement that comes with larger practice is something I do not identify with. My clients are not a number in a churn and burn business."

Part of this break with tradition includes Ms Heath paying visits outside typical hours when needed, as her busy customers often run businesses of their own.

Accounting business essentials

There are two features Ms Heath's service could not survive without: the ability to operate 100% mobile and adopting the latest and most efficient technologies.

> "I'm on the road all the time. All I need is my laptop, an internet dongle, my mobile eftpos and I am set. Thanks to this, I have an exceptionally strong referral base and will be looking to expand in the short term," says Ms Heath.

When you're relying on software to help streamline your services, opting for products which cater to your needs is vital. That's why Ms Heath dabbled in desktop programs before moving to the right cloud-based solution for her business.

> "I now use Onvio, which has enabled me to grow 25% year on year due to sheer mobility. It is easy to use and intuitive, a big step up from other programs I've used."

"Thanks to Onvio Tax, I'm able to lodge on the spot, print to PDF and email the client. It is honestly that simple," she adds.

Ms Heath added that Onvio has helped her develop strong billing relationships and enabled her to track distributions and dividends.

As for the introduction of MyTax in recent years - a common elephant in the room for accountants - Ms Heath said its impact has been interesting.

"Some clients have left me for MyTax, but often they come back after realising they need more advice! What I give them is the confidence that they're getting the best return."

The modern day accountant

Through dealing with a range of clients over the years, Ms Heath has become well attuned to what Australians are looking for in a go-to accountant.

"People want to be understood. For me, understanding their business and the challenges they face is paramount to offer the service they require. It is important for me to make them feel comfortable. After all, they are trusting me with their business," she says.

As for the qualities the "future ready" accountant should have, Ms Heath says you need to be driven and deeply understand your clients' needs.

> "It's all about providing a personal touch, adding in life experience and being able to understand exactly what people are looking for," added Ms Heath.

Through her efficient and future-thinking style of working, Ms Heath has managed to devote more time to building rapport with her customers.

> It's a simple, yet effective way of doing business.

Learn more

Call **1800 074 333** or visit **tax.thomsonreuters.com.au/onvio** for more information or to sign up for a free demonstration.

** CPA Australia of the Future Study*

39th
Australia's overall gender gap ranking

The economic empowerment OF WOMEN MATTERS

At the current pace, it will take 108 years to close the global gender gap and 202 years to achieve parity in the workforce

by Maja Garaca Djurdjevic

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These alarming statistics were published by the World Economic Forum in its latest *Global Gender Gap Report*. Besides illustrating the painfully slow progress among the 149 countries that were indexed this year, the results show that it will take an additional eight years to close the gender gap compared with last year's estimate.

Australia is one of several countries that have experienced a widening of their gender gap and a reversal of progress on wage equality, according to the World Economic Forum.

Considering the last nine years, Australia's overall gender gap ranking has deteriorated from 23rd position in 2010, to 25th in 2012, to 35th in 2017, and to 39th in 2018.

Despite recent local statistics suggesting that women are becoming an essential part of the Australian workplace, data from the WEF shows that there still remains a tremendous amount of work to be done to close the gender gap.

The fight for equality continues

Women's fight for equality goes back to the 19th century. But what was once a fight for the right to vote and hold office, has become a fight to end sexual harassment and to empower women.

In 1972, the Australian Conciliation and Arbitration Commission (ACAC) ruled that women and men undertaking similar work that had similar value were eligible for the same rate.

A year later, ACAC made another important step by granting equal minimum wage to all Australians, regardless of sex, and in 1974 the 'breadwinner' component of a male wage was removed.

While these legal changes are now viewed as important steps towards equality between sexes in the workforce, over half a century later women are still earning substantially less than men.

Earlier this year, the Australian Bureau of Statistics (ABS) revealed that the national gender pay gap stands at 14.1 per cent. And although it is now at its lowest point in over 20 years, the national gender pay gap has alarmingly hovered between 14 per cent and 19 per cent for the past two decades.

Using the latest ABS Average Weekly Earnings trend series data, the Workplace Gender Equality Agency (WGEA) revealed that the 14.1 per cent gap corresponds to a difference of $239.80 per week for a full-time employee.

And while the news of a shrinking pay gap has been welcomed by some, others are cautious of the results.

Libby Lyons, director of the WGEA, recently warned that we need to keep our foot on the pedal and maintain momentum.

Ms Lyons explained that the national gender pay gap remains an important reminder that women continue to face significant barriers in the workplace.

"It reflects that women's work is traditionally undervalued and women are under-represented in senior executive and management roles," she said in a statement earlier this year.

The Institute of Public Accountants has long campaigned for Australian employers to take action on diversifying their businesses to promote gender inclusion and equal pay for equal work.

Vicki Stylianou, executive general manager of advocacy and technical at the IPA, says that the group is very conscious that it can set an example and encourage others to improve their gender and diversity outcomes.

"We have developed a diversity strategy which has essentially three layers or tiers which reinforce each other and cover our board of directors, membership and staff," Ms Stylianou explains.

"It takes a longer-term view of ensuring a sustainable pipeline of new talent which supports gender and diversity outcomes."

Considering accounting

According to WGEA's recent report into gender equity, the finance and insurance sector consists of 48.1 per cent women, yet the share of female full-time managers is only 37.7 per cent.

"The accounting profession has greatly benefited from the emergence of new female leaders," Ms Stylianou says.

"We are seeing more females going into private practice and taking on senior roles which were previously dominated by males."

Women's history in accounting dates back to World War I, which saw women occupy seats in the finance sector as the men left to fight on the frontlines.

Among the pioneers was "Australia's first lady of numbers" , Mary Addison Hamilton.

In 1915, she became the first woman to gain membership in a recognised professional accounting body in the British Commonwealth, the Institute of Accountants.

Ms Hamilton's admission to the institute, initially recorded in the minutes of meetings of the WA Institute, also appeared in *The West Australian* newspaper in 1915.

Three years later, *The Accountant* (UK) acknowledged Ms Hamilton as the first woman in the Empire admitted by examination to a recognised accounting body. This news item was subsequently reproduced in Australia's first accounting journal, *The Public Accountant*.

Today, women are fairly equally represented in accounting, believes Natasha Janssens, the founder of Women with Cents and Sova Financial.

Read this online at publicaccountant.com.au

"With regard to the accounting profession, it certainly has a greater female representation than others in the finance field – with the split nearly 50/50 between men and women in accounting while other finance professions such as mortgage broking and financial planning remain heavily male dominated," says Ms Janssens.

Ms Stylianou agrees, but explains that greater diversity is reflected at graduate levels than at senior levels in accounting.

Research indicates that there is still a significant gender pay gap – double the national average pay gap.

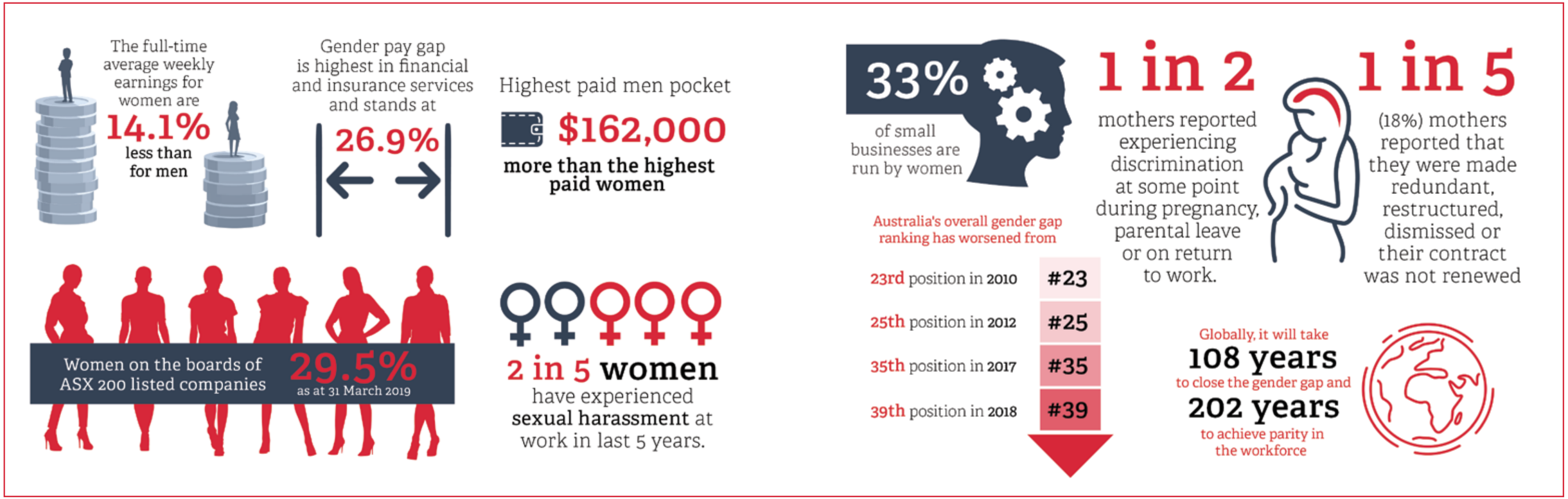
According to WGEA, the differences between women's and men's average weekly full-time earnings across all industries, including the private and public sectors, shows that across Australia the gender pay gap is highest in financial and insurance services and stands at 26.9 per cent.

In accounting alone, the pay gap stands at over 30 per cent according to the latest statistics from the ATO.

"This is huge and needs a lot more action if it is to equalise in an acceptable period of time," Ms Stylianou notes.

One of the main reasons for the gender pay gap and its slow reversal is unconscious bias, believes Ms Janssens – in other words, the way that both men and women value women's contribution.

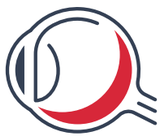
"For generations, women have been viewed and treated as second class citizens and it is only relatively recently that women have been given the right to an education, right to vote, right to own property or even have their own bank account," Ms Janssens judges.



Top 5 occupation male average taxable income and female average taxable income

Neurosurgeon

Male	pay gap	Female
$612,827	54%	$281,179



Ophthalmologist

Male	pay gap	Female
$577,679	56%	$252,212

Cardiologist

Male	pay gap	Female
$525,415	43%	$300,354

Plastic and reconstructive surgeon

Male	pay gap	Female
$502,246	49%	$255,450

Otorhinolaryngologist

Male	pay gap	Female
$496,842	46%	$270,067

"So, it is going to take time for us to unlearn a lot of our behaviour as a society."

She notes that studies that show that fields dominated by women have lower wages than fields typically male led suggest that women don't value their own work.

"This in turn also impacts the way women view themselves, and their own self confidence and ability to be more assertive when it comes to pay negotiation," Ms Janssens notes.

Apart from being a professional in financial services, Ms Janssens is also a small business owner.

Small business – Big women

Ms Janssens first decided to become self-employed because she didn't want her vision or reach to be restricted by anyone. At the time, she also planned to start a family and wanted more control over her hours.

In 2013, Ms Janssens started her holistic finance practice, Sova Financial, and a year later she gave birth to her first child. She says that there are many pros to women becoming self-employed.

The latest statistics from the ABS show that over the past two decades the number of female-run small businesses has grown by 46 per cent.

Of the 3.3 million small businesses in Australia, around 33 per cent are run by women, the data shows.

"The statistics suggest that the number of self-employed women is growing at a faster pace than that of men, which indicated that women are turning to self-employment as a way around many of the obstacles they face in the workplace," says Ms Janssens.

She advises other women to not underestimate their value.

"If being in business for yourself is something that interests you or you would like to try – I say go for it! What do you have to lose?" Ms Janssens adds.

Breaking through the glass ceiling

While the number of women run businesses is growing, men still outnumber women on big company boards.

According to the Australian Institute of Company Directors (AICD), women account for 29.5 per cent of the boards of Australia's largest 200 listed companies as at 31 March 2019.

AICD managing director and chief executive Angus Armour says the results are disappointing.

"At the beginning of this year we expected to achieve our 30 per cent target imminently, but unfortunately the overall percentage has fallen since the start of this year," he says.

The latest statistics also reveal that there are still four companies with no women on their boards, while 50 companies only have one.

"Far too many companies appear to think that diversity stops after the appointment of one woman," says Mr Armour.

"Diverse boards help prevent group-think, leading to better outcomes for shareholders, consumers, employees and the community. They promote greater innovation and improved bottom lines."

However, despite the positive, a research paper issued in March by the Bankwest Curtin Economics Centre (BCEC) and the WGEA suggests that based on current growth patterns, female CEOs will have to wait another 80 years before achieving equal representation with their male counterparts.

The findings reveal that while the glass ceiling is receding, it is doing so at a very slow pace, with the highest paid men in Australia pocketing a minimum $162,000 more than the highest paid women.

Workplace harassment

In addition to undervaluing women, workplaces can be a danger to a woman's wellbeing, the Australian Human Rights Commission (AHRC) revealed last year.

The AHRC released a national survey in 2018, which investigated the prevalence, nature and reporting of sexual harassment in Australian workplaces and the community more broadly.

The results exposed a high rate of sexual harassment in Australian workplaces, with two in five women (39 per cent) reporting that they have experienced sexual harassment at work in the last five years, and mostly at the hands of a male co-worker.

Additionally, in 2014 a national review carried out by AHRC revealed that a staggering one in two (49 per cent) mothers experienced discrimination in the workplace at some point during their pregnancy, parental leave or on return to work.

Furthermore, one in five (18 per cent) mothers were made redundant/restructured/dismissed or their contract was not renewed, either during their pregnancy, when they requested or took parental leave, or when they returned to work.

> For generations, women have been viewed and treated as second class citizens

Experts have argued that addressing gaps in anti-discrimination law would help to reduce the effect of discrimination on women's workforce participation.

And while all agree that a macro approach is required to combat workplace harassment, a 2014 study by PricewaterhouseCoopers showed that for every dollar spent on successfully implementing an appropriate action, there is on average $2.30 in benefit to be gained by the organisation.

A study carried out by McKinsey and Company in 2017 echoed that gender diversity is correlated with both profitability and value creation.

"We found that having gender diversity on executive teams, specifically, to be consistently positively correlated with higher profitability across geographies in our data set, underpinning the role that executive teams – where the bulk of strategic and operational decisions are made – play in the financial performance of a company," McKinsey said in 2017.

But the benefits are also global. Besides individual gains, the United Nations revealed that increasing female employment rates in OECD countries could boost the OECD GDP by over US$6 trillion.

So, the bottom line is, "the economic empowerment of women matters", Ms Stylianou concludes.

Blood is thicker than water... OR IS IT?

Australia has been keeping a close eye on the Brexit saga and as the UK edges closer to exiting the European Union, Australia is readying itself for potential economic repercussions

by Maja Garaca Djurdjevic

With the Brexit deadline extended several times and the United Kingdom held up in a hostage crisis of competing interests and political power struggles, Australia is trying to work out how best to approach trade negotiations with the soon to be former EU country.

At the onset of Brexit talks, associate professor at Sydney University Mark Melatos suggested in an expert submission to the joint standing committee on foreign affairs, defence and trade, that Australia should wait for the larger trading nations to negotiate trade deals with the UK.

He explained at the time that countries such as Canada and the US could pave the way for Australia to build on concessions and secure better terms in a deal for itself.

"Brexit makes it difficult for Australia, because we don't yet know what the UK's trade status will be once it makes its exit from the EU," said Mr Melatos.

Two years on, and due to all the uncertainties surrounding UK's departure, Australia is still in the dark. Despite its strong desire to negotiate a free trade agreement (FTA) with its loved grandparent, work on this cannot begin until the UK has resolved its exit terms.

Given this extra time, Australia has set its sights on the EU, with whom it launched formal FTA negotiations on 18 June last year.

Currently, Australia is at the third round of negotiations with the European block, with a fourth round scheduled for early July in Brussels, Tim Goulain, director of policy and networks at the European Australian Business Council, tells the Public Accountant.

"Negotiating an FTA is an intensive process, given the sophistication of the two economies and complexity of the texts in play.

"Covering areas such as regulatory harmonisation, e-commerce, copyrights, rules of origins, services liberalisation, and many others," Mr Goulain explains.

The Liberal Party had pushed for the FTA to be settled before the election, however, given the intricacy of the task at hand, the timeline has been pushed back to 2020.

"Although we warmly welcomed the political push to fast-track a conclusion before the federal election, we are conscious that such a deal takes two to three years to be concluded, and hope for an agreement to be reached in 2020," Mr Goulain says.

The IPA's headline findings

- 2,238,299 actively trading SMEs operating in Australia at the end of 2016-17
- They generated $379 billion worth of industry value added to the economy and employed 7 million people
- Australian SMEs contributed 14 per cent of the total export revenue of goods and 27.4 per cent of service-sector exports (2015-16)
- Between 2009 and 2014, 80 per cent of SMEs were active in local markets while 12.5 per cent were involved in overseas markets
- More than one in 10 SMEs generated income from direct exports: with 7.5 per cent of income generated by the direct export of goods and 4.8 per cent by the export of services

EU v UK

As a whole, the European Union is Australia's largest economic partner.

The EU sits behind China, but in front of the US and Japan, on the list of Australia's top trading partners with $100 billion in total trade.

However, Europe's investments in the Australian economy greatly surpass that of China.

In fact, the EU is by far the largest foreign investor in Australia, with its two-way investment relationship worth $1.8 trillion, Mr Goulain reveals.

The FTA, which will constitute the legal framework to liberalise trade in goods and services and improve conditions for investment, is expected to build on these figures and facilitate further business links.

The FTA is also anticipated to be a game changer for the almost 2,200 EU companies operating in Australia (equal to 22 per cent of all foreign companies), which employ over 350,000 people

"Beyond this current picture, the trend is also extremely positive, with great appetite from businesses on each side in sectors including renewable energies, infrastructure, innovation, as well as increasingly in services," says Mr Goulain.

Britain, on the other hand, is Australia's equal seventh largest two-way trading partner, worth $27.8 billion in 2017-18, and its third-largest services trading partner.

Australia's principal merchandise exports to the UK are gold, lead and wine.

The UK is also the second largest source of foreign investments in Australia, with the stock of investment valued at $481.3 billion in 2017.

However, what these stats fail to show is that the value of Britain's trade with Australia is greatly enhanced by it being a member of the EU.

Britain is Australia's gateway into the European market, but its value could diminish post Brexit. In a context where the UK would have limited access to the EU markets, would it still be considered a foothold in Europe?

"The value of the UK as a trade partner to Australian firms is mostly as a gateway to accessing the EU common market. Post-Brexit, the UK's value to Australian firms (and as a trade agreement partner) is likely to be greatly diminished," warned Mr Melatos in his submission.

Ian Lincoln, the president of the Australian Institute of International Affairs NSW, explains that the EU without Britain is much more important to Australia than Britain without the EU.

But, historical links between Australia and Britain add a noteworthy weight to the equation.

"Europe without Britain consists of a large number of important economies. But of course, it's substantially easier to deal with Britain because of the long historical context, but also cultural aspects like language, familiarity of institutions, and the confidence that comes from dealing with people with similar systems, such as banking," explains Mr Lincoln.

Brexit and EU-AU FTA negotiations

With the EU-Australia FTA negotiations well underway, and given the high level of uncertainty surrounding the outcome of Brexit, many are questioning whether the UK's European divorce could hinder talks between Australian and the EU.

Mr Goulain believes it is unlikely Brexit will cause a notable impact.

"At this stage, and until Brexit happens, Australia is negotiating with the EU-28," he explains.

"Once Brexit happens, and given the significance of the bilateral trade and investment relationship, Australia and the UK have made clear that they would start discussions for a comprehensive FTA to be established as soon as possible."

$100 BILLION

The two-way trade value for **Europe** and Australia. Britain and Australia two-way trade is valued at $27.8 billion

Key benefits

- Significantly improved market access for Australian exports
- Guaranteed access for Australian services providers
- Expansion of two-way investment flows
- A more predictable and seamless business environment
- Rules to support the digital economy and innovation
- Reduced costs and red tape, particularly for small and medium-sized enterprises
- Greater consumer choice
- High standards, including on sustainable development

EU-AU

- 2,200 EU companies in Australia
- 1,200 Australian majority-owned affiliated in EU
- $100 billion two-way trade
- $1.8 trillion two-way investments

But, besides its close ties to the UK, Australia has had a longstanding relationship with the EU, spanning over 50 years.

"The EU and Australia enjoy a relationship regarded as both constructive and substantial," Professor Philomena Murray and Dr Margherita Matera said in a paper published by the Australian Institute of International Affairs last year.

"Following decades of clashes and skirmishes, Australia's relationship with the EU has evolved significantly to reflect an all-of-government engagement with the EU, its institutions and member states," the professorial team emphasised.

The two sides now share values and a similar approach to global challenges, key amongst which are the promotion of international peace and stability, sustainable development, good governance, rule of law and human rights.

Looking ahead, Australia has made it clear that the FTA with the EU is its priority, Mr Goulain reiterates. But despite its focus on the EU-27, it has established a working group to explore options of a future Australia-Britain FTA.

"The negotiations with the EU are well underway, with both sides having committed to a fast-track process towards an ambitious deal.

Britain-AU

- 298 UK firms operating in Australia
- 285 UK foreign financial services providers in Australia
- $27.8 billion two-way trade (2017-18)
- $815 billion total two-way investment relationship (2017)

"In the event of a no-deal Brexit, the UK will be able to launch free trade agreement discussions with other partners, however with up to 50 per cent of its trade with the European Single Market, arguably the most important FTA for the UK to conclude from the outset will be with the EU."

The case for small business

According to the Australian government, an FTA with the EU will provide Australian exporters with a competitive edge, opening the door for Australian businesses to large export markets and increasing their access to goods and services at lower prices.

International trade creates jobs, says the Department of Foreign Affairs and Trade (DFAT), with one in five Australian workers, or 2.2 million people, employed in a trade-related activity; of which 1.57 million work in connection with exports and 671,000 with imports.

Additionally, the Australian government has announced that it is also due to seek commitments to address the non-tariff barriers (NTBs) impeding trade in goods with the EU.

"We will address behind-the-border barriers to services trade in order to reduce red tape and restrictive licensing requirements. A key priority will be to achieve outcomes that assist small and medium-sized enterprises," DFAT said.

However, the Institute of Public Accountants (IPA) has cautioned that the performance of Australian firms in international markets is becoming increasingly vulnerable to the global context.

Globalisation, together with the increasing turbulent international business environment, has had significant effects on the internationalisation of small firms, the IPA cautioned in its recent Small Business White Paper.

"Economic and political changes, such as the UK's decision to withdraw from the European Union, the Trump administration's initiatives in the USA and tensions arising from developments in North Korea, may create uncertainties for SMEs seeking and operating in international markets," the IPA said.

It pointed out that Brexit has either directly or indirectly influenced the internationalisation behaviour and planning of UK SMEs, which could spill over on their international trade activities with foreign partners and suppliers based in Australia.

"Recent evidence suggests that 32 per cent of the surveyed UK SMEs expressed their concerns about the negative impact of Brexit [on] their businesses, and 35 per cent of SMEs have cancelled their expansion plans as a direct consequence of Brexit," the IPA revealed.

On the upside, however, the IPA judged that such global disturbances may also give rise to potential market opportunities.

"Despite the increasing uncertainty resulting from Brexit, it may be also seen as a potential opportunity for Australian businesses to increase the trading flow with UK firms," the IPA said in its White Paper.

Indeed, DHL's Export Barometer 2018 (which surveys exporters around Australia about conditions affecting their global business prospects) discovered that although the Brexit melodrama has painted a pretty grim end for UK's EU divorce, Australian exporters will continue to focus on this market.

Namely, 11 per cent of Australian exporters are making plans to expand to the UK. But Europe is clearly becoming more appealing, with 17 per cent of respondents saying that Europe is their preferred new territory for export.

So, while Brexit is straining UK's trade and dampening investments, Australian businesses are clearly eager to explore new avenues.

NOT BAD *for a non-accountant*

Trent McLaren was Australia's Thought Leader of the Year in the accounting industry in 2017. But his journey to success began as a pastry chef in a small-town bakery at the age of 18

by Maja Garaca Djurdjevic

→

Trent McLaren had average grades in high school, but excelled in sports, particularly basketball. His parents sacrificed their weeknights and weekends to make sure he was trained by the best, to be the best. So, in order to repay them for supporting his teenage dreams, Mr McLaren took up the 'graveyard run' at the Yarragon Bakery as a pastry chef.

He spent his nights in the kitchen, baking all of the Aussie favourites. Iced donuts, apple crumble turnovers, the famous vanilla slice, scones and pies… Mr McLaren mastered them all and became a celebrity of sorts among the 400 or so inhabitants of Yarragon.

His work ethic, which would see him become Australia's Thought Leader of the Year in the accounting industry in 2017, was inspired by his boss Les, who worked tirelessly to make a success of his bakery business.

"He'd be there from midnight until 9am, six or seven nights a week. If someone called in sick, he was there," Mr McLaren says.

Perseverance is key

But it was Mr McLaren's parents who instilled in him a drive to help people in need, and against all odds.

"I was asked to play basketball at an Easter classic in Adelaide one weekend. I felt so bad because I knew if I did play, Les would have to work all Easter, which was a busy trade period. My mum and dad were so supportive of the scenario that they suggested I fly back to do my shift and then return to Adelaide," recalls Mr McLaren.

"So, my mum and I took the bus to Adelaide with the team (nine hours), I then played three games of basketball on the Saturday, flew back to Melbourne after my final game, got picked up by my dad who drove me straight to the bakery and I did my nine-hour shift. I then got back in the car, back to airport and back to Adelaide to finish the tournament."

But his sporting and work successes meant that school took a backseat.

"I actually wasn't a fantastic scholar, I finished high school with a VCE score of 28/100. I remember the day I got the email prompting me to click on a link to view my score. When I got to the page it said that because my score was less than 30, I had the option of not viewing it," Mr McLaren explains.

"Whilst I excelled at subjects like English, writing and public speaking, I wasn't super interested and to be honest I had no idea who I wanted to be in the world. I had an interest in business and economics but never pursued it, and I had no plans to go to university."

When Les decided to sell his business, Mr McLaren decided it was time to move on. After a short stint as a salesperson at Safeway bottle shop, he decided to leave Yarragon for Canberra. There he would eventually begin his transition into the tech industry.

"In Canberra, I transferred to a new Woolworths bottle shop, where I worked 70-80-hour weeks as a 19-year-old. I was keen to progress somehow in my career and kept a close focus on climbing the ladder," Mr McLaren says.

"After burning out, partying and working too much, I took a side-step into fashion retail at the age of 20. I became the third in charge at Surf Dive 'n' Ski, then second in charge, and eventually I opened up the first General Pants store in Canberra as the store manager at 22."

Trent travels the world speaking about the latest trends and approaches businesses are taking in the digital age

Then one day, two years into his store manager role, he met his future wife Melissa, who inspired him to pivot into an office role.

"I stumbled across a company called eWAY, and this is where my journey into the accounting industry began," Mr McLaren notes.

He was 23 at the time.

"I moved into a sales-based role, and this is where I developed a new way to work hard. Not by physically lifting cases of beer, or prepping shop windows, but by using technology, well placed emails, timely phone calls and all the other tricks you need to learn to be successful," he says.

Payment provider eWAY was one of the first to build an integration into Xero in 2013. Mr McLaren soon became the first point of contact for all Xero partners wanting to learn more about online payments and credit card processing.

"This is where I came to learn all about the accounting tech industry; eWAY became an add-on partner of the year for Xero during my time and this is also where I met my current employer, when I helped him set up online payments for his accounting firm six years ago," Mr McLaren explains.

He adds that the transition from kneading dough to guiding accountants wasn't as difficult as many have thought.

"It has always been about understanding who I'm talking to, what I'm talking to them about and how can I help," Mr McLaren explains.

Breaking barriers

He says that while he was never the smartest person in the room, he was always eager to "shut up, listen and learn".

"I didn't need to be an accountant to be able to help other accountants. I needed to be able to understand their problem and then share any other stories or solutions that I had heard from other accountants," Mr McLaren says.

"I was the middle man for everyone else's knowledge. I would often say I was a sponge; I'd soak up everyone else's ideas and success stories, and then try to squeeze that out to people who needed to hear that information to improve their situation."

It was then, at the age of 26, that Mr McLaren was nominated for the Thought Leader of the Year at the Australian Accounting Awards for his outstanding contribution to the industry.

"Winning this award was truly unbelievable. I was 26 years old, a non-accountant up against people that had been working in the accounting profession for a very long time. On paper it sounds crazy," he admits.

This reputable industry award enabled Mr McLaren to crash through the glass ceiling, giving him the confidence to step up and speak out. Looking back now, he believes that the award was a little premature, because the following 12 months would be some of the biggest for him professionally.

"It's been a wild ride, that's for sure. During my time at eWAY and then at QuickBooks I'd placed more emphasis on my social media profile and trying to reach more people more efficiently. I landed a random speaking gig in Latvia, eastern Europe, at a non-English speaking accounting conference just before winning the award, so I'd had a little bit of momentum," Mr McLaren recalls.

"But once the award came through, it opened up so many new opportunities, both personally and professionally. I managed to travel and speak across the US, UK, Europe and around Australia at least five or six times during that next 12-18 months."

Today, Mr McLaren works for Practice Ignition as head of accounting.

His career has been an incredible journey so far, and one he wants to take even further. In December, he completed a Master of Business Administration after deciding he was "keen to see how far I can take this life".

Read this online at publicaccountant.com.au

"I still can't believe that this all started from the bakery 11 years ago with me and an idea that I was going to get out there and do something meaningful regardless of what my high school VCE score said."

Recently, Mr McLaren and his wife relocated to the UK and are currently based in London.

As for baking, Mr McLaren jokes that it's "no fun unless it's for a $9 per hour minimum wage".

"With the number of things going on in our lives, it does make it hard to have a normal balance at home. Currently in my global role I could be up at six and still doing a video conference at midnight back in Australia with my team or partners," he says.

"I wouldn't change anything about it, and honestly I'm more excited for where I'll be in the next five years, considering how far I've come in the last 11."

Paying it FORWARD

From two travel bags to a successful accounting business, Kaleem Ulah has achieved ample success, and fast. But aside from growing his business, one of his biggest passions is giving back and paying it forward

by Maja Garaca Djurdjevic

At the age of 18, Kaleem Ulah decided to leave Pakistan and travel to Australia on his own. But, upon arriving in Sydney, Mr Ulah realised he was in serious trouble.

He was too stubborn to let his father organise his travel. So, with $1,500 in his pocket and his belongings packed neatly in two travel bags, Mr Ulah hailed a taxi and said "take me to where the Pakistanis live".

"I was just standing there at the airport with nowhere to go. So, I thought best ask the taxi driver," recalls Mr Ulah.

The taxi driver dropped him off in front of a mosque, in Sydney's western suburbs, at midnight.

Luckily, right next door was a home for international students, where Mr Ulah would live in a shared room before relocating to Adelaide.

From engineering to accounting

Initially, Mr Ulah enrolled in a software engineering course at Sydney TAFE. But following a chat with an immigration agent, he decided to pursue a diploma in accounting instead.

After completing this first step and developing a fondness for accounting, Mr Ulah enrolled in a Bachelor of Accounting in Adelaide.

The Australian workforce intimidated him at first, but his adeptness saw him strike an arrangement with his uni professor.

The deal was, Mr Ulah would bring in the clients and fill out their tax returns on a makeshift form. He would pass on the forms to his professor, who would then submit them to the ATO.

He printed his own fliers and dispersed them throughout his suburb.

A year later, however, the word about his know-how spread across Adelaide and clients began to approach him on their own.

Having completed his degree, Mr Ulah was on the prowl for a new job. One day he stumbled upon a newly opened tax office in Adelaide's north.

"I walked in and met the owner, Julie, and she became my mentor. I spoke to her and said 'look, I have a client base and you have a new business. Let's work together. You teach me and I will share my clients with you'," recalls Mr Ulah.

Their partnership became a success. Mr Ulah gained invaluable practical knowledge and soon became a full-time employee at Optima Tax Solutions.

Mr Ulah was Julie's secret weapon. He could speak six languages and knew the migrant community inside out.

"That's where we would advertise. People would see my poster and recognise me. I was their boy. I could speak their language, which made them feel more confident when doing their tax returns," explains Mr Ulah.

Eventually, after almost three years, the time came for Mr Ulah and Julie to part.

"Her office was becoming too small for me. Julie advised me to move out and start my own brand," explains Mr Ulah.

In the meantime, he married an accountant, who had experience working for the big four accounting firms.

Going into business

In 2017, Mr Ulah made the choice to go into business for himself.

Two short years later, he has 10 offices throughout Adelaide and over 10,000 clients.

His home-made tax form, however, fell victim to his speedy rise to success.

"I remember back in the day a client asked me why I was using my own Word printout. Everyone else was using computers and there I was with my piece of paper. But clients liked my resourcefulness, and years later my very first clients are still with me," reveals Mr Ulah.

Mr Ulah says he owes his success to his fellow migrants.

Read this online at publicaccountant.com.au

In return for their loyalty, Mr Ulah has helped countless newcomers adjust to life in Australia.

"Most of my clients have migrated from other countries. They don't know any accountants and they don't know enough about the local laws. So, they need someone who can teach them and who can speak their own language," says Mr Ulah.

"I am able to provide them with these things. That is why more and more people are knocking on my door every day."

Mr Ulah also offers traineeship opportunities to international students.

"International students spend a lot of money on their studies, but finding employment is very hard. The reason is that students are learning the theory, but lack the practical experience," says Mr Ulah.

"As a businessman, I want someone who can do the work. I don't care if someone has a degree. The truth is, most businesspeople think the same."

So, eager to share his successes with his community, Mr Ulah allows international students to develop practical experience with the aim of easing their integration into the Australian workforce.

"My wife and I thought, 'we have the resources, we have everything, so let's go and offer international students the opportunity to learn how to do tax returns'," he explains.

"I have hired a professional trainer who trains the international students on how to use software and how to execute tax returns in real time. They also observe our accountants while they are on the job. Slowly we bring them to a professional level."

At the moment, The Kalculators has around 20 students undertaking the practical study.

"Once they complete it, I offer the brightest ones a job in one of my offices," he says.

Since starting the traineeship program earlier this year, Mr Ulah has employed seven former students.

Satisfaction is the biggest wealth

Mr Ulah also has plenty of successful client stories.

"One particular client, due to our quality service, transitioned from owning a small car yard to being one of the biggest car yards in Adelaide. He managed to buy his own property and is now one of the biggest exporters of scrap cars to international markets in the city," he says.

"When he came to me, he had just migrated to Australia. He was looking for a way to launch a business. So, I advised him to do what he is interested in most."

And it is clients like this that make Mr Ulah proud to be an accountant.

"I come from a business orientated family, so I acquired plenty of skills throughout my childhood. My family and upbringing inspired me to start all this and it is all working out really well," admits Mr Ulah.

> "Most of my clients have migrated from other countries ... they need someone who can teach them and who can speak their own language"

He advises future business owners to "network with your people".

"Networking with your people and your friends is very important. Don't ever approach people by saying 'let me do so and so for you'. This tells them that you are in need," says Mr Ulah.

"Remember, you are not a beggar, you are a businessperson. For a businessman it is more important to have your own attitude and to maintain your level. Let people come to you."

For Mr Ulah, it never stops. Besides running an accounting practice, he also owns a branch of hostels for international students.

"I want to make sure no one sleeps on the road when they first come to Australia. I went through a tough start and I don't want anyone else to go through something similar," he states.

Asked about his hobbies, Mr Ulah admits, "Business is my hobby!"

Business building

A wrap of the latest strategies, insights and trends affecting your business, as well as your clients' or employer's businesses

Mental health holding back working women

Working Australian women are far more likely than men to experience a mental health condition in their lifetime, according to new research

by Eliot Hastie

Eliot Hastie,
journalist, wealth and wellness, Momentum Media

Research from SuperFriend has found that more than two-thirds of women will experience a mental health condition before the age of 25.

The *Gender Identity Report* is a snapshot taken from the annual SuperFriend survey and has found that 24 per cent of women are currently experiencing a mental health condition, compared with just 15 per cent of men.

SuperFriend chief executive Margo Lydon said that women reported higher incidences of workplace mental health issues than their male counterparts.

"What we found is that mental health remains a significant issue for working Australian women," she said. "While employee wellbeing has been rising up the agenda for many organisations, these findings show that there is still a long way to go in creating happier, healthier workplaces for all, regardless of gender."

The report found that women were less positive about their workplace too, with just 10 per cent feeling optimistic that their mental health in the workplace would improve in the future.

Women were also less likely than men to strongly believe their employer was among the best in its industry at creating and sustaining positive mental health.

"Overall, we found women had very different workplace experiences to men, perhaps because men are more heavily represented in senior management roles with a higher share of voice in workplace policies and practices.

"This highlights some clear opportunities for organisations to better engage their female employees and take positive steps to improve their workplace experiences," said Ms Lydon.

Ms Lydon said women were far more likely than men to identify and articulate how they would personally benefit from mentally healthy workplaces.

However, on the flipside it also seems women were the ones not benefiting from any mental health programs, said All That Counts business cloud accounting adviser Lielette Calleja.

"Because men don't talk about it and I think we've seen a lot of emphasis on the males, and yet I think what's happened is that the females have been lost in this.

"Females apparently wear their heart on their sleeves, and if they want to have a good cry, they'll cry. But I think it's getting harder to do that," she said.

Ms Calleja said that there was a perception that if a woman had a problem, she would talk it out with her friends, and everything would get better.

"We see all these mental health charities for men and I just don't think women have that. And that's just probably given the perception of, 'oh well, if a woman has a problem, she'll go and have a glass of wine with her friends and talk about it and everything in the world is better'."

Ms Calleja said that women were focused on their fight for gender equality, which had impacted on them looking after their mental health.

"We're so busy and focused on gender equality that we don't allow ourselves to feel vulnerable anymore," she said.

"And I fear that there is a thought that we need to rise above it, because if we show our true feelings, then we're doing ourselves an injustice in the whole gender equality."

The SuperFriends report found that a focus on mental health among women would enable women to feel empowered in the workplace, which would in turn allow for greater equality.

Sixty-eight per cent of women said improved practices would increase their feelings of being valued and 61 per cent said they would be able to bring their best self to work.

"At a time when gender equality, workplace relations, and attracting and retaining women across all industries is of key importance, there are many steps organisations can take to make their workplaces more inclusive," said Ms Lydon.

"Some of these include having qualified female candidates on shortlists for management roles even if they're on parental leave, improving return to work policies, analysing like-for-like gender pay gaps and offering greater flexibility regardless of gender to help achieve work/life balance.

"The most successful organisations today are the ones that are committed to diversity and inclusion and creating an environment in which all employees can thrive."

The research is supported by life insurance company MetLife, whose chief claims officer Mark Raberger said that the company had seen a spike in mental health claims.

"At MetLife, we've seen a substantial increase in mental health claims, with 25 per cent of our income protection and 21 per cent of our total and permanent disability claims having a primary mental health-related cause. This has effectively doubled over the past six years and it is likely to continue to increase if we don't take action," he said.

SuperFriend's SuperMIND research also showed that over a five-year period claims in general attributed to mental health and suicide represented about 15 per cent of all insurance claims within superannuation.

"Financial services organisations need to apply best practice to their workplaces if they have any hope of supporting their customers. Look at your policies, capabilities, leadership, culture and connectedness, and think about if they are truly giving your people what they need," said Ms Lydon.

Ms Lydon's comments were echoed by Sally Williams, a business finance manager at Chappel Accounting.

Ms Williams said her workplace had created policies to increase flexibility because people's lives and families were the most valuable thing.

"We truly promote in our office that this healthy work/life balance is an absolute must because at the end of the day, your family is everything and family comes first for us," said Ms Williams.

Ms Williams said that over the past few years there had been an increase in people talking about it, but actual action on the ground was still thin.

"It's very much something that everyone is aware of, but I don't believe that everybody is as good about it. I don't think it is as available or accepting in other workplaces," she said.

Ms Williams said one of the easiest things workplaces could do to improve mental health in its employees was to promote flexibility.

"Flexibility is the number one thing to promote. I think there is a big drive out there at the moment that people offer flexible working conditions that allows for working parents or particularly working mothers to have it all," Ms Williams said.

For Ms Calleja, she believed that workplaces had a big role to play in helping mental health and said they should have access to counsellors.

"Schools have counsellors, why shouldn't workplaces? Some type of counsellor, who can identify if you do have a genuine mental health problem, and that can refer you to someone," she said.

"I think the workforce should take on responsibility in that respect."

AussieBum's glocal success: Turning mocks into money

Today, aussieBum is the go-to brand for A-name celebs around the globe. But before gaining international recognition, aussieBum's founder, Sean Ashby was literally laughed at by local retail buyers. Bravely choosing not to wallow, Mr Ashby turned his attention overseas and now makes big bucks online

aussieBum was crowned winner of the 2017 Australian Export Awards for eCommerce

Mr Ashby's idea for aussieBum was born on Sydney's Bondi Beach. Fond of making up original business ideas, in 2001 Mr Ashby decided to give into his entrepreneurial spirit and invest his house deposit savings into manufacturing a line of Aussie-made men's underwear and swimwear. But, when Australia blatantly rejected his idea and retailers slammed their doors in his face, instead of shutting up shop, Mr Ashby turned his attention to the global market and the world wide web.

A few years later, Mr Ashby's swimwear featured in Kylie Minogue's music video clip Slow. He later won a national award at the Australian Export Awards in Canberra, and now his products are raking in money across North America, the UK, France, Germany and South Korea.

Q. You initially faced harsh rejection from local retailers, tell us how you decided to go global?

AussieBum was rejected by retailers in Australia for being 'too Australian', 'out of touch with swimwear trends' etc. As I was constantly met by rejections from retail buyers, I decided to start learning how to build a website. I learnt this from scratch. After exhausting every retail sales channel locally, I found I had plenty of time to refine my skills building an e-commerce site. Ironically, when I decided to enter the e-commerce market everyone else was getting out. My first order was from the UK. After that initial sale, orders began arriving from other countries. It made me realise just how powerful e-commerce on the world wide web was.

I completely refocused and invested in this sales channel. My motivation and drive were driven by the results I was achieving every time I updated my website.

Q. What are the benefits of becoming a 'glocal' company?

I would do more than recommend internationalisation to local SMEs. I would say it is the only way for you to sustain an e-commerce business online, with the world already parked in our back yard (so to speak). I've come to learn that Australians struggle to accept that what we produce for consumers (B2C), does have a market value internationally.

If you're not selling globally, then you are not going to sustain your online sales channel. If your business does not have the resources or financial capability to invest, then I suggest using one of the multiple market places available online, like Amazon, eBay, Alibaba etc.

Q. Today, Australian sales make up only 10 per cent of your business, how did you turn your international experience into a success?

Our Australian market has grown in the past few years, however, so have other markets internationally. South Korea is now our seventh largest market, but a short four years ago it didn't even exist. I continue to stay close to my customers and focus also on the technology that is driving my sales and my business growth.

Our success is derived by our ability to disrupt overseas competitors' markets with ongoing innovation, eye catching and socially relevant media content and, most importantly, by selling the Australia dream and lifestyle.

Q. AussieBum doesn't actually have sales reps overseas, everything is done online, tell us more about the benefits of the web?

Our sales reps are our customers and each one is armed with an amazing social media account. We refer to our customers as 'The Tribe'. The Tribe rule every decision we make. They use our brand to link with likeminded customers in other parts of the world. During summer time, members of our Tribe can identify each other by the swimwear they wear. This is no different to wearing a rugby sports top, or a watch brand that indicates your level of style.

"The benefits of the web are endless. The best one is that as I sleep my shop is open. It's literally open for business 24/7, 365 days of the year. I had a meeting recently and a colleague asked how my recent overseas trip went. I had to stop and think for a moment because I no longer think of overseas as being "overseas". Weird? Yes, I realise.

I speak more to people from other countries than I do in my own country. And when talking, I think of these colleagues as being in Australia. It's one of the benefits of living in a diverse, multi-cultural society. If I was to talk about the benefits of the web, this interview would go on all night. In essence, the web has simplified the way we connect and communicate with likeminded people or businesses.

Not being part of that community is like living in the outback. There are many that love the outback lifestyle, and I am one of them, but if you want to be part of society you need to be present in the forum everyone else is communicating in.

Q. Is it safe to say that expanding globally does not have to be a costly process? Many SMEs are worried about the cost repercussions.

It's not a costly process as long as you are prepared to get hands-on and learn about all the solutions yourself, so that you develop a solid understanding of how it all works. Your business acumen and gut instinct need to come into play. I find it amusing when a business person says they can't do it because of the cost. But they're very happy to spend a bucket load of money to reach a fraction in their local market. So, it's more of a "I won't", rather than "I can't". The truth is, the only way a business can withstand today's market is by consistently innovating and remaining relevant to modern society. It's as simple as, if "you snooze, you lose".

Q. You have won numerous major export marketing and e-commerce awards in Australia; would you say that SMEs receive enough government support and guidance once they choose to expand overseas?

The Australian government does do everything it can to assist during the start-up process. However, following the initial start-up support, you are on your own. But, by that stage you should have already developed a strong network of training, support and mentorship to take over where the government has left off.

The biggest challenge for exporters, trading in consumer goods globally, are the high import tax and duty charges. I personally would like to see our free trade agreements include Australian made consumer goods that are purchased from our country and shipped to another via B2C sales channels. Apart from this, I think our government is doing the best it can and is equal to governments around the world.

Robotic process automation – The next frontier

There has been a mountain of press, blogs and videos predicting that the accounting profession is going to be replaced by silent machines sitting in data centres. Artificial intelligence, big data, data analytics, machine learning etc are all going to play their part

by David Smith

David Smith,
director, Smithink

I have read a tonne of material and in doing so it became clear to me that few people have any idea what these technologies will actually be doing and how these changes will come about.

It is also clear to me that the accounting profession is not going to disappear any time soon. Anyone who thinks they can automate machines to deal with the complexities of Australian tax legislation has rocks in their head (maybe in 2030 that might be a different discussion, but not now).

That said, it is also clear that fundamental changes are afoot as these new technologies take hold. The question is – what will those technologies be doing and how will their implementation come about?

One thing is also clear to me in my 45+ years in the profession. When you look at how work is done in an accounting firm there is a lot of repetition. Standard workpapers, standard processes, document templates, and consistent outputs are all examples of this repetition.

Of course, it's also not that simple as many firms struggle to achieve consistency and compliance with their processes and standards. But it is here in this "engine room" of an accounting firm that we can see the opportunity for robotic process automation (RPA) to play its part in slowly but surely taking these standards and fully automating the process.

Many of you would know of ATO Paperbuster. It was an early example of RPA – taking ATO correspondence and automating the filing and generation of related client correspondence.

Now with information being directly accessible from the ATO portal and open application programming interfaces (APIs) by the tax software suppliers, the process can be taken a lot further with automated checking with the tax application, more sophisticated rules-based document generation dealing with varying circumstances, automated filing and communication with the client based on their platform of choice.

◀ PwC defines RPA as "the automation of processes using technology", involving the use of software 'robots' that are easy to configure, require little IT expertise and can be quickly deployed to automate manual tasks.

"They differ from traditional software by working at the user interface level, replicating the exact actions a human user would take and creating, in effect, a virtual BPO. Activities might include performing double data entry, copying and pasting data between computer systems, reconciling and cross-referencing data between different systems and implementing high-level decision making at key points along the business process" - PwC Australia's publication *Robotic Process Automation: friend or foe for your risk profile?*

But let's get down further into the guts of an accounting firm. A lot of time and cost is spent on workpaper preparation. How can this be automated?

Slowly but surely small business software suppliers have been working to generate workpapers from the small business ledger. But that's only part of the story. Workpapers need supporting documentation. Being able to batch import predefined sets of client ledger reports is an important automation tool.

And let's not forget email. The scourge of the 21st century (although better than the 1980s when life was spent with a telephone glued to the side of one's head)! Many emails are for pretty trivial stuff – what's my TFN? I need a copy of my accounts. Here's the information you've asked for. When will my work be finished? Can I make an appointment? It is perhaps here that we will see the biggest impact of RPA in the short term.

Imagine a system that can read these emails and determine what is needed, automate the reply, attach required information and file everything away. In the short term, you may want to review what the machine is doing but over time, as confidence in the tech grows, you may let it do its thing in the background while you get on with more important tasks.

These processes could have their own alarm systems built in, too. Imagine if in reading emails, the machine can interpret whether a client is unhappy with your service and then automatically bring it to the attention of the practice's client owner to address.

A quick response in such circumstances would impress the client and reduce the risk of client loss. Now that's tech really working for you.

How far could this go – this "spooky" reading of documents and dealing with discovered issues automatically? Perhaps the system could determine that required supporting documentation is missing for a workpaper. It might find that information in the client's cloud storage.

Having found the required documents, they might be automatically imported, named and filed following practice standards, and crosslinked to the workpaper with financial amounts compared and verified. It is not a great leap to see this happening.

Document management is key. To deliver real breakthroughs, process automation technology must be deeply integrated with your documents, so that they can be interpreted and acted upon. Make sure you keep this in mind when you're considering your next document management system.

Many fear that technologies such as RPA will be the end of the profession as less labour is needed for many tasks. But the reality is that attracting and retaining talent today has never been harder, partly because kids are not attracted to the repetitive nature of work in an accounting firm.

So, in the end, RPA will actually be liberating – freeing time to improve client engagement and analysis and attracting new people to the profession who are not interested in processing data.

It's a brave new world – start your journey today!

Small business snapshot: SiSCo

Two sisters, Mel and Andie Town, had a dream and having worked hard, now have a thriving business in Rye on the Mornington Peninsula in Victoria. Public Accountant caught up with Andie to hear their story

www.siscopizza.com.au
(03) 5985 3967

How did your small business journey begin?

Mel and I (Andie) had been working in corporate for years and we had always dreamed of owning our own business together. Our mother was entrepreneurial, having run a successful small business for over 11 years, so it was in our blood! For us it was about buying the right business, an unpolished gem; something we saw the potential in and could build upon. Location was everything!

How would you describe your small business?

We come from a family who love entertaining and food has always played a big part in bringing family and friends together. Mel and I have travelled extensively and Italy is one of our favourite countries. Eating is an event in Italy – there it's not just about the enjoyment of the food; it's about enjoying it together, in the very best kind of company, in a very relaxed way. That's how we describe SiSCo. It's the culmination of our shared lifelong experience of food bringing friends and family together. Service is unpretentious, most of our team have been with us from the start and our customers always tell us how wonderful the atmosphere in the restaurant is. It's a genuine passion for ensuring our valued customers have a great night out.

What are the biggest obstacles to being a small business owner?

Costs. Hospitality is a tough game, and just because you have a busy restaurant doesn't always equate to making money. You must manage costs constantly, and be savvy in maintaining competitiveness across your suppliers. A good accountant is crucial!

What's the best business advice you've ever received?

If you can't afford it, don't buy it! We focus on producing great food and service. Slowly, we continue to update equipment and aesthetics. Don't over extend yourself, there's no point in having a flash looking restaurant if you don't have the fundamentals right.

What are you currently up to in your business?

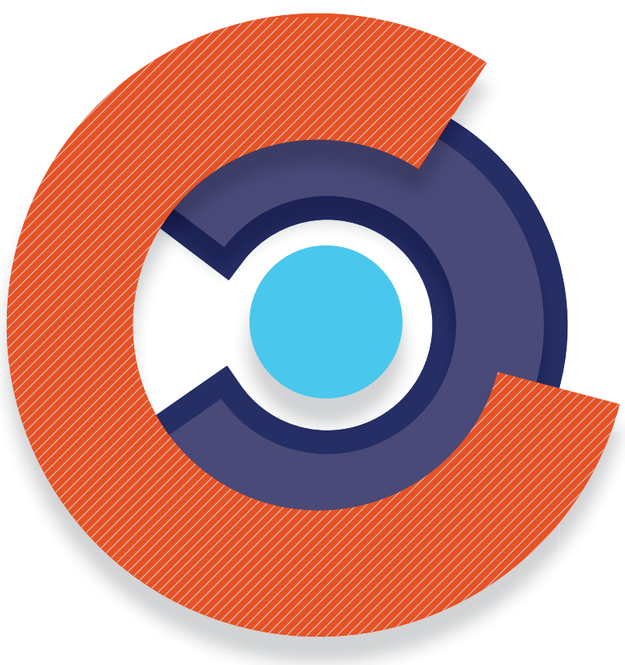
This year we'd like to do some SiSCo events... keep watching this space!

What is one piece of advice you would give someone wanting to start or expand a small business?

Invest in your people and don't compromise on who you bring in. If you can't find that person you are looking for, work harder until you do. Building the right team of people, who reflect your business values, is what makes the difference.

360 DEGREES

Are businesses, specifically your clients, ready for single touch payroll?



Kylie Parker

director,
Lotus Accountants

Clients of Lotus Accountants know single touch payroll (STP) is commencing from 1 July 2019. Given our client base is largely on Xero, we are in the fortunate position of only needing to start the reporting process. Accordingly, we have already advised all our clients that we will assist them with this as part of the 2018–19 tax planning meetings we have each year and will also provide an online webinar in May.

For many of our clients with employees, this reporting process will not impact their day-to-day operations. There may be a learning curve around any adjustments required and in fact we have a few clients who seem to always miscalculate commissions so it also provides an opportunity to take over the payroll function.

We are also in the position where many clients who are related parties already operate in their business as employees to avoid future tax debts building up. This is effectively a forced form of saving and also provides superannuation payments that may not be made in the event dividends were used as the form of profit distribution.

Where we have clients with closely held employees who are not yet in the cash flow position to consistently pay a salary, as often they are caught chasing their Division 7A tails, we will be requesting the annual deferral and really focusing next year on trying to build up their business so that their personal incomes are more in alignment with their expenditure and tax obligations.

The ATO have some great information on their website and I'd be dedicating someone in your team to start reviewing all clients and putting in place an action plan today.

Josh Lowe

accountant,
The Gild Group

In terms of our clients, the short answer is – no. Not yet, anyway.

Seeing as we don't have any clients with 20 or more employees, we avoided the first deadline for mandatory STP reporting.

With 1 July 2019 fast-approaching, our plan for the remainder of our clients will be as follows:

- For those already using payroll or accounting software that offers STP, we will ensure they are securely connected to the ATO. If they run their own payroll, we plan to send instructions on how to connect to the ATO and make sure they're STP ready.

Luckily, the majority of our payroll clients are on Xero – so this part should be relatively simple prior to 1 July (fingers crossed!).

- For our payroll clients that aren't currently using STP-enabled payroll or accounting software, this may prove to be slightly more difficult. In the coming weeks, we plan to send out a MailChimp outlining their options for STP reporting.

Seeing as we would, at a minimum, already hold a ledger file for these clients – we will most likely take advantage of Xero's soon-to-be-released payroll-only subscription option for partners. These will be able to be added to ledger and cashbook files (price still to be determined by Xero though).

The above is our plan of attack, we will see how it goes once we get in contact with clients in the next few weeks!

Miriam Holme

founder and senior accountant,
Fab Tax Accountants

At a recent industry event where STP was one of the main focuses I was quite surprised to hear from other practices the number of their business clients who did not even use software that offers STP. The accountants and bookkeepers were discussing that they were still getting quite a bit of resistance from their business clients who had always done their payroll offline or in a traditional way for many years. They also had businesses in areas where internet coverage was still an issue and were concerned about how they could meet their STP obligations.

These conversations made me realise how fortunate my business is as we have always made sure that all our business clients use payroll software that offers STP. Whilst a lot of our clients have not needed to be registered for STP, we have been pro-actively working with our clients to enable this before the deadline and are now reporting real time to the ATO.

I have also been warning businesses on social media channels that they need to be registered for STP. A lot of businesses have given me feedback that they have no idea what this is and I anticipate a panic and mad rush when the deadline kicks in. As the deadline approaches, it has been a great opportunity for me to talk to new businesses so that they understand what their obligations are and make sure their payroll processes are up to scratch.

Lielette Calleja

director,
All that Counts

We are extremely fortunate to say that all existing clients will be STP ready as our bookkeeping firm currently only supports STP ready accounting solutions like QuickBooks Online, Xero and MYOB.

Having the software is one component but our focus for the last 12 months has been around our client's payroll processes. The software is useless if you haven't streamlined client functions around timesheet entry, onboarding new staff, terminating staff and payroll authorisation.

In terms of clients being aware of the changes, we have been having direct conversations with them since STP was introduced. Clients rely on us to provide them with the education piece around STP for themselves and their employees. One of the challenges for both parties is getting their head around the need to register for a myGov account via the ATO online services portal, as this will be their go-to portal to retrieve their future payment summaries.

A significant aspect around STP for my clients is cash flow. Apart from the obvious changes to processes and online solutions, we need to assist them in cash flow management.

It's not unusual for small business owners to not pay their superannuation on time so we are going to see more businesses struggle with the transparency of payroll liabilities.

STP is an opportunity for all businesses to improve on their current business processes and we most certainly welcome it.

Technical

Our technical section keeps you abreast of the regulatory, legislative and policy developments affecting the accounting profession

Technical | Sharing economy

A sharing economy tax reporting regime needed

The IPA is strongly in favour of the introduction of a reporting regime for sharing economy (commonly referred to as the gig economy) platforms

by Tony Greco

Tony Greco FIPA, general manager of technical policy, IPA

We support the Black Economy Taskforce in tackling the issues arising from black economy activities to level the playing field for taxpayers. Therefore, we welcome the government's initiative to explore options for a reporting regime for those individuals who participate in and who derive income from the sharing economy.

In our submission to the Black Economy Taskforce's 'A Sharing Economy Reporting Regime' consultation paper, we maintain that as these platforms are now a societal and economic norm, the necessity for a reporting regime to tackle the underreporting of income by participants is long overdue.

Further, such a regime will also level the playing field for small businesses that compete against those participants in the sharing economy whose activities may not necessarily be captured as a result of non-compliance.

Our preferred option for introducing a reporting regime, as considered in the consultation paper, is for the sharing economy platforms to directly report the relevant information to the Australian Taxation Office (i.e. Option 1).

Notwithstanding that the information required may vary depending on the platform and the goods and services it provides; in our view this is the best option as the platform (i.e. the entity making the payments) is best placed to provide the transactional data. This would be similar to obtaining payroll data from an employer and we consider this to be the most appropriate and accurate "source of truth" for reporting purposes.

As such, we do not believe that the alternative option proposed of having financial institutions report such information would be appropriate. We concur with the views outlined in the consultation paper that the relevant information and data sets required from financial institutions in identifying the source and nature of the income credited to an individual from transacting in the sharing economy may not be available or are not appropriate. In any case, any banking transaction data could still be obtained through the Commissioner of Taxation's current information gathering powers to support any data matching activities.

We believe that the reporting regime should extend to all sharing economy platforms, which not only includes the provision of services (such as Airtasker and Uber) and rental of assets (such as Airbnb), but also include platforms that allow for the sale of goods online (such as eBay or Gumtree). This would make the reporting obligation fair and equitable across all sharing economy platforms.

While there is a keen desire for the data obtained from the sharing economy platforms to be pre-filled in an individual's tax return, such data obtained must be sufficiently robust to provide confidence in the reporting regime. Requiring the taxpayer or tax agent to amend incorrect or incomplete labels creates a "reverse work flow" and an unnecessary compliance burden. Tax agents can seldom charge for this service as clients invariably do not believe it is a cost they should incur.

As such, it would be only appropriate for transactional data from the provision of services to be included for tax return pre-filling purposes. The same cannot be said for those who sell goods online or who derive income from the use of assets, which will require additional information and an assessment of the individual's circumstances. In some cases, it would be more appropriate to flag transactions in the tax return rather than to pre-fill labels so as to allow for discretion to be exercised by the taxpayer or their tax agent as to its tax treatment.

Rather than a single standardised form to collect the necessary data, we envisage that there may be a number of standardised forms to account for the type of activities that are being conducted by the sharing economy platform (e.g. services rendered vis-à-vis goods sold).

Other aspects of a reporting regime under Option 1 that warrant consideration include:

- While the consultation paper recommends that reporting be conducted annually, there is scope to increase the reporting frequency by sharing economy platforms given that the relevant data is typically captured and stored digitally. The benefits of increased compliance costs must be weighed against the reporting costs to the platforms.
- We don't consider that there should be exemptions for any sharing economy platform (even if they were a 'start-up'). We don't believe that small entities would be disadvantaged from having the reporting obligation imposed given their abilities to deal with data digitally.
- While this is outside the scope of the consultation paper, we believe that a withholding regime may be warranted where the sharing economy participant fails to disclose their tax file number to the platform. This would be most relevant for platforms where the participant is a service provider.

Although it is critical that sharing economy participants understand their tax obligations, we have observed that some participants may be conducting activities unaware that they are prohibited under some law or regulation. Some examples include:

- An individual providing tax return preparation services on Airtasker not aware that they must be registered with the Tax Practitioners Board as a registered tax agent before they can do so.
- A tenant sub-letting a room in their apartment to an individual unaware that their lease agreement expressly prohibits the sub-letting of the property to someone else.
- An individual who leases their street parking permit on Parkhound to an individual unaware that their local municipal council prohibits such activity.

While we support a reporting regime for the sharing or gig economy, our overriding proviso is that it must be robust enough to ensure that tax practitioners can suitably rely on the information that appears against taxpayers' profile for tax purposes.

Tax practitioners should not be responsible for information that is not disclosed to them. So, if a taxpayer is asked 'do you earn any other income?' and the response is no, then this should be able to be relied upon by the practitioner in the absence of any third-party data that contradicts such an assertion.

Technical | FASEA

The many roads that lead to meeting FASEA's education standards

The Financial Adviser Standards and Ethics Authority (FASEA) has finalised the acceptable pathways that advisers can take to meet FASEA's education standards

by Christian Pakpahan and Daniel Butler

Christian Pakpahan, lawyer, DBA Lawyers

Daniel Butler, director, DBA Lawyers

We outline below how existing and prospective advisers can meet FASEA's education standards under the Australian Financial Services Licence (AFSL) regime. Each adviser should consider their own circumstances and decide which pathway is most suitable for them.

What are the pathways for existing advisers?

The *Corporations Act 2001* (Cth) broadly defines an existing adviser (referred to as an existing provider in the legislation) as a person who was an authorised adviser under the AFSL regime between 1 January 2016 and 1 January 2019 and is not banned, disqualified or suspended on 1 January 2019.

Existing advisers will need to meet FASEA's education standards by no later than 1 January 2024, and there are five ways this can be done.

1.1 Approved degree pathway

Existing advisers who have completed a FASEA approved graduate diploma qualification or higher will only need to complete an ethics and professionalism bridging course to meet FASEA's education standards.

The FASEA approved degree list can be found on FASEA's website and broadly includes graduate diplomas relating to accounting, commerce, business, finance or others that have an emphasis or major in financial planning.

1.2 Relevant degree pathway

Existing advisers that have completed a graduate diploma qualification or higher in a related field of study that contains at least eight courses in one or more of FASEA's designated field of studies (e.g, financial planning, investments, accounting, tax law, finance etc) and do not have recognition of prior learning (RPL) will need to complete four courses to meet FASEA's education standards:

- financial advice regulatory and legal obligations bridging course;
- ethics and professionalism bridging course;
- behavioural finance: client and consumer behaviour, engagement and decision making; and
- a FASEA approved elective unit.

However, where an existing adviser with a relevant degree has completed either an advanced diploma in financial planning or approved study related to attaining a professional designation, they may obtain RPL. Where either of these are the case, existing advisers are only required to complete the FASEA code of ethics and code monitoring bodies bridging course to complete this pathway.

1.3 Other degree pathway

Existing advisers that have completed a graduate diploma qualification or higher in a non-relevant field of study and do not have RPL will need to complete seven courses of study:

- financial advice regulatory and legal obligations bridging course;
- ethics and professionalism bridging course;
- behavioural finance: client and consumer behaviour, engagement and decision making; and
- four related units selected by the existing adviser from a FASEA approved list of electives.

If the existing adviser has RPL, the above requirements may be reduced depending on the RPL completed by the existing adviser.

1.4 No degree pathway

Existing advisers who have not completed a graduate diploma qualification or higher and do not have RPL will need to complete a graduate diploma consisting of eight courses of study, which include:

- financial advice regulatory and legal obligations bridging course;
- ethics and professionalism bridging course;
- behavioural finance: client and consumer behaviour, engagement and decision making; and
- five related units selected by the existing adviser from a FASEA approved list of electives.

If the existing adviser has RPL, the requirements may be reduced.

1.5 RPL and professional designations

The Financial Planning Association of Australia has reported that its Certified Financial Planner (CFP) is the first professional designation program in Australia that qualifies for RPL by FASEA. Accordingly, existing advisers who have completed or are undergoing a CFP certification program can use these studies as RPL for the relevant pathway that they are undertaking.

We note that Chartered Accountants Australia and New Zealand (CA ANZ) and Certified Practicing Accountants Australia (CPA) have also applied for their relevant programs to be recognised as study related to attaining a professional designation. If approved, advisers who have completed their CA or CPA programs may also soon be eligible to use their studies as RPL.

1.6 New entrant pathway

FASEA also allows existing advisers to complete the new entrant pathway to meet its education standards.

What are the pathways for new entrants?

From 1 January 2019, those who do not meet the definition of existing adviser above need to meet FASEA's education standards in one of two ways if they want to become a licensed adviser under the AFSL regime.

2.1 Undergraduate pathway

The first way new entrants can meet the FASEA education standards is by completing a bachelor's degree that meets FASEA's requirements. These degrees typically contain 24 courses and will need to contain the FASEA financial adviser curriculum as part of the education program.

2.2 Career changer (postgraduate) pathway

Alternatively, new entrants can complete a graduate diploma or master's that typically consists of eight courses that contains the FASEA curriculum as part of the education program to meet the FASEA education standards.

FASEA examination

Existing advisers and new entrants will also need to pass a FASEA exam. Existing advisers will need to pass the examination by 1 January 2021 to remain on the register of authorised advisers under the AFSL and new entrants will need to pass the exam during their professional year before they can move to the indirect supervision stage.

The examination will cover three domains of knowledge:

- financial advice regulatory and legal obligations;
- applied ethical and professional reasoning and communication; and
- financial advice construction.

The exam format is as follows:

- There will be at least 70 questions consisting of at least 64 multiple choice questions and at least six written response, or case study style, questions;
- The exam will be 3.5 hours including 15 minutes of reading time; and
- Marking will be on a pass or fail basis.

AFSL licensees

AFSL licensees cannot authorise an individual to provide financial advice if they have not met FASEA's education standards, and there is an obligation to notify ASIC when an existing adviser has met the relevant standards.

Conclusion

Advisers need to ensure they satisfy the relevant education standards.

Technical | Dispute resolution

Helping clients in dispute: How accountants can provide real value

By providing sensible dispute resolution advice, and by participating in the resolution process, accountants can provide tangible benefits to their clients and further enhance those client relationships

by Vlado Joseph Dancevic

Vlado Joseph Dancevic FIPA, accredited mediator NMAS, Jodan ADR Services

Back in 2009, the then federal attorney-general Robert McClelland said that the "critical test" for our justice system is whether it is "fair, simple, affordable and accessible". With the cost of taking the matter to the Federal Court at just over $111,000 in 2007-08, it must be said that it has been failing the test.

A recent survey of 1,600 small and medium enterprises (SME) (those employing less than 20 full-time equivalent employees) by the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) has found that 22 per cent have been involved in a dispute in the previous five years. Two-thirds of the disputes followed formal pathways (litigation), of which:

- 50 per cent considered the amount of time and effort unreasonable;
- The average cost of the process was $130,000; and
- Two out of every three business relationships ended.

A further factor to consider, and a potentially significant additional cost, is the possibility that, in an unsuccessful application to the court, your client may be ordered to pay the other side's legal costs. This could be in addition to the award of compensation or damages.

According to the Australian Bureau of Statistics (ABS), small businesses account for over 97 per cent of all Australian businesses – almost 2.2 million entities and contribute 35 per cent of GDP. As a result of its importance to the Australian economy and dispute resolution being so time-consuming and costly, Kate Carnell, the Australian Small Business and Family Enterprise Ombudsman, states that "small businesses need dispute resolution that is accessible, timely, affordable and, where possible, capable of maintaining business relationships". As an effective form of dispute resolution, mediation meets all those criteria.

What is mediation?

Mediation is a confidential process in which the disputing parties engage the services of a neutral third party, the mediator, to assist them in reaching their own, mutually satisfactory, resolution to the issue. The mediator helps the parties to communicate, discuss and solve problems, and achieve a solution of their own making.

Effectiveness and cost of mediation

When compared with litigation, mediation is much more effective, much less time consuming and a whole lot cheaper. It is also the best way to resolve a dispute while maintaining, or even enhancing, a business relationship. And, there is no risk of having to pay the other party's legal costs.

Mediation as an effective and reasonably quick option has been shown in a recent UK study, implemented by the Centre for Effective Dispute Resolution (CEDR), which found:

- Settlement rate for mediation is 74 per cent on the day and 15 per cent in the weeks following (i.e. 89 per cent success rate); and
- Average duration of mediation was seven hours of preparation, 7.5 hours on the day and two hours follow up.

Similar results are found in Australia. Even family mediation is successful, with whole or partial agreement being reached in 70 per cent of cases, according to the Family Mediation Council. Furthermore, in a report titled *Quantifying the cost of not using mediation – a data analysis* published in 2011 and presented to the European Parliament, it was found that "...mediation is a cost and time effective dispute resolution mechanism at almost every level of success rate".

Given the high success rate and the relatively limited amount of time needed to effectively resolve disputes, the cost of mediation is considerably lower than costs associated with litigation. Furthermore, as previously mentioned, the risk of an order to pay the other party's legal costs is non-existent.

How accountants can help?

Accountants can help their clients by recommending mediation as a preferred method of resolving disputes. Another way of helping the client is by the accountant's participation in mediation as a confidant and financial adviser. The mediator will manage the process and guide discussions but the accountant can provide the support that the client so often desperately needs.

The accountant's value to the client can be evident from the initial commencement of the business or other relationship that is now the subject of conflict, to the provision of assistance in implementation and monitoring of the mediated solution, including:

- Advising clients about mediation, and the benefits of mediation, as an efficient and cost-effective means of resolving disputes;
- Recommending clients include mediation clauses in commercial and other contracts;
- In the event of a dispute, contacting the other party to the dispute, their accountant and/or lawyer to recommend mediation and obtain their agreement for mediation;
- Finding and contacting for the client a suitable mediator, one who is experienced in matters subject to the dispute;
- Helping the client prepare for mediation by assisting them to gather important documentation, perform necessary financial calculations and generate possible options for resolution of the conflict;
- Being with the client in mediation to provide financial advice, supporting the client in the negotiation of acceptable solutions, assisting the client in understanding financial matters being discussed, helping them to consider the value (or otherwise) of proposed solutions and helping them to formulate the terms of settlement;
- Assisting the client to implement the mediated solution and to meet their obligations under the terms of settlement; and
- Monitoring the implementation and the results of the terms of the agreement.

By recommending mediation, the accountant will save the client a significant amount of money. By participating in the process, the accountant advises the client in respect of financial matters and provides the support the client needs. I have found that the clients really do appreciate it.

Technical | CGT

Capital gains tax and capital loss schedules explained

Accountants play a vital role in educating investors about property depreciation. Bradley Beer from BMT Tax Depreciation discusses the recent changes and explains how they could impact your clients

by Bradley Beer

Bradley Beer, CEO, BMT Tax Depreciation

Depreciation legislation changes were passed in November 2017, which mean some residential property investors can no longer claim the depreciation of second-hand plant and equipment. These changes can also have an impact on the calculation of capital gains tax (CGT) liabilities at the time of removal or sale of an asset.

Clearly explaining these changes and how they could impact your client is essential.

What changes occurred?

The changes to depreciation legislation related to second-hand plant and equipment assets (division 40) found in residential properties where contracts are exchanged after 7:30pm on 9 May 2017. Common examples of plant and equipment assets found include hot water systems, ovens, rangehoods and blinds.

Who isn't affected?

The changes do not affect investors who buy brand new residential properties, those who purchase and install brand new assets themselves or those who invested in a rental property before this date. Residential properties held in superannuation plans (other than self-managed super funds), by public trusts, managed investment trusts and corporate tax entities, as well as non-residential and commercial premises, are also unaffected. Additional rules are also stipulated for properties considered to be substantially renovated by the previous owner.

It's important to make investors aware that the changes don't affect deductions for the capital works component, or structural and fixed components, of the building (division 43). These deductions typically make up between 80 and 90 per cent of an investor's depreciation claim.

How do the changes impact CGT?

For affected investors, the changes have implications on CGT at the time of sale or removal of the asset.

Under the new legislation, the acquisition of existing plant and equipment assets can be reflected in the cost base for CGT for subsequent investors.

Although the method of calculating CGT (as shown below) hasn't changed, investors need to be made aware of the implications of CGT from the outset of purchase, particularly if they are exchanging contracts on a second-hand residential property post-legislation.

The new legislation allows capital losses to be calculated when an asset is disposed of (for example scrapped or sold as part of the sale of the property) for less than its original cost and depreciation claims for the asset were denied because of the changes.

Under the CGT rules, a capital loss can generally be offset against a capital gain and if there is no capital gain in the current year, the capital loss can generally be carried forward and offset against a future capital gain.

Selling price **minus** transaction costs	**Minus**	Original purchase price **plus** associated transaction costs	**Equals**	Capital gain (or loss)

What's involved in calculating a capital loss?

In order to calculate a capital loss on disposal, the original value or cost of the asset would need to have been determined at the time of purchase.

The asset's termination value (e.g. selling price or scrap value) would then need to be determined on the disposal of the asset.

The capital loss would be calculated as the difference between the asset's termination value and its original value or cost, assuming no depreciation amounts for the asset were allowed as deductions.

The calculation of a capital loss is particularly relevant in certain situations, including when an asset is scrapped, where there is a partial or full CGT main residence exemption, and where the contract date and settlement date for the sale of the property occur in separate financial years.

The capital loss amount on the disposal of an asset will include the depreciation amount that could not be claimed by the owner (as a result of the legislation changes).

Further, the capital loss on disposal should be equal to the depreciation amount that couldn't be claimed in relation to the asset, where the termination value happens to be equal to the asset's written down value.

However, in accordance with Australian Taxation Office guidelines, an asset's termination value does not necessarily equate to its selling or market value.

A site inspection of the property by a specialist quantity surveyor is generally required to determine the correct value of assets contained in an investment property at the time of acquisition. This process helps to ensure no items get missed.

How do quantity surveyors assist in the process?

A specialist quantity surveyor will help accountants to ensure all deductions are identified and claimed correctly for their clients under the new depreciation legislation.

Quantity surveyors are recognised under Tax Ruling 97/25 as one of the few professionals with the appropriate skills necessary to calculate the cost of items for the purpose of tax depreciation.

Some quantity surveyors will include a capital loss schedule for the accountant to perform a calculation adjustment for CGT liabilities. Not all depreciation providers include this, so accountants should check with the quantity surveyor on behalf of their client that this will be included when organising a depreciation schedule.

A tax depreciation schedule should be tailored to suit your client's property investment scenario, ensuring all deductions are maximised.

What happens during renovations?

Any additional work completed by the current owner on the property that is classified as capital improvements can be included in a tax depreciation schedule and claimed as normal. This includes both capital works and plant and equipment.

Qualifying capital works additions (works that commenced construction from 26 February 1992) completed by a previous owner can be included in a tax depreciation schedule and claimed by the current and future owners for the remaining 40 years.

If a property is considered to have been substantially renovated by the previous owner for selling purposes, then an investor can claim depreciation on the new plant and equipment assets along with any new or old qualifying capital works deductions available.

It is important to note that if an entity has previously been entitled to any depreciation deductions for these assets, or if someone lived in the property before it was held by the current owner/investor, then they will not be able to claim any ongoing plant and equipment depreciation on the assets.

All previously used plant and equipment will be excluded from the depreciation schedule. These assets will be included in the capital loss depreciation schedule for the purposes of claiming a capital loss, allowing the owner to adjust their CGT liabilities where applicable.

What deductions are available to investors following the changes?

In a study of tens of thousands of residential depreciation schedules completed by BMT Tax Depreciation in the 2017-18 financial year, the average first year depreciation claim found was $8,121. Furthermore, of those residential properties affected by changes to depreciation legislation, BMT found investors still had an average claim of $5,651 in 2017-18.

With tax time fast approaching, given the significant depreciation deductions still available, it is always worth making an enquiry on behalf of your clients. A quantity surveyor should be able to provide a depreciation estimate over the phone based on the investor's individual circumstances.

Disciplinary Tribunal findings

The following details the most recent findings of the IPA Board Disciplinary Tribunal.

14 September 2018

Chiu Ling Francis Man – MIPA AFA

The IPA Disciplinary Tribunal of 14 September 2018 determined that the following case presented against the member was proven:

a) Breached clause 98(2)(a) of the IPA Constitution[1] as the member breached the IPA By-Laws clauses 2.1.2 and 2.1.3[2] and in particular APES 110 – Code of Ethics for Professional Accountants. The Australian Securities & Investments Commission disqualified the member as an approved self-managed superannuation fund auditor as it determined that the member had breached fundamental audit requirements and is otherwise not a fit and proper person;

b) Breached clause 98(2)(a) of the IPA Constitution[1] as the member breached the IPA By-Laws in particular clause 7.1.6[2]. The member failed to comply with a reasonable request made by an Officer of the Institute as the member failed to respond to correspondence from the Investigations Officer;

c) Breached clause 98(2)(b) of the IPA Constitution[1] as the member failed to observe a proper standard of professional care, skill or competence. The above constitutes a failure to observe a proper standard of professional care, skill or competence;

d) Breached clause 98(2)(h) of the IPA Constitution[1] as the member failed to comply with a reasonable request made by an Officer of the IPA. The member has not responded to correspondence from the Investigations Officer; and

e) Breached clause 98(2)(f) of the IPA Constitution[1] as the member has engaged in conduct which is not in the best interests of the IPA. The above constitutes conduct that is not in the best interests of the IPA.

The Tribunal further resolved that the following penalties are imposed:

- Forfeiture of membership.
- Costs of $1,000 plus GST.

Ok Gyu Lim – FIPA FFA

The IPA Disciplinary Tribunal of 14 September 2018 determined that the following case presented against the member was proven:

a) Breached clause 98(2)(a) of the IPA Constitution as the member breached the IPA By-Laws clauses 2.1.2 and 2.1.3[2] and in particular APES 110 – Code of Ethics for Professional Accountants section 110.2. The Federal Circuit Court of Australia held that the member was involved in contraventions of the *Fair Work Act 2009* (Cth) as the member admitted that they created false and misleading documents which resulted in underpayments to employees;

b) Breached clause 98(2)(b) of the IPA Constitution[1] as the member failed to observe a proper standard of professional care, skill or competence. The above constitutes a failure to observe a proper standard of professional care, skill or competence; and

c) Breached clause 98(2)(f) of the IPA Constitution[1] as the member engaged in conduct which is not in the best interests of the IPA. The above constitutes conduct that is not in the best interests of the IPA.

The Tribunal further resolved that the following penalties are imposed:

- Forfeiture of membership.
- Costs of $1,000 plus GST.
- Fine of $2,500.

John Gaetano Tretola – MIPA AFA

The IPA Disciplinary Tribunal of 14 September 2018 determined that the following case presented against the member was proven:

a) Breached clause 98(2)(a) of the IPA Constitution[1] as the member breached the IPA By-Laws clauses 2.1.2 and 2.1.3[2]and in particular APES 110 – Code of Ethics for Professional Accountants section 290.104. The Australian Securities & Investments Commission disqualified the member as an approved self-managed superannuation fund auditor for breaching independence requirements and not reporting legislative contraventions;

b) Breached clause 98(2)(b) of the IPA Constitution[1] as the member failed to observe a proper standard of professional care, skill or competence. The above constitutes a failure to observe a proper standard of professional care, skill or competence; and

c) Breached clause 98(2)(f) of the IPA Constitution[1] as the member has engaged in conduct which is not in the best interests of the IPA. The above constitutes conduct that is not in the best interests of the IPA.

The Tribunal further resolved that the following penalties are imposed:

- The member is required to provide certification of an auditor independence course completed within six months.
- Censure.
- Costs of $1,000 plus GST.

Paul Bogiatto – MIPA AFA

The IPA Disciplinary Tribunal of 14 September 2018 determined that the following case presented against the member was proven:

a) Breached clause 98(2)(a) of the IPA Constitution[1] as the member breached the IPA By-Laws clause 2.1.2[2]. The member had actions brought against him by a regulatory body and did not formally advise the IPA as soon as practicable of the nature of the action and penalty imposed. The Tax Practitioners Board terminated the member's tax agent registration and the member did not notify the IPA;

b) Breached clause 98(2)(a) of the IPA Constitution[1] as the member breached the IPA By-Laws in particular clause 7.1.6[2]. The member failed to comply with a reasonable request made by an Officer of the Institute as the member failed to respond to correspondence from the Investigations Officer;

c) Breached clause 98(2)(b) of the IPA Constitution[1] as the member has failed to observe a proper standard of professional care, skill or competence. The above constitutes a failure to observe a proper standard of professional care, skill or competence;

d) Breached clause 98(2)(h) of the IPA Constitution[1] as the member has failed to comply with a reasonable request made by an Officer of the IPA. The member has not responded to correspondence from the Investigations Officer; and

e) Breached clause 98(2)(f) of the IPA Constitution[1] as the member has engaged in conduct which is not in the best interests of the IPA. The above constitutes conduct that is not in the best interests of the IPA.

The Tribunal further resolved that the following penalties are imposed:

- Forfeiture of membership.
- Costs of $1,000 plus GST.

Geoffrey Paul Thompson – FIPA FFA

The IPA Disciplinary Tribunal of 14 September 2018 determined that the following case presented against the member was proven:

a) Breached clause 98(2)(a) of the IPA Constitution[1] as the member breached the IPA By-Laws clauses 2.1.2 and 2.1.3[2] and in particular APES 220 – Taxation Services and/or APES 310 – Dealing with Client Monies. The member dealt with client monies through the firm bank account and not a trust account or client bank account, failed to ensure prompt transmission of monies from the Australian Taxation Office to the client, and failed to obtain client authorisation before amending and lodging the client's tax return;

b) Breached clause 98(2)(b) of the IPA Constitution[1] as the member failed to observe a proper standard of professional care, skill or competence. The above constitutes a failure to observe a proper standard of professional care, skill or competence; and

c) Breached clause 98(2)(f) of the IPA Constitution[1] as the member has engaged in conduct which is not in the best interests of the IPA. The above constitutes conduct that is not in the best interests of the IPA. The Tribunal further resolved that the following penalties are imposed:

- The member is required to do the following (membership will be suspended if the following is not done):
  - Complete a course related to trust accounts and dealing with client monies and provide evidence of completion within six months.
  - Establish a trust account and provide evidence this has been done within one month.
  - Engage within one month an independent auditor to audit the business bank account and provide the auditor's report within six months.
- Censure.
- Costs of $1,000 plus GST.

Debbie Ann Maree Warren – MIPA AFA

The IPA Disciplinary Tribunal of 14 September 2018 determined that the following case presented against the member was proven:

a) Breached clause 98(2)(a) of the IPA Constitution[1] as the member breached the IPA By-Laws clauses 2.1.2 and 2.1.3[2] and in particular APES 110 – Code of Ethics for Professional Accountants. The Tax Practitioners Board terminated the member's tax agent registration as it determined the member had failed to comply with the Code of Professional Conduct in the *Tax Agent Services Act 2009*;

b) Breached clause 98(2)(a) of the IPA Constitution[1] as the member breached the IPA By-Laws in particular clause 7.1.6[2]. The member has failed to comply with a reasonable request made by an Officer of the Institute as she failed to respond to correspondence from the Investigations Officer;

c) Breached clause 98(2)(b) of the IPA Constitution[1] as the member failed to observe a proper standard of professional care, skill or competence. The above constitutes a failure to observe a proper standard of professional care, skill or competence;

d) Breached clause 98(2)(h) of the IPA Constitution[1] as the member failed to comply with a reasonable request made by an Officer of the IPA. The member has not responded to correspondence from the Investigations Officer; and

e) Breached clause 98(2)(f) of the IPA Constitution[1] as the member has engaged in conduct which is not in the best interests of the IPA. The above constitutes conduct that is not in the best interests of the IPA.

The Tribunal further resolved that the following penalties are imposed:

- Forfeiture of membership.
- Costs of $1,000 plus GST.

Details of one other case presented at the Tribunal of 14 September 2018 can be found in the complete listing of Tribunal findings on the IPA website (https://www.publicaccountants.org.au/about/complaint-investigation/tribunal-hearings-decisions).

[1] IPA Constitution version 2.0 August 2016
[2] IPA By-Laws version 2.4.1, 17 February 2017

Register of members

The following list updates the Membership Register of the Institute of Public Accountants. The board of directors extends congratulations to all new members and to those who have advanced in status

Admitted as AIPA

New South Wales

Muhammad Ali
Ellen Ashby
Juliana Assoutis
Pin-Chi Chiu
Kelly Dawson
Alannah Dowell
Fauzia Farah
Jayne Fuller
Hedayat Ghodrat
Mohammad Hakim
Jeremiah Haley
Morne Kemp
Jessica Kovic
Grace Liang
Quet Ly
Washington Maira
Dominique McGregor
Gloria Mifsud
Henry Mulli
Moses Muluuta
Jane Murray
Xiangxia Nyhuis
Miraj Patel
Christopher Redwood
Joanna Rhee
Mellissa Sciffer
Tejinder Singh

Victoria

Jack Brook
Sarah Bustos
Hung Pan Chan
Somruethai Charoensukmongkol
Adis Cindrak
Tejal Dave
Fiona Dick
Maria Huertas
Selda Kaplan
Vinod Kapoor
Craig Little
Brian Mallillin
Shafiq Maska
Alisen Merrey
Belinda Michell
Margaret Nelson
Van Hieu Nghia Nguyen
Mary Perera
Beatrice Roswell
Deepak Sarna
Chandresh Savaliya
Swaraj Thind
Sofia Viskas Neale
Emma Wood

Queensland

Benjamin Baldry
Lauren Baldry
Patrick Carige
Jessica Edwards
Christopher Forsdyke
Fernando Garcia
Sian Gross
Tammy Hansen
Daniel Judge
Ebony Lawton
Amber Mina
Keyurkumar Patel
Jarad Taylor
Lisa Waugh
Maria Young

South Australia

Hafiz Anayatullah
Julie Anthony
Peter Bennett
Frances Chen
Evdokia Dragatis
Amy Dutoit
Sophie Kellett
Jahanzeb Khan
Daniel Masullo
Leanne Murphy
Elary Tanios
Nick Taylor

Western Australia

Ram Bhattarai
Phillip Bruni
Ronald Chanda
Paul D'Silva
Emmanuelle Daniels
Pooja Rani Gill
Miraflor Harris
Darcy Hegarty
Tatenda Mangenje
Michelle Meldrum
Michael Procos
Kenneth Simmonds
Simran Shah Singh
Vernon Thompson
Mick Tuteja
Heidi Van Der Linde
Boy Yolandi

Tasmania

Leza Claudio
Nicholas Gimpl
Anthony Nichols

Australian Capital Territory

Longqian Cui

Hong Kong

Jimmy Woo

Overseas

Deemah Alnafisah
Nuwan Dissanayake

China

Wang Qingqing

Admitted as FIPA

New South Wales

Geoffrey Wood

Victoria

Philip Lum
Glenn Taylor

Queensland

Noel Box
Annette Koch
Kenneth Lawrence
Sheila (Cecilia) Ponting

Western Australia

Sarah Gosling

Hong Kong

Tung Wai Tse
Chi Kit Wong

Overseas

C Shree Ram
Antonio Dayag
Jaspreet Singh

China

Cao Huaqiang
Chen Dong
Chen Qi
Chu Lihua
Du Wei
Gu Yanli
Han Yanfei
Hong Jian
Liao Mingtao
Liu Weifeng
Luo Xi
Lyu Xiushan
Shen Guangping
Shen Jingyu
Shi Wei
Tian Haihong
Wang Xiaosong
Wang Yaoyun
Wang Zhenrui
Xing Qing
Yang Lin
Zang Luoqi
Zeng Ming
Zeng Minhong
Zhang Jue
Zhang Liyin
Zhao Lu
Zhu Hong
Zhu Peiqing
Zhu Zhenrong

Admitted as MIPA

New South Wales

Kylee Adams
Katrina Brumby
Juan Campos
Luz Castillo
Warren Clark
Nizam Dean
Tuan Dinh
Goodness Dube
Julie-Anne Ellem
Wai Fatt Yee
Haiming Huang
Karim Hwalla
Kamran Imam
Chun Lai
Colin Larkin
Ivano Laureti
Shaun Marshall
Ostilio Pisanu
Owais Syed
Mark Tadulan
Steven Vassallo
Gabrielle Vlok

Victoria

Glenda Bryson
Jacky Chan
Janani Danansuriya
Pushpa Dassanayake
Ilknur Dilman
Nalin Fernando
Stephen Freyer
Yu Fu
Anastasios Georgas
Dan Dan He
Chaminda Ilayperuma
Karl Jackson
Abhishek Kandi
Sandeep Kaur
Shabih Khan
Makararath Khov
Feride Kol
Neil Ohri
Dean Pagnin
Jaswinder Singh
John Tangga
Stephanny Wisely
Liqin Yu

Queensland

Jojo Bebawy
Bradley Bulow
Fei Cheng
Novita Halim
Yvonne Koschel
XiaoPing Li
Simon Nuttall
Kristie Ogden
Narelle Robertson
Allen Wight

South Australia

Peter Taylor
Madeeha Usman

Western Australia

Melissa Allen
Sanela Dogic
Katrina Ellis
MD Moazzem Hossain
Dominic James
Patricia Oliver
Jessica Smyth

Tasmania

Gaye Quigley

Australian Capital Territory

Gaurav Bhatia
Mirko Kesak
Chudamani Sapkota

Malaysia

Choy Hong Cheong
Man Nee Chiam
Siew Lee Goh
Yun Kit Ip
Hong Meng Koh
Siew Tyng Lai
Chuen Lai Lam
Pay Eet Law
Pei Zi Lee
Sow Kheng Loke
Kuan Ling Low
Zeng Ying Miao
Shen Yi Qu
Soon Cheong See
Cai Er Sia
Chia Min Tam
Keh Pei Teh
Ying Ying Zheng

Hong Kong

Kwok Cheung Chan
Ming Chiu Chan
Tze Ho Brian Chan
Yu Ka Chan
Wai Kit Matthew Cheng
Wan Wah Kitty Ching
Hon Wang Chow
Kar Chun Hui
Wai Ying Kong
Pak Tung Lau

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Western Australia
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PO Box 7309, Cloisters Square, WA 6850
General manager: Kerrin Simmonds
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Freecall 1800 625 625

Register of members

Pui Man Pironi Leung
Siu Hong Leung
Sze Man Li
Yee Keung Lor
Chun Yu Ng
Hon Sum Percy Ng
Lai Chung Ng
Wai Han Ng
Man Kin Ken Pang
See King Arthur Sham
Wai Shan Tam
Yiu Kay Tang
Yiu Kay Tang
Fuk Ming Tsang
Shiu Heung Carol Tsang
Wallace Tsz Shing Wong
Sai Keung Yiu

Overseas

Abdul Rafay
Adil Khan
Ayesha Kanwal
Deen Mohammad
Haider Sajjad
Hassan Raza
Muhammad Imran Khan
Muhammad Nazim
Shah Faisal
Noman Abdul Rauf
Muhammad Zaurez Afshar
Muhammad Waqar Ahmad
Wajid Ali
Diego Araujo
Waheeduzzaman
Badiuzzaman
Priyadarshan
Balasundaram
Java Junior Beraro
Vipul Bhardwaj
Nilanjan Bose
Muhammad Adeel Chughtai
Haider Ud Din
Salah Eddine El Aachraoui
Junje Floron
Ajith Gopinathan Nair
Inam Ilahi
Danish Jaleel
Rajasekhar Babu Jarajapu
Nazar Kamal
Hafiz Bilal Ahmed Kh Khan
Hasan Khan
Zahid Latif
Abhilash Maruthur
Waqas Mehmood
Venugopal Menon
Ibrahim Mohamed
Nouman Mujahid
Sabarish Muthukumar
Manzoor Ahmed Nafees
Reinhardt Nolan
Moses Obasesin
Silvestre Danladi Ongong
Boulou
Jabal Prabodhkumar Patel
Waleed Haider Qureshi
Shridaran Ramalingam
Chukkapalli Ranga Rao
Syed Qamber Raza
Christian Reyes
Sami Ullah Satti
Swaminathan Selvan
Sibtain Shahbaz
Sriprakash TS
Hafiz Muhammad Yasin
Iqbal
Rahul Zantye

China

Yuhua
Chen Bojian
Chen Chen
Cui Aiping
Fan Haifeng
Han Ruihua
He Bo
Hu Diandong
Ji Weijing
Li Bo
Li Haohao
Li Yongyao
Lu Ning
Ma Hui
Miao Miao Miao
Miao Wenjin
Sun Lu
Sun Yan
Tang Waini
Wang Cheng
Wang Xiaopeng
Wang Xiaoyong
Xie Yali
Yang Sha
Yang Xi
Yuan Wen Juan
Zhang Chenxin
Zhang Qian
Zhang Yujing
Zhao Wenhui

Advanced to FIPA

New South Wales

Flordeliza Caragay
Muhammad Saeed
Kannan Seetharam
Narelle Shafer
Lorraine Wurzbach
Joseph Zaccheo

Victoria

Harish Bisam
Eldose Jacob
David Manwaring
Robyn Simmons

South Australia

Adam Hage
Todd Newman

Western Australia

Mitchell Moroney

Tasmania

Owen Laing

Hong Kong

Tung Wai Tse

Overseas

Umendra Nath Chaturvedi
Adnan Khan

Advanced to MIPA

New South Wales

Grant Alford
Koksal Bozdag
Pronab Fouzder
James Halloran
Walid Kanj
Megan McDowell
Rakeshni Mudaliar
Andrew Osborne

Victoria

Janice Daniel
Liang Li
Bill Moretti
Praveen Puvanakumar

Queensland

Melanie Higgs

South Australia

Thomas Madigan
Dinesh Yogi

Western Australia

Zhiguang Gao
James Ross
Pankaj Singla

Tasmania

Patrick Harvey

Deceased

The board of directors notes, with regret, the passing of the following members:

FIPA
Alan Sugerman
New South Wales