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THE OFFICIAL JOURNAL OF THE INSTITUTE OF PUBLIC ACCOUNTANTS

IPA INSTITUTE OF PUBLIC ACCOUNTANTS®

CELEBRATING OUR WOMEN – HEROES

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A MENTAL WEIGHT

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With the first rollouts of several COVID vaccines underway around the world, Australia will follow suit very soon

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2021- THE SEED OF HOPE

A new year has dawned and the recovery begins.

INTRODUCING THE IPA'S NEW PRESIDENT

Julie Williams is the new president of the IPA. But Julie has several other, perhaps less known but just as important roles

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Happy 2021!

The clock has finally ticked over from 2020 to 2021, bringing with it a wave of relief but also of trepidation as we brace for the next chapter of the pandemic.

With the vaccine rollout due to launch shortly and the economy touted to display robust growth on the back of rising confidence, Aussies are hopeful that 2021 will be a good year.

In this edition of our magazine, we introduce you to the IPA's new president, Julie Williams. A woman of many talents, Julie sets out her agenda for 2021, putting you – the members – at the centre of her focus.

Next, we celebrate our women heroes on occasion of International Women's Day 2021 and the heavy burden thrust on women as a result of the COVID-19 crisis.

We also take a closer look at the cost of poor mental health to the Australian economy, throwing the spotlight on the treatment of people with mental illness and exploring ways to eradicate the problem at its root.

The pandemic remains a central theme of our magazine, as we explore the implications of the vaccine rollout, looking at both sides of the coin and paying close attention to the thoughts of our SME community.

Happy reading!

I hope you enjoy the read and tell us what you think by emailing maja@momentumconnect.com.au.

Visit publicaccountant.com.au and join the conversation.

Public Accountant magazine is now available to read online on the Public Accountant digital hub.

Mumbrella PUBLISH Awards 2019 FINALIST

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INSTITUTE OF PUBLIC ACCOUNTANTS

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2021: A year to look forward

| Julie Williams FIPA FFA |

As this is my first report as the president and chairperson of the IPA Board, may I wish a happy new year to all IPA members and staff.

WE ALL endured a horrid end to 2019 with bushfires and floods prominent, followed by a pandemic-scarred 2020. It is now time to put it behind us and embrace, what I believe will be a very different year ahead.

While much more positive, 2021 will be nonetheless challenging. The reality is our profession remains in high demand.

Last year, accountants across Australia did the heavy lifting to help the Australian economy survive COVID-19. Stimulus packages initiated by the government relied on us to deliver the goods. Thousands of people and small businesses scrambled to understand the impact of the pandemic and turned to their trusted advisers to help them access these packages. Without accountants, the government's initiatives would not have achieved the desired results.

As Australia moves into what will be known as the COVID-normal and recovery phase, the demand to deliver will be just as high. JobMaker is now well and truly underway and accountants will need to help and encourage their clients to employ and take advantage of this recovery initiative.

I have often heard our chief executive officer, Andrew Conway say that nothing happens without accountants. When I consider last year and the year ahead, I think he is exactly right. However, there is and must be a major difference from the turmoil of 2020 and this year; for economic recovery, we must grow and prosper.

We heard so many stories from members last year depicting long hours that remained unbilled. Members were dedicated to their clients that were struggling to survive and often did not charge for the services they delivered. Likewise, many accountants employed in business spent long hours committed to the survival of their employers.

In a recovery and growth phase, that must change. Accountants may not be able to recover lost fees or hours but if the economy and businesses recover, then we should all be able to prosper in the future.

For instance, JobMaker has been introduced to create jobs. Creating jobs means greater investment into the economy and therefore, the business growth cycle begins. The accounting profession is the driver and enabler for this to happen.

I therefore encourage all IPA members to consider the important role you play in Australia's economic recovery and I wish you well for a prosperous year.

Follow Andrew Conway
twitter.com/andrewconwayceo

Looking forward to a great year

| Andrew Conway FIPA FFA |

Welcome to 2021. I hope this year will be one of recovery, growth, and prosperity for all of us.

IT WOULD be easy to say, let's forget or pretend that 2020 never happened. Instead, we must all accept that it did. COVID-19 has left its mark on all of us and globally so.

I am very confident that as we live and work in the new COVID-normal environment, that the year ahead is a bright one and one that is full of promise. What we have learned over the past 12 months, surely makes us individually and collectively as a profession that much stronger.

The biggest take out from 2020 for me, was the strength, resilience and stability of our members and the IPA as a professional body, and in fact, the accounting profession in general. The government pushed out major stimulus packages and in a very short time frame, accountants were faced with a deluge of clients seeking assistance as part of the implementation. The response was nothing but extraordinary.

The IPA's advocacy and marketing teams responded with constant communications and webinars to ensure members were abreast of constant changes. This also formed part of a transition to digital-based CPD which received incredibly high acceptance by members.

We will continue these short, sharp digital CPD sessions throughout 2021. However, we know that from members' feedback, there is still a need for the larger CPD offerings such as tax retreats, symposiums, and congresses and as long as the environment is a safe one to do so, these will be high on our 2021 agenda.

Another area of focus for this year, will be the rollout of the Counting on U Program funded by two grants totalling $3.5 million from the Department of Innovation, Science, Energy and Resources (DISER) awarded to the IPA-Deakin SME Research Centre to provide mental health training to 5,000 accountants over the course of 2021. The research and training will be undertaken by a collaboration between the professional accounting bodies, Deakin University, Beyond Blue, Mental Health First Aid Australia and WorkSafe Victoria.

Those conducting the research and training recognise that accountants are often the first to see the warning signs of struggle amongst small business clients. However, the training will also equip members to be more self-aware about their own mental health and that of their families, staff, and colleagues.

I urge all our members in practice to consider participating in this critical and world-first research and training. More details can be found on the IPA website and will continue to be sent to members by the IPA.

JobKeeper and cash flow eligibility anomalies to be addressed

WHILE THE ATO has done a fantastic job in its administration of the government's stimulus packages, a small number of entities may have wrongfully missed out.

The report by the Inspector-General of Taxation and Taxation Ombudsman (IGTO) recognises the good work of the ATO in this area but indicates some taxpayers should have been allowed to demonstrate their trading circumstances other than by lodging a BAS before 12 March 2020.

"The ATO is to be commended for its administration of the JobKeeper scheme," said Institute of Public Accountants (IPA) chief executive officer, Andrew Conway.

"However, a small number of entities may have been denied access to JobKeeper and the cash flow boost.

According to the IGTO report, certain financial supplies can satisfy the requirement to evidence business activity which is not limited to notifying the making of a supply via lodgement of a business activity statement (BAS).

"In fact, if a new business opened a business account then this would be sufficient to indicate their business activity intent," said Mr Conway.

"Accountants, as trusted advisers, should review their small business clients to ensure those that may have been eligible but denied access, are now brought to the attention of the ATO.

"It is unfortunate if some small businesses closed where they could have rightfully accessed the cash flow boost."

$10
THOUSAND
cash ban bill killed in the Senate
(Parliament)

10
THOUSAND
tip-offs to the ATO have been about JobKeeper misconduct in 2020
(ATO)

450
THOUSAND
businesses dropped off JobKeeper in October
(Treasury)

$1.1
MILLION
Aussies are not being paid the 25 per cent loading rates
(Griffith University)

IPA welcomes Insurance Inquiry report

The Insurance Inquiry report released by the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) has been welcomed by the Institute of Public Accountants (IPA), noting there is still much to be done. "The ASBFEO Insurance Report highlights the many issues facing small business owners, some of which make it impossible for them to carry on business as they can't get insurance or the cost of insurance is prohibitive," said IPA chief executive officer, Andrew Conway.

Closure of FASEA welcome but only the start, says IPA

The winding up of the Financial Adviser Standards and Ethics Authority is a welcome move but more needs to be done to make financial advice affordable, says IPA CEO Andrew Conway. "The Institute of Public Accountants continues to advocate for consumer access to competent and affordable financial advice, and accordingly we welcome the recent round of reforms to the sector," Mr Conway said. Legislation is expected to be introduced in 2021.

Consultation: Improving technology neutrality of Treasury

IPA CEO Andrew Conway says modernising business communication is a key driver of Australia's future economic growth. He said that if anything good has come from the COVID-19 pandemic, it's the push to continue Australia's deregulation agenda. "This consultation is essential as one of its objectives is to ensure Australia does not restrict the use of current and future technologies," said Mr Conway.

Small business coronavirus grants now tax-free

Legislation has passed giving small business grants relating to the recovery from the pandemic the tax-free treatment. Eligibility is restricted to grants announced on or after 13 September 2020 and for payments made between 13 September 2020 and 30 June 2021. Entities with aggregated turnovers of less than $50 million will be eligible. The payment must also be made under a grant program that is declared eligible and is, in effect, responding to the economic impacts of the coronavirus.

JobMaker: The criteria for making a claim for businesses

The ATO has released its conditions that businesses must fulfil in order to make a payment claim under the JobMaker Hiring Credit scheme. businesses can access the payment for up to 12 months for each eligible additional employee they hire between 7 October 2020 and 6 October 2021. They will be able to claim up to $200 a week for each additional eligible employee they hire aged 16 to 29 years, and up to $100 a week for those aged 30 to 35.

Treasurer confident March insolvency cliff can be avoided

Treasurer Josh Frydenberg believes that the gradual removal of temporary stimulus measures such as JobKeeper will not lead to a sudden spike of businesses entering insolvency. Mr Frydenberg conceded that some businesses won't survive the changes and that some jobs won't be able to be saved. However, he remained confident that the unemployment rate will continue to track downwards and that other forms of economic support will help keep those jobs.

IN THE MEDIA

The IPA has actively engaged with the media on a wide range of important and pressing issues.

ATO penalty regime

"We fully support providing more powers to the TPB to deal with the bad apples in our profession."

Tony Greco, AccountantsDaily

Proposed change to SIS

"The IPA does not support the change requiring accounts and statements be prepared at least 45 days in advance of the required lodgement date."

Vicki Stylianou, Public Accountant Hub

Funding boost for mental health

"By upskilling accountants, we believe there will be tremendous positive outcomes in supporting SME owners and ensuring they get the professional help as required."

Andrew Conway, AccountantsDaily

Mental health first aid

"It's probably true to say that accountants are in a fairly unique position where basically when they're dealing with their small business clients, they will actually see those first cracks, those first signs where some of their clients need assistance."

Wayne Debernardi, Canberra Times

Tax reform

"Tax cuts will always be a true sweetener but there is no point having the sugar if we are not addressing the cavity that is left behind by ignoring the need for holistic tax reform."

Andrew Conway, Australian Financial Review

Insolvency laws

"The government's recently announced plans to overhaul insolvency laws to give small businesses a chance to trade through the coming months is welcome. It's now vital the government supports these small businesses to get the tailored advice they need to plan ahead."

Andrew Conway, Inside Small Business

Tax watchdog cracks open cash flow boost

"The ATO's narrow interpretation may come back to haunt them because of the Inspector-General of Taxation's analysis."

Tony Greco, AccountantsDaily

JobMaker disincentive

"I think it's reasonable to say that it's going to be a substantial disincentive for a small business to want to go down that path, especially given that more than 60 per cent of small businesses don't employ. And you're asking them, not only to put on one extra person, but an additional person so I think it's not highly attractive to small business."

Tony Greco, Canberra Times

ATO reclaims JobKeeper payments

"The various stimulus measures were put in place very quickly, and the ATO, to their credit, has done a fantastic job putting all the infrastructure in place to facilitate the payment of benefits."

Tony Greco, MyBusiness

Budget reboot

"We all understand the level of debt that Australia now finds itself with, but unfortunately, this is unavoidable if we are to get the country moving again. We need to get the doors of small business and the borders open again, create jobs and get the cash registers humming again, in order to recover and grow in a new 'COVID-normal' world."

Andrew Conway, MyBusiness

IPA AWARDS

The IPA is pleased to congratulate and profile the 2020 members and practices of the year and wishes to thank all of its members for their hard work and dedication during what has been an extremely tough and challenging year

| by Maja Garaca Djurdjevic |

New South Wales

Member: Benjamin Johnston

Benjamin Johnston has been an accountant for 24 years, starting as an 18-year-old he took the route of working full-time and studying part-time. In hindsight, he says it was a great move as he was able to gain vast experience from an early age. His beautiful family (wife and two children) are his world and are his motivation to work hard and be good at his job.

Mr Johnston enjoys contributing to leading newspapers and television programs who ask for his insight into key policy changes and he hopes that it goes towards pushing the industry forward and giving a voice to his clients about issues that impact them.

Mr Johnston loves his job and has been lucky enough to carve a niche in the industry through dealing with some high profile athletes and media identities. His small business clients are from a diverse range of industries and over time he has developed amazing relationships with his clients who show a lot of trust and loyalty.

He is extremely proud to be IPA member of the year for NSW and will continue to represent the IPA with dignity and professionalism.

Practice: George Kemp & Associates

George Kemp & Associates (GKA) is a family run business established 26 years ago. A boutique chartered tax and accounting advisory firm, it is located in the heart of Sydney's CBD. Their mission at GKA is to be your life-long trusted tax and accounting adviser.

GKA was awarded NSW Practice of the Year for both 2018 and 2020 by the Institute of Public Accountants. With over 75 years' combined experience, they are specialists in handling complex local and international tax and accounting affairs. GKA provides a full range of quality tax, accounting and advisory services to a broad client base, ranging from medical specialists to celebrities, executives to small businesses, HNWI's to Mums and Dads with investments.

South Australia/ Northern Territory

Member: Robert Buss CTA FIPA FFA
Robert Buss has worked in the accounting and finance industry since 1998 and later joined the IPA in 2007 after transitioning into public practice.

Mr Buss has since been a proud and loyal member of the IPA, graduating from the IPA Program in 2011 with a Master of Commerce (Professional Accounting).

To quote Mr Buss: "The IPA has created a pathway for my education and career in public practice that has not only been supportive and resourceful, it has also introduced me to many wonderful people along the way. My focus now is not just to run a successful accounting practice, but also to provide other aspiring young accounting professionals an opportunity to learn and grow in a fun, professional and supportive environment."

Mr Buss' business, PFS Accounting, located in Royal Park, Adelaide, prides itself on not just being a professional boutique accounting practice specialising in individual tax returns, small business and self-managed superannuation funds, but also being a friendly and supportive atmosphere for its local community and clients.

Practice: Tashly Consulting
Natasha Sampson-Ly is a qualified accountant who has a passion for helping small businesses with their finances. Seeing an opportunity 20 years ago in 2000 with the introduction of the GST, Ms Sampson-Ly started her own bookkeeping business Tashly Consulting, offering bookkeeping and compliance services to small businesses in Adelaide. The business has grown and services have expanded to include advisory services in relation to accounting software, training, technical support and troubleshooting. Ms Sampson-Ly is CPA and IPA Qualified, an accredited Certified Xero Adviser, Xero Gold Partner, Receipt Bank Gold partner, Registered BAS Agent and also has a Certificate IV in Training & Assessment with experience teaching at TAFE. Ms Sampson-Ly was awarded the Xero SA/NT Bookkeeping Partner of the Year 2016 and is currently a finalist for Most Efficient Bookkeeper Awards with Receipt Bank – awards postponed until later in the year given current events. Ms Sampson-Ly and her team are passionate about empowering businesses with clarity and confidence through reliable and efficient bookkeeping, training and technical support.

Queensland

Member: Ajendra Prasad
Ajendra Prasad has been providing tax and business consulting services to the wider community for the last 22 years and has been a partner at Veal and Prasad Accountants in Browns Plains for the last 14 years. Five years ago with his business partner (elder brother) they expanded with another branch 'VKS Accounting' in Jimboomba. Having grown up in a business environment (bus industry in Fiji) business acumen and client service runs in his veins. With a natural inclination towards technology, Mr Prasad complemented his strengths with studies focusing in E-commerce and cementing his technical knowledge through his Masters.

Mr Prasad believes what sets him apart from others, based on his client's feedback, is his ability to proactively engage with his clients both at a professional and personal level, being able to understand the intricacies of running a business, and his ability to identify growth opportunities and assist his clients to scale-up their business through the use of technology. As most of his clients will attest, Mr Prasad tells them that his mobile phone number should be on speed dial.

Mr Prasad engages with the community through voluntary services as an honorary member with the Rotary Club of Jimboomba, professional affiliation with IPA and currently as deputy president QLD divisional advisory committee.

Practice: Australian Business Tax
Australian Business Tax is an IPA practice with a team of professionals passionate about working near to perfection. The practice is operated by a sole practitioner with a small team of accountants and a client services officer. The practice is located at Woolloongabba, Brisbane.

The practice was established in 2015 and continues to service small-to-medium-sized businesses with accounting, taxation, and business advice matters.

The team at Australian Business Tax (ABTAX) believes that every small business has the opportunity to grow if they have the right product/service and honest business and taxation advice. With a strong knowledge of taxation law and a highly motivated team, they assist clients with taxation advice and achieving their business goals.

The ABTAX team is professionally qualified in dealing with complex taxation problems and provides solutions for clients. Apart from being specialised in accounting and taxation for medical professionals, the team has worked with clients from multiple industries including building and construction, logistics and transportation, retail, hospitality and professionals.

NATIONAL WINNERS

National Member of the Year
Winner Mitchell Moroney – WA

National Practice of the Year
Winner Tashly Consulting – SA

Australian Capital Territory

Member: Natasha Janssens
Natasha Janssens is the author of *Wonder Woman's Guide to Money* and an award-winning finance expert. After arriving in Australia as an 18-year-old refugee without her family, Ms Janssens learned firsthand the complexities of navigating the Australian financial system and the challenges faced by Australian women.

Her passion for education and helping others led her to start Women with Cents – an online community dedicated to empowering Australian women through education. Ms Janssens is a regular contributor in the media, with her advice being featured in numerous media outlets such as *Elle* magazine, *The Sydney Morning Herald*, ABC Radio, *Mamamia* and *Today Tonight*.

Through a combination of free resources, online courses, webinars, personal coaching and public events, Ms Janssens has helped thousands of women across Australia facing various financial challenges, from a financially controlling partner to the risk of bankruptcy, through to cutting back spending or pinpointing specific wealth-building strategies.

Ms Janssens is on a mission to ensure that all Australian women have access to professional financial advice, regardless of their age, income or circumstances.

Practice: Foxton Financial
Foxton Financial is a vibrant accounting firm that offers comprehensive accounting, taxation and SMSF services. Foxton Financial is a modern and forward-thinking company that uses technology to deliver high quality work for its clients throughout Australia. Not just a stock standard accounting firm, the team at Foxton Financial are specialists in their field, and are proud to have an out-of-the-box approach to their practices. They are based in the ACT, however cloud technology allows them to provide services anywhere in Australia.

Their business is built on honesty and fairness and they are fiercely independent financial services providers, and proud of it.

The team at Foxton Financial work flexibly outside of standard office hours to get your finances back on track. Additionally, they have an exciting referral team that offers legal, actuarial, audit, business advisory, and financial planning services.

Mitchell Moroney

Western Australia

Member: Mitchell Moroney
Mitchell Moroney has been a member of the IPA since 2011 when he joined as an associate member. Since then he has exceeded all expectations. He started his accounting firm in 2016 (Moroney & Associates) which has since grown to service more than 3,000 clients as well as establishing a national audit division.

Mr Moroney is a strong advocate for the IPA of which he chairs the IPA Southern District Discussion Group which meets monthly and provides a number of talks at local TAFEs and universities.

In 2019 Mr Moroney achieved the status of youngest ever member to be admitted to fellow status with the IPA. During 2020 he has started a popular podcast "The Mitch Moroney Show", in which he holds discussions with industry leaders relating to a variety of sections of the business world.

Practice: Balance Tax Accountants
"Tax is FUN!" ...said no one #ever... Except #taxnerds at Balance Tax Accountants.

They flip traditional on its head by giving "small business accountant" a fresh, approachable and reliable makeover.

The Balance Tax Accountants team is based in Perth, WA, and they don't outsource client work overseas. They are set up to run 100 per cent online, which allows them to serve clients around Australia.

Diana Todd's vision for Balance Tax Accountants started in 2015, when she saw a need for a tax accountant who not only specialised in small business, but also speaks in a language that small business owners who don't come from a financial background understand. This coupled with her passion for creating a fun and supportive workplace for her employees, and a drive to create local jobs, has meant the practice has grown to serving over 750 clients across Australia and a passionate team of seven in five years of business.

Victoria

Member: Joseph Cullen
Being a member of the IPA for 25 years has been an important part of all Joseph Cullen's roles and his life.

The IPA's professional development program has helped him to both sustain his professional development and, just as importantly, to broaden his lifelong learning boundaries.

While his membership has allowed him to pursue his passion in both employment and voluntary roles, it has also allowed him to bring a pragmatic, but thoughtful and supportive, approach to those organisations that he has served over those years.

In the same way that the IPA plays a pivotal role as a trusted adviser, he believes that being a member has also meant that he has been a trusted leader for the organisations he has served, and a mentor for those teams that he has led.

Mr Cullen believes we can only succeed in life with the support of family and friends. In this, he says, he is twice blessed.

His friends say he is an accountant who 'has a heart', but he likes to think that he has a 'heart' that has been allowed to follow its passions because he is an accountant.

Practice: Hayes Girling Financial
Hayes Girling Financial exists purely to help put people in a better position by servicing their needs and providing friendly, family-orientated service. They seek to understand your situation, your values and your needs, so that they can provide assistance when and how you need it.

Their philosophy is that everything they do is about you. Their accounting and financial planning teams are made up of highly qualified and motivated individuals that keep abreast of new trends, policies, and procedures to ensure they remain at the forefront of the industry. Hayes Girling Financial focuses on its clients, ensuring they provide exceptional client experiences and outcomes.

Tasmania

Member and practice: Anthony Davis and Anjen Accounting
Anthony Davis joined the Institute of Public Accountants in January 1977. The Institute was called the Institute of Affiliate Accountants in those days, later to become the National Institute of Accountants and now the Institute of Public Accountants. Mr Davis moved through the member level of the IPA to become a Fellow Member in September 1992.

He became a registered tax agent in 1979. All of his working life has been in public practice, firstly with a mid-tier chartered firm in Hobart, later with a trustee company in charge of their taxation section and finally his own practice – Anjen Accounting Services Pty Ltd for the last 20 years.

It has been a good field to work in, Mr Davis says. He still remembers having to prepare tax returns by hand on official forms and physically lodging them in a post box at the Tax Office. This was all before any form of electronic lodgement or tax agent portals.

Mr Davis thanks those who nominated him and is very humbled with the support sent in by his clients and colleagues.

Get more expert insights at publicaccountant.com.au/blog

IPA-Deakin kick off mental health training project

The Institute of Public Accountants, Chartered Accountants Australia and New Zealand and CPA Australia are taking up the gauntlet in unison to ensure their members are equipped to recognise stressors among their clients and to support them

"THE PROGRAM WILL UPSKILL ACCOUNTANTS TO PROVIDE MENTAL HEALTH FIRST AID TO THEIR SMALL-MEDIUM ENTERPRISE CLIENTS"

LATE LAST year, the government announced a $2.24 million grant to train 5,000 accountants over the next two years to recognise and support their clients, employees and themselves in dealing with mental health issues.

The Department of Innovation, Science, Energy and Resources (DISER) has awarded the IPA-Deakin SME Research Centre a $2.24 million grant for its Supporting Small Business Advisors for Better Mental Health project, which will see the professional accounting bodies unite to promote mental health.

This project builds on last year's $1 million grant through the National Health and Medical Research Council, which is developing the training material, and was achieved in collaboration between the professional accounting bodies, Deakin University, Beyond Blue, Mental Health First Aid Australia and WorkSafe Victoria.

"The government is making record investments in mental health services and support with expenditure estimated to be $5.7 billion this year alone. Small and family business are the lifeblood of our communities and the backbone of our economy, so it is crucial that they emerge from the pandemic in the best financial and emotional shape possible," said Minister for Employment, Skills, Small and Family Business Michaelia Cash.

"We have committed $7 million to the BusinessBalance program, including $2.24 million in Deakin University and other stakeholders to train more than 4,000 accountants in mental health first aid to support their critical small business networks.

"The government is proudly partnering with Deakin University and professional accounting bodies to deliver this vital training that will change lives."

The IPA-Deakin SME Research Centre has confirmed that work is well underway to implement the training in 2021, with the IPA-Deakin research team currently tasked with refining the training package before it begins seeking accountants wishing to partake in the program.

Commenting on the government's recognition of an accountant's central role in managing mental health issues among their SME clients, Kevin Dancey, CEO of the International Federation of Accountants (IFAC), said earlier that the grant is meaningful not just for members of the professional accounting associations and SMEs, but for society more broadly.

"IFAC commends this collaborative effort to bring attention and significant funding to the issue of mental health," said Mr Dancey.

"Australia is leading on this important work and setting a strong example for others to follow."

Similarly, Deakin vice-chancellor Professor Iain Martin explained that the grant recognises the numerous and significant mental health challenges that both business owners and accountants are currently facing because of the global pandemic.

"With a recent departmental study showing nearly one in three small-medium enterprise owners had identified a diagnosis in the last 12 months of either experiencing stress, depression or anxiety, now more than ever we must pay close attention to our mental wellbeing," said Mr Martin.

"This crucial federal government grant will help fund the rollout of a sector-wide continuous professional development program for accountants and will be delivered by Australia's three accounting professional bodies.

"The program will upskill accountants to provide mental health first aid to their small-medium enterprise clients. The project also provides an important avenue for the early identification, management, or prevention of various mental health conditions."

A 2020 study commissioned by the DISER found that nearly one in three SME owners had identified that they had a diagnosis in the past 12 months of experiencing stress, depression, or anxiety, mostly related to financial issues and the impact of those stresses on family and personal life.

"Our combined research grant funding of over $3.24 million through the centre and insights gained through our members and the small business community highlight the significant challenges that SME owners are currently facing due to the COVID-19 pandemic," said IPA CEO Andrew Conway.

"By upskilling accountants, we believe there will be tremendous positive outcomes in supporting SME owners and ensuring they get the professional help as required. They are not there to play the role of professional health clinician, but they can be better equipped to point their SME client in that direction when required."

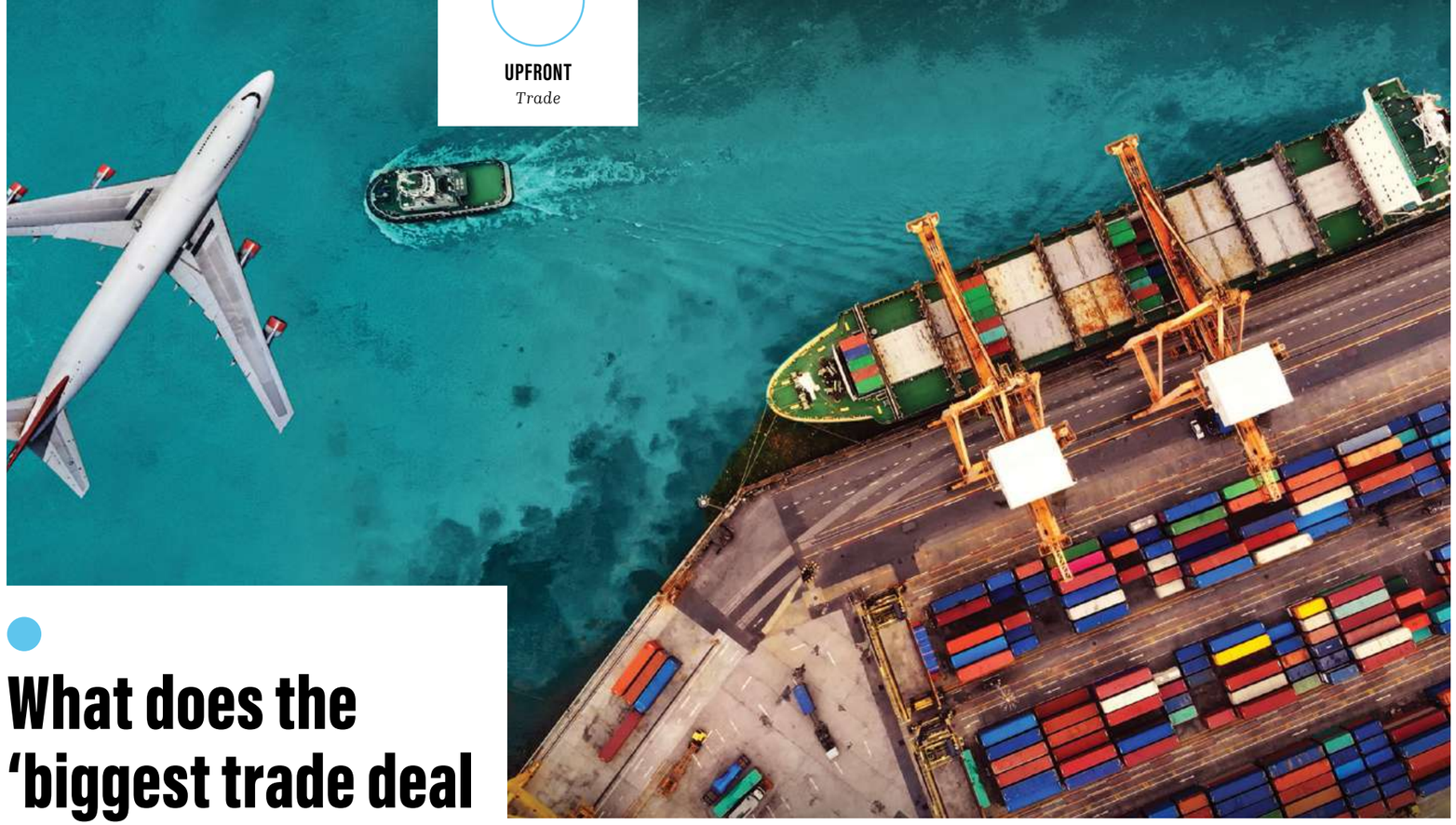
CPA Australia CEO Andrew Hunter noted that the project comes at a critical time for the accounting profession.

"Throughout the coronavirus pandemic, accountants have played a frontline role in helping individuals and businesses manage the economic fallout, and this has put them under enormous pressure. Mental health is a whole of industry issue and, more so than ever before, needs a collective approach which supports all our members," Mr Hunter said.

Similarly, CA ANZ CEO Ainslie van Onselen recognised the critical role accountants play in their clients' mental health journeys.

"Mental health is a whole of society issue and as one of Australia's most trusted professions accountants have a unique and vital role to play on the front line," Ms van Onselen said.

"Every day accountants see the huge impost that has taken place on their clients and this project will make a huge difference quickly."



What does the 'biggest trade deal in history' mean for Australia?

Late last year, Australia entered into the Regional Comprehensive Economic Partnership (RCEP) Agreement with 14 other Indo-Pacific countries, including China, Japan, South Korea and New Zealand. What does this deal actually mean?

REFERRED TO as the "world's largest free trade agreement" by Trade Minister Simon Birmingham, the deal is considered critical for Australia's recovery from the COVID-19 recession and is expected to favour businesses operating in the services sector.

According to the Department of Foreign Affairs and Trade (DFAT), the RCEP is a "modern and comprehensive free trade agreement covering trade in goods, trade in services, investment, economic and technical co-operation, and creates new rules for electronic commerce, intellectual property, government procurement, competition, and small and medium sized enterprises".

"This deal will further integrate Australian exporters into a booming part of the globe, with RCEP countries making up nearly 30 per cent of world GDP and the world's population," Minister Birmingham said in November last year.

"RCEP has been driven by the 10 ASEAN nations, who collectively constitute Australia's second largest two-way trading partner and have successfully brought Australia, China, Japan, New Zealand and South Korea into this regional trading block with them.

"This agreement may have taken eight years to negotiate, but it could not have come at a more important time given the scale of global economic and trade uncertainty."

RCEP eliminates 90 per cent of tariffs between its signatories, while also establishing common rules for e-commerce, trade and intellectual property.

As such, Mr Birmingham said at the time that the deal heralds a new level of economic co-operation that is critical to the post-COVID-19 recovery.

"Greater openness within our region, as well as the greater integration of value chains and more common rules of origin which this deal delivers, will make it easier for Australian businesses and investors to operate throughout our region, helping Australia to continue to grow our exports," the minister said.

Australia is now working towards fully ratifying RCEP as soon as possible.

Main benefits

When finalised, the main benefits for Australia are expected to be:

- A new single set of rules and procedures for accessing preferential tariffs in any of the 15 RCEP markets.
- New scope for trade in services throughout the region including across telecommunications, professional and financial services.
- Improved mechanisms for tackling non-tariff barriers including in areas such as customs procedures, quarantine and technical standards.
- Greater investment certainty for businesses.
- Rules on e-commerce to make it easier for businesses to trade online.
- A common set of rules on intellectual property.
- Agreed rules of origin that will increase the competitiveness of Australian inputs into regional production chains.

Longer-term benefits for Australian participation in RCEP

According to DFAT, RCEP will play an important role in delivering against the Foreign Policy White Paper objective of contributing to a stable and prosperous Indo-Pacific.

RCEP is also seen as an important signal of support for trade liberalisation and rules-based trading arrangements at a time of significant global trade tensions, and when the World Trade Organization is facing deep challenges.

Agreements such as RCEP are generally believed to play a critical role in resisting protectionism, and bolstering support for an open global economy supported by enforceable rules.

RCEP negotiations were launched in November 2012 between the Association of Southeast Asian Nations (ASEAN includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam) and ASEAN's free trade agreement partners (Australia, China, India, Japan, New Zealand and Republic of Korea)

Australia's total goods and services two-way trade with other Regional Comprehensive Economic Partnership countries in 2019.

TOTAL GOODS AND SERVICES TWO-WAY TRADE

Country	A$m	Percentage share of total
ASEAN (total)	121,966	13.3
Brunel	1,396	0.1
Cambodia	755	0.1
Indonesia	17,703	1.9
Loas	137	0
Malaysia	23,953	2.6
Myanmar	397	0
Philippines	5,893	0.6
Singapore	33,181	3.6
Thailand	23,075	2.5
Vietnam	15,504	1.7
China	251,417	27.4
Japan	86,774	9.5
New Zealand	31,108	3.4
Republic of Korea	41,318	4.5

Total investment between Australia's and other Regional Comprehensive Economic Partnership countries in 2019

TOTAL FOREIGN INVESTMENT STOCK IN AUSTRALIA

Country	A$m	Percentage share of total
ASEAN	134,653	3.5
China	78,152	2
Japan	241,091	6.3
New Zealand	64,360	1.7
Republic of Korea	31,377	0.8

TOTAL AUSTRALIAN INVESTMENT STOCK ABROAD

Country	A$m	Percentage share of total
ASEAN	124,683	4.2
China	85,268	2.9
Japan	139,567	4.7
New Zealand	130,451	4.4
Republic of Korea	22,704	0.8

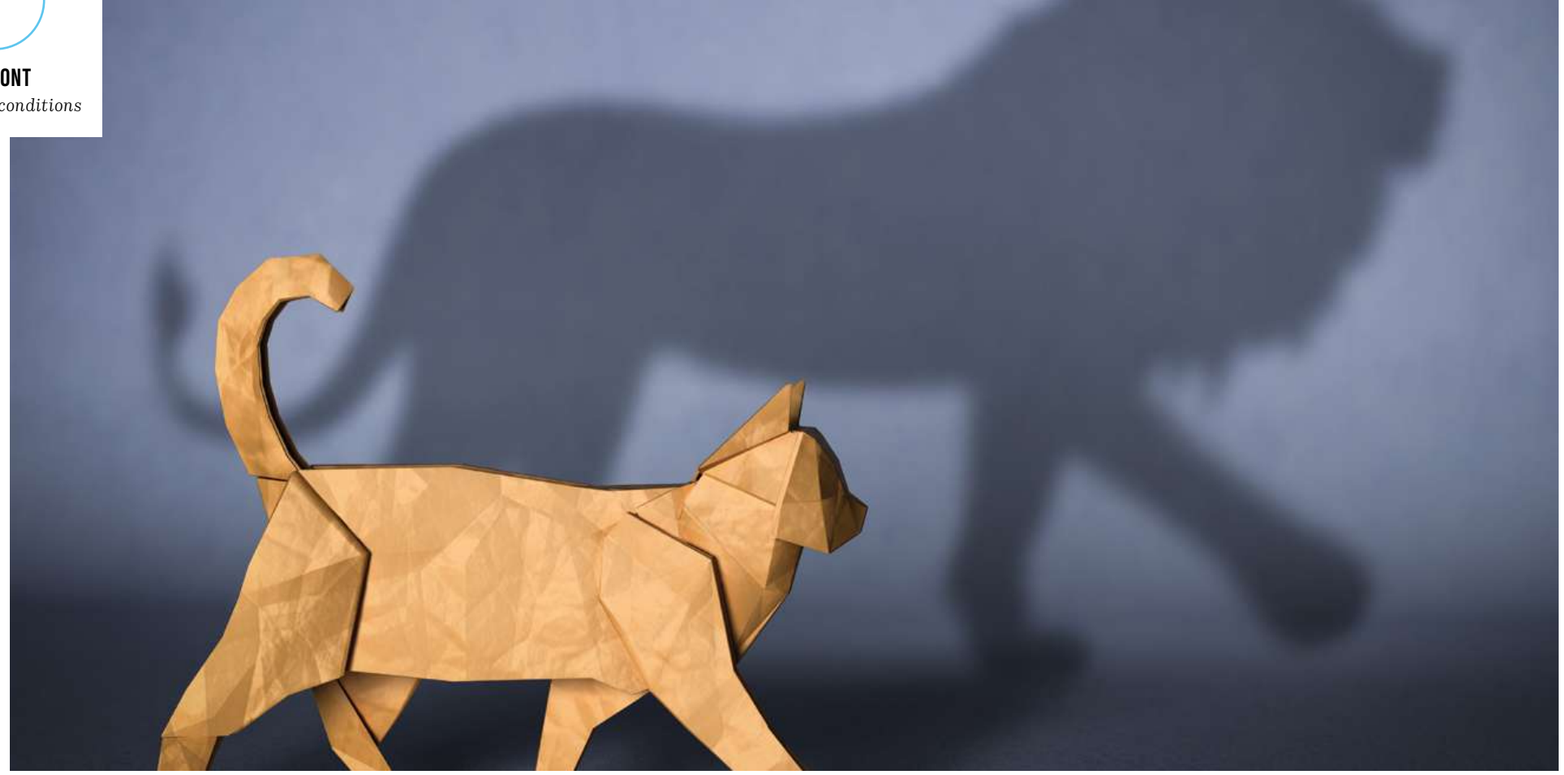
Source: DFAT publication

The 15 participating countries make up 29 per cent of world GDP and 30 per cent of the world´s population. The other 14 RCEP countries include nine of Australia´s top 15 trading partners and account for 58 per cent of Australia's total two-way trade, and 67 per cent of our exports.

Fairer terms and conditions

The federal government is proposing to strengthen protections for SMEs from unfair contract terms in a time where business confidence is much needed

| by Adrian Flores |



IN NOVEMBER 2020, the federal government announced it had reached an agreement with the states and territories to strengthen protections for small businesses from unfair contract terms.

It agreed to strengthen existing unfair contract term protections in Australian Consumer Law by making unfair terms unlawful and giving courts the power to impose a civil penalty. In addition, it expanded the definition of small business and removed the requirement for a contract to be below a certain threshold, and improved clarity on when the protections apply, including on what is a "standard form contract".

The Treasury is also expected to develop exposure draft legislation to provide a further opportunity for stakeholders to comment on the detail of the reforms, before introducing laws that are expected to pass Parliament sometime in 2021.

Assistant Treasurer Michael Sukkar said that evidence gathered through public consultation indicates that unfair terms remain prevalent in standard form contracts and there is uncertainty around the scope of the existing protections.

"These reforms will improve consumer and small business confidence when entering into contracts," Mr Sukkar said.

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) Kate Carnell welcomed the national agreement, saying the reforms will ensure unfair contract terms are illegal and the courts will have the power to levy penalties for breaches.

Ms Carnell also commended the expansion of the definition of small business to under $10 million turnover or up to 100 employees, meaning 99 per cent of businesses will be afforded these protections. She also added that it is crucial that the reforms also apply to government contracts.

"The removal of the requirement for a contract to be below a certain threshold also represents significant progress for small businesses," Ms Carnell said.

Calls to reform contract negotiations have been in the works for a number of years, with Ms Carnell describing the change as "long overdue".

"In November 2016, Treasury Legislation Amendment (Small Business and Unfair Contract Terms) Act 2015 took effect. That legislation was reviewed in 2018 and here we are, another two years on and small businesses continue to be adversely impacted by big businesses with legal impunity."

Concerns continue over who settles disputes

While the reforms offer small businesses more confidence to enter into a contract with a larger business, Ms Carnell said it was disappointing that unfair contract terms will still need to be decided by the courts.

Her office most recently released its *Access to Justice Report*, which found that small businesses urgently need pathways to resolve their disputes quickly and cost-effectively.

"Trying to resolve a dispute through the courts is just not a viable option for most small businesses," Ms Carnell said.

"It's prohibitively expensive and time-consuming. We know small businesses are more likely to abandon both the dispute and the commercial relationship, than suffer the cost and mental load of taking legal action."

"That's why my office continues to recommend giving the regulators additional powers to penalise businesses found to have imposed unfair contract terms on a small business."

That includes regulators such as the Australian Consumer and Competition Commission (ACCC). In an address in March 2020, ACCC chair Rod Sims said the regulator has taken many cases against large businesses that have included unfair clauses in standard form contracts, or clauses that will allow the large business to change the pricing unilaterally under the contract or remove any recourse even if the larger business is at fault.

"The law only provides that the ACCC can take these companies to court to have the relevant terms declared unfair and void. In other words, having unfair terms in a contract in the first place is not illegal and does not attract any penalty," Mr Sims said.

"The significant problem here is that, while many companies have changed their contractual terms voluntarily, others only do so on the court steps, if at all. The ACCC has to do all the work to put each matter before the court, and gains minimal wider deterrence benefit from these actions.

"Why change your unfair contract terms if you can get the benefit of them until the ACCC calls and does all the work to be able to take court action."

During the coronavirus crisis, the office of the ASBFEO noted it has witnessed lease disputes rise nine-fold, with more than 570 cases in the June quarter alone.

Ms Carnell said state-based small business commissioners' offices were also inundated with these kinds of disputes.

"Commercial disputes are very common, but they can be devastating when not handled correctly," she said.

"Clearly, alternative dispute resolution through mediation, conciliation and arbitration is the best way to preserve commercial relationships. Litigation, on the other hand, is a relationship killer."

Proposal for a new jurisdiction

As a result, Ms Carnell proposes a system that allows for an external party to make a determination in situations when businesses can't resolve a dispute with the help of experts.

She recommends the formation of a small business jurisdiction as part of the Federal Circuit Court to hear matters that cannot be heard by current state or territory tribunals.

Under such a jurisdiction, damages would be capped at $5 million, matters would be aimed to be resolved within 60 days and small businesses could apply for a no adverse costs order so they are not saddled with the other party's costs.

Ms Carnell pointed out that while current state tribunals have been found to be effective for small businesses, they are limited in dealing with cross-border and international disputes.

"For instance, a Queensland farmer who deals with a NSW processor would not be able to seek a resolution through either state tribunals," she said.

Finally, Ms Carnell said the need for mental health measures to be integrated into dispute resolution has never been more obvious.

"Given the enormous pressure small-business owners are under as a result of the COVID crisis and the inevitable stress that comes with being involved in a dispute, it is important that our dispute resolution avenues are supportive of participants' wellbeing."

5 FINDINGS IN THE ASBFEO'S ACCESS TO JUSTICE REPORT

- Strengthening unfair contract terms protections
- Promoting alternative dispute resolution
- Providing access to voluntary, binding arbitration
- Greater access to tribunal and court determinations for disputes
- Supporting the wellbeing of small business owners through permanent funding of the Beyond Blue NewAccess for Small Business program

Adrian Flores
deputy editor, MyBusiness

Dissecting the insolvency reforms

The country's insolvency framework is being overhauled to help businesses navigate the economic impacts of COVID-19

LATE LAST year, the federal government passed legislation through Parliament effectively overhauling the country's insolvency framework to help businesses navigate the economic impacts of COVID-19.

The reforms stated in the Corporations Amendment (Corporate Insolvency Reforms) Bill 2020 were announced as part of the delayed 2020–21 federal budget.

The federal government introduced the legislation to Parliament in November, with the reforms hailed as the most important changes to Australia's insolvency framework in 30 years.

At the time, the Institute of Public Accountants (IPA) commended the government's efforts, especially in regard to supporting small business during the COVID-induced economic conditions.

"They could be the difference between survival and extinction," said IPA CEO Andrew Conway at the time.

"The question of viability of many small businesses was raised during the 2019-20 bushfire season. Many experienced the floods that followed and then, the COVID-19 pandemic has delivered a catastrophic blow.

"These landmark reforms for Australian small businesses will test their viability and support their recovery, restructure and survival or alternatively, help them wind down and exit without the personal devastation that is often attached to the process."

The passed insolvency legislation includes a new, simplified debt restructuring process that can be accessed by small businesses experiencing distress, which draws on key features of the Chapter 11 bankruptcy model in the United States and will apply to incorporated businesses with liabilities of less than $1 million.

The process is estimated to cover around 76 per cent of businesses subject to insolvencies today, 98 per cent of whom have fewer than 20 employees.

Building confidence

"This is a great initiative as it allows eligible small businesses to restructure their debt and improve their chance for survival. Importantly, while accessing a single, streamlined process, the small business owner remains in control of their business," said Mr Conway.

"This empowerment will help rebuild small business confidence."

Another feature will be a move from a rigid one-size-fits-all "creditor in possession" model to a more flexible "debtor in possession" model, whereby eligible small businesses can restructure their existing debts while remaining in control of their business.

"Once a plan is drawn up, creditors are then asked to vote on the plan. The plan must achieve the requisite majority for it to be binding," added Mr Conway.

These new insolvency processes are available for eligible small businesses from 1 January 2021.

The reforms also introduce a new simplified liquidation pathway to allow for faster and lower-cost liquidation, increasing returns for creditors and employees.

"Knowing how critical small business is to the overall wellbeing of our economy, these reforms, and other initiatives to support small business, will be vital to Australia's post-pandemic economic recovery," said Mr Conway.

"We all hope that 2021 will bring a calendar filled with more confidence than the utter havoc of 2020," he added at the time.

In announcing the reforms' passage through Parliament, back in November, Treasurer Josh Frydenberg said complementary measures to enable more practitioners to enter the profession are also being implemented.

"Together, these measures will reduce costs, cut red tape and ultimately help more small businesses to recover from the COVID-19 crisis," Mr Frydenberg said.

Small business ombudsman Kate Carnell has on many occasions referred to the reforms as a "landmark", saying that the government's decision to enact change will give otherwise viable small businesses a chance to recover and prevent a wave of unnecessary insolvencies.

"It's an absolute game changer for small businesses, particularly those that have been heavily impacted by the COVID crisis," Ms Carnell said.

"Instead of finding themselves on an express train to winding up with no control over the process, these changes will ensure small businesses have the option to turn their business around, giving them a fighting chance to survive."

In July last year, Ms Carnell's office handed down several recommendations as part of its Insolvency Practices Inquiry final report.

The ASBFEO's report found that, in many cases, small businesses were not getting the chance to turn their business around and instead finding themselves on an express train to winding up with zero control over the process.

"We know the pandemic, which followed a devastating season of natural disasters, has driven many small businesses to the brink," Ms Carnell acknowledged at the time.

Modelling by Deloitte Access Economics earlier estimated that about 240,000 small businesses are at risk of failure.

Viability review key to insolvency

As such, the ASBFEO has called for a small business viability review to help small businesses access advice, which the IPA is backing.

According to Vicki Stylianou, the IPA's group executive for advocacy and policy, small business owners are likely not to seek help until it is too late or almost too late. And with the new insolvency reforms kicking off, small business owners need to access the right type of guidance, now.

"In order to prevent small business insolvency (whether as a result of COVID-19 or generally) we believe that it is critical to address some of the underlying issues.

"If small business owners can be encouraged to seek assistance before it becomes too late, then the policy objective of preventing small business insolvencies (or saving small businesses to grow into the future) can be further supported and, in fact, strengthened," Ms Stylianou said.

She explained that many small businesses will not want to be associated with the stigma of insolvency and may stay away from a formal pre-insolvency process.

"This is another reason to support a business viability review which takes a different, non-threatening and supportive perspective and may be more appealing to small business owners. Likewise, putting a restructuring plan to creditors may be off-putting for small business owners.

"On the other hand, a business viability review by a qualified accountant, may have a higher probability of achieving the desired policy outcome of preventing small business insolvency," Ms Stylianou concluded.

IPA has a well-established partnership with Worrells to help members with restructuring and insolvency matters, refer to the IPA website.

Your words; your style

When I was a kid in primary school, writing was laborious. One had to be precise with every letter neatly placed between the lines. If you deliberately stuffed it up, there was a thick leather strap with your name on it

| by Wayne Debernardi |

I KNEW the sting of the leather for other reasons, not because of my writing.

When I was 14, my mother asked me what I wanted to do when I left school. I think the question was put forward just after I had brought home my latest school report. My response was that I wanted to be a writer. Her reply was, 'that's nice dear, but don't you think you should do something that makes money.'

While I have penned my way through my career thus far, I do get her point. Having self-published my first novel, I am well aware of the financial and emotional cost. I was keen to post a copy to my mother who is now 97 years of age and the book has given her a great thrill. She says she is very proud of my accomplishment. I won't remind her of her comment when I was 14 just as I have never told her of getting the strap every day at primary school.

For some, writing is a chore; for others, it is a passion. I fall into the latter category and only wish I could be a Patterson, Grisham, King or Robotham. Of course, if I were as good as any one of them, I most likely wouldn't be writing this article.

When writing, whether it be business or creative, the words you write will most likely reflect your personality, your personal style. It is almost inevitable but for this reason, there will be times you may have to stop in your tracks to make sure your message is truly received. This is where the 'reader-writer' method comes into play. If you put yourself into the mind space of your target audience, you may find that you will use different words or phrase passages differently.

I have found this method useful, particularly in putting forward a business proposal or preparing a presentation. It can help lead your audience to the conclusion you wish to attain.

Creative writing is somewhat different but will generally still reflect the writer's style. The authors I have mentioned above, all have their own unique style. I was recently asked by a publisher which author's style could mine be compared to. I struggled to come up with an answer and I still don't know whether that's a good thing or a bad thing.

Some novelists are more descriptive than others. Some write long chapters, others much shorter. I again, fall into the latter category.

Regardless of whether it be fact or fiction, words are used to convey messages or tell a story. I prefer my characters to speak for themselves, and I imagine that I am in their shoes and in doing so, they deliver their own messages, in their own way.

Prolific author, Stephen King, wrote *On Writing* (published in 2000) but he was lucky to complete it. He almost lost his life the year before when he was hit by a van while walking. Following the accident, King was at a loss and struggled to return to his craft but the literary world was graced when he did return and *On Writing* was the first book to be published after his near-death experience. It is a book that I highly recommend as it provides some excellent tips for writing, along with it being part memoir of the author.

Ghost-writing is not an easy task because again, the words need to reflect the style and language of the person you are writing for. Then you should also put the 'reader-writer' lens over what you have written, to make sure the audience takes on the messages conveyed.

Many of you may be sending out regular newsletters to your clients and while you can personalise to an extent, you will be generally providing the same consistent content to everyone. Some of this content may be citation of new accounting rules or it may be a case of providing helpful tips that add value to the client's business.

Regardless of the content, there are always certain points to consider.

- **Objective:** this is where you should start. Why are you writing in the first place? Is it meaningful? Does it add value to your chosen audience?
- **Audience:** who are they and why should they read what you have written?
- **Message:** what are you wanting to convey and how can you ensure your audience receives the message?
- **Style:** this is where you can put yourself inside the written word and add the human touch. Even the most serious of messages can be conveyed with a human element.
- **Delivery:** what is the most effective and efficient way of getting your message to your audience? Sometimes, if it is an audience of one, you may just pick up the phone or better still, see the individual face-to-face; if it's a large number of people, you may want to think of the most effective way of reaching (post, electronic, website etc) and you may want to consider the best time of the day that is likely to suit your clients to increase the percentage of those you want to truly receive your message.

In 1839, English author, Edward Bulwer-Lytton wrote a play titled *Richelieu, Or the Conspiracy*. In Act ll, Scene ll, Cardinal Richelieu states: The pen is mightier than the sword.

Richelieu was depicted as the lead villain in Alexandre Dumas' 1844 novel, *The Three Musketeers*, when in reality he was responsible for consolidating France in defence against Spain and Austria during the Thirty Years War in Europe. However, Dumas may have been right as Richelieu was both shrewd and devious. He has been cited as saying 'Carry on any enterprise as if all future success depended on it.'

Richelieu, who died at the age of 57 in 1642, was also quoted with the maxim: 'Give me six lines written by the most honorable of men, and I will find an excuse in them to hang him.'

In 1870, literary critic Edward Sherman Gould wrote that Bulwer "had the good fortune to do, what few men can hope to do: he wrote a line that is likely to live for ages".

Very true, *the pen is mightier than the sword*, but when you are writing you still need to get to the point.

Wayne Debernardi
General manager public affairs – IPA
Author of *The Letters*

Sustainability reporting – accountants taking the lead

In previous columns I have discussed the United Nations Sustainable Development Goals and how accountants really can help to save the world. As leaders, influencers and decision-makers in the community and across the economy, accountants have an integral role to play

| by Vicki Stylianou |

THIS HAS taken on even greater emphasis through the work of the International Financial Reporting Standards (IFRS) Foundation and its recent consultation paper on sustainability reporting.

The IFRS Foundation describes a backdrop of a growing and urgent demand to improve the consistency and comparability of sustainability reporting. This is being driven by a range of global stakeholders including investors, the corporate sector, central banks, market regulators, public policy makers, auditing firms and other service providers.

Currently, there is a huge array of different initiatives across many jurisdictions on sustainability reporting. The idea is to try and bring them together into a global framework. The consultation paper states, *Diverse approaches and objectives pose the threat of increasing fragmentation globally. The potential of fragmentation and the growing demands from stakeholders demonstrate the need for a global framework to provide greater comparability and reduce the complexity of approaches and objectives.*

The most urgent requirement within sustainability reporting relates to climate-risk disclosures. Further delays to a global framework heighten the risk of further fragmentation. The IFRS Foundation goes on to state that this will consequently cause difficulties in engaging capital markets to smooth the transition to a low-carbon economy. Many jurisdictions have committed to target dates to achieve net-zero emissions and reporting standards could play a vital role in assisting with these targets.

If any organisation is going to be able to achieve a global framework, then the IPA and many others believe that the IFRS Foundation has a better than even chance. Given its experience and track record in global standard-setting and its existing relationships with global regulators, governments and other stakeholders, the IFRS Foundation is well-placed to take this initiative forward. The IFRS Standards are used in 144 jurisdictions, so it has a global reach and understanding of what's involved in setting standards for global application. The IFRS Foundation's standard-setting body, the International Accounting Standards Board, is also a member of other bodies which have significant international influence in corporate reporting, including in some cases, standard-setters that focus on sustainability reporting.

The consultation paper poses the question of whether a Sustainability Standards Board (SSB) should be created; and whether it should become a standard-setter working with existing initiatives and building upon their work to reduce complexity and achieve comparability in sustainability reporting, through harmonisation and streamlining.

The objective of the SSB would be to develop and maintain a global set of sustainability-reporting standards initially focused on climate-related risks. Such standard-setting would make use of existing sustainability frameworks and standards.

If an SSB were to be established, then, it is proposed that it would have a 'climate-first' approach, as this has been shown to be the most urgent of all concerns. The discussion is that climate risk is a financial risk of growing importance to investors and prudential regulators, mostly because of public policy initiatives by major jurisdictions globally. Companies are already considering how their business operations will be affected by a transition to a low-carbon global economy, which will increasingly directly affect companies' financial reporting. At some point it is envisaged that 'climate-related information' would take into consideration wider environmental factors and the associated financial risks.

For example, the mandate for the current World Economic Forum International Business Council initiative also refers to the principles of governance, planet, people and prosperity, and proposes a flexible structure that would initially focus on climate but would be able to enlarge its scope in due course. The Sustainable Development Goals are also part of this discussion and are mentioned in the consultation paper.

In recognising the challenges in its proposal, the IFRS Foundation has set out its requirements for success, being:

(a) achieving a sufficient level of global support from public authorities, global regulators and market stakeholders, including investors and preparers, in key markets;

(b) working with regional initiatives to achieve global consistency and reduce complexity in sustainability reporting;

(c) ensuring the adequacy of the governance structure;

(d) achieving appropriate technical expertise for the Trustees, SSB members and staff;

(e) achieving the level of separate funding required and the capacity to obtain financial support;

(f) developing a structure and culture that seeks to build effective synergies with financial reporting; and

(g) ensuring the current mission and resources of the IFRS Foundation are not compromised.

There is definitely a need for consolidation and co-ordination among the numerous groups and associations in this space. In this regard we note a recent statement issued by the Sustainability Accounting Standards Board, the Global Reporting Initiative, the Climate Disclosure Standards Board and the Climate Disclosure Project which sets out a proposal for collaboration to form the 'building blocks' of a set of metrics on global non-financial reporting. These organisations reported that they would welcome the prospect of working with the IFRS Foundation. So, it seems many stakeholders are all moving in the same direction.

Whilst the Sustainable Development Goals will continue to be a focus for the IPA, we also intend to deepen our involvement in sustainability reporting, integrated reporting and developing an initiative to promote the role of accountants in achieving the Sustainable Development Goals. There is a lot more for us to discuss.

If you are interested in becoming more involved in the IPA's sustainability-related projects then please contact me at vicki.stylianou@publicaccountants.org.au.

Follow Vicki Stylianou
twitter.com/vickistylianou

"COMPANIES ARE ALREADY CONSIDERING HOW THEIR BUSINESS OPERATIONS WILL BE AFFECTED BY A TRANSITION TO A LOW-CARBON GLOBAL ECONOMY"

Vicki Stylianou
group executive advocacy and policy, IPA

Liberté, Egalité, et Fraternité in today's terms

Crossroads (n) – a point at which a crucial decision must be made that will have far-reaching consequences

| by Ayman El Tarabishy |

OVER 2020, we've seen the entire world take a step back and reconsider the situation in which we find ourselves. It has been a year full of tremendous upheaval and uncertainty, but with this has come an enormous possibility of change. The type of change that challenges us and calls us to create something more. Throughout history, there have been moments like these, diversions in the road that ultimately led to the betterment of the world and the people living in it.

One of the most impactful of these moments was the French Revolution. On 14 July 1789, the storming of the Bastille marked a turning point in the French struggle for Liberté, Egalité, et Fraternité.

The French people found themselves at a crossroads when they decided to create a new and more equitable government form. They recognised that the decisions they made would impact countless people's lives that would come after them. We face similar circumstances today. The volatility and uncertainty in the business ecosystem have forced us to reconsider some of our foundational approaches to entrepreneurship and development. The decisions we make in these upcoming weeks and months will have far-reaching consequences for an entire generation of consumers, investors, and entrepreneurs.

One of the French Revolution's landmark results was writing the *Declaration of the Rights of Man and the Citizen*, a profoundly influential document. Inspired by the Enlightenment philosophers, the Declaration was a core statement of the French Revolution's values. It significantly impacted the development of popular conceptions of individual liberty and democracy in Europe and worldwide. But the document had one major flaw. It prioritised the experience of men and disregarded the role and plight of women.

Marie Gouze, a French playwright and activist, became increasingly outspoken against the slave trade in 1788 and began distributing political pamphlets. Incensed by the exclusion of women in the *Declaration of the Rights of Man and the Citizen*, she wrote the *Declaration of the Rights of Woman and the Female Citizen* in 1791, where she challenged the practice of male authority and the notion of male-female inequality. Although it failed to impact the Revolution significantly, it remains a deeply influential and important document that shows the commitment to gender equality that existed among feminists at the time, while helping us see today that progress is not always linear.

At ICSB, we believe that centring women entrepreneurs and their experiences are vital in reimagining and reworking the current business ecosystem in a more just way. Like Marie Gouze, we need to stand firm in the truth that including and empowering women is not a suggestion or a recommendation, but a necessity. The challenges we face are enormous, but so is the potential that comes with overcoming those challenges. If reconstructing a humane entrepreneurship system in the face of a devastating pandemic is our charge of the Bastille, let us not make the same mistakes as those who came before us. Let us acknowledge, encourage, and follow the women throughout society for the sake of a better future.

The crossroads faced throughout this year forced us to make a crucial decision. It is the results of our decision that you will see scattered throughout the changes to the ICSB 2021 World Congress.

The ICSB's congress will be hosted in Paris from 12-16 July 2021.

It aims to celebrate the achievements of the past century and to call upon the world for another World Exposition similar to the 1900 Paris Exposition Universelle. Time for entrepreneurship and SMEs to take the lead in ushering the world into peace, prosperity, and happiness.

You can register at shorturl.at/iuwyP

Ayman El Tarabishy
president and CEO of ICSB

Advocacy update from the IPA

The IPA's advocacy effort has continued to focus on the many challenges presented by the COVID-19 pandemic. The team has worked with the key and relevant areas of government and the regulators. Importantly, the IPA has continued to collaborate with the other professional bodies to provide a unified and effective voice for members and the community at large

IPA's second pre-budget submission for 2020-21

The IPA's second pre-budget submission for 2020-21, prepared through a COVID-19 lens, continues to pursue fundamental reforms that will boost productivity growth and ease the disproportionate regulatory compliance burden placed on small business.

The numerous recommendations of the IPA's two Small Business White Papers of 2015 and 2018, which the submission draws upon, are even more relevant as an economic agenda is forged for Australia's post COVID-19 future.

The IPA strongly believes that immediate and tangible incentives must be offered to entrepreneurs and innovators to encourage their entry into, and long-term engagement with, the Australian small business sector. A strong and vibrant small business sector can play an active and vital role in contributing to the economic growth of the Australian economy and help in the recovery ahead as Australia eventually emerges from the pandemic.

Bold tax reform takes on an even greater priority for the government to manage Australia's road to fiscal recovery in a post COVID-19 world. IPA continues to voice its disappointment with the stalled tax reform process. There is also a need for vigorous reform in regulation and workplace relations.

The IPA strongly believes that the government must reassess its industry and innovation policies, digitisation policy, trade, and investment policies considering the pandemic.

The IPA has reiterated its belief that the time has come for all Australians to stand up and put the public interest ahead of political and self-interest. The public interest will be central to the policy development and advocacy effort of the IPA well into the future.

COVID-19 related submissions

Contributing to the JobKeeper extension

The Joint Bodies have again offered their assistance to federal Treasury and the ATO as the second phase of JobKeeper is developed and implemented. The Joint Bodies believe that timely, confidential consultation worked effectively during JobKeeper's initial development and they are willing to continue that with Treasury and the ATO as JobKeeper is extended through to 28 March 2021.

Push to continue with JobKeeper payroll tax exemption

The Joint Bodies have again advocated to the federal government, this time requesting that payroll tax exemptions and concessions are continued in the JobKeeper subsidy extension. The Joint Bodies believe that all further subsidy payments under the JobKeeper scheme, and any future extensions of the scheme, be exempt from payroll tax across Australia.

For a complete rundown of what the IPA has been doing during this pandemic visit www.publicaccountants.org.au/news-advocacy/covid-19-news

As of December, the Register of Members can be found on the IPA's official website

Insolvency law reform to help small business

The IPA has commended the federal government's introduction of overdue reforms to the insolvency laws, especially to support small business during these difficult economic conditions. The IPA consulted widely in preparing its two submissions to Treasury on the Exposure Draft of the Bill and also on the Regulations and the Rules. The main points included the need for a small business viability review to be introduced as the first stage of the process; the new Small Business Restructuring Practitioner should be appropriately qualified and regulated; and the government should commit to an early review of the reforms to ensure they are working as intended.

Other submissions

Tax courses should remain flexible and not be in a legislative instrument

The IPA does not support converting existing proposed guidelines and information sheets for Tax Practitioners Board (TPB) approved courses into legislative instruments. The IPA believes that doing this would codify the existing requirements and provide a barrier to ensuring they remain fit for purpose. The courses under consideration are basic accountancy principles for tax agents; commercial law for tax agents; Australian taxation law for tax agents; and basic GST/BAS taxation principles.

Accountancy benefits in UK Free Trade Agreement

The IPA, in conjunction with CA ANZ and CPA Australia made a submission to the Department of Foreign Affairs and Trade, strongly supporting the negotiation of a deep and comprehensive Free Trade Agreement (FTA) between Australia and the UK. The accounting bodies believe there is great commonality in the accounting, auditing, ethics and education standards between Australia and the UK, which should support growth in exports and investment in both directions. The accounting bodies contend that the FTA should include mutual recognition of qualifications, licensing, registrations and allow easier movement of professionals between both markets with greater flexibility in terms of visas.

Accounting standards should avoid anomalies

The IPA does not believe that all the proposals in Exposure Draft 302 – Amendment to Australian Accounting Standards – Disclosures in Special Purpose Financial Statements of Certain For-Profit Private Sector Entities, represent the best outcome for users. The IPA says that although it supports many of the proposals, the need to create a class of entities that falsely purport to apply Australian Accounting Standards is an anomaly that needs correction. Also, the IPA maintains that the amendments should have a sunset clause limiting the proposals to a term of no greater than three years after commencement of the standard.

Introducing the IPA's new president

JULIE WILLIAMS

Julie Williams is the new president of the Institute of Public Accountants. But Julie has several other, perhaps less known but just as important roles. She is an experienced registered liquidator, a long-time business owner, but most importantly she is a mother of eight

| by Maja Garaca Djurdjevic |

In November last year, the IPA announced a change. A new individual was assuming the role of president, steering the member organisation towards a new year and a new set of challenges. But while this was no surprise – with former president Damian Moore scheduled to step down after a very fruitful four-year tenure – it did mark the beginning of an exciting era, one piloted by a woman.

Julie Williams has had a long and successful career. She set herself goals and worked towards them, ticking off each goal while setting new ones. This, she says, is part of her DNA.

Her career started in steel manufacturing, where she would go on to spend 25 years. Divorce and the need for a career change led her to insolvency. She then moved to PPB where she eventually became a partner before venturing out into public practice on her own in 2006.

Before she could secure the career that would allow her to provide for her children, she realised that she needed to put her student cap back on and enrol in university to develop her insolvency skills.

"I went back to university and did a double master's degree, back-to-back. I did an MBA and then an MPA. At the same time, I worked for liquidators to ensure that I had sufficient experience to get my ticket and undertook the ARITA Insolvency Program," explains Ms Williams.

"At 38, I did a complete life shift. I left what I was used to and went back to university with eight kids undertow and working full-time."

For years, Ms Williams' life was work by day and university by night, and children around the clock. But, eventually, she got there.

However, it wasn't easy. Not for a parent of eight, but she did it for the betterment of her children.

Retracing her steps, Ms Williams remembers her principal role at Insolvency and Turnaround Solutions as being a rite of passage of sorts.

"For a female to open up her own practice in Brisbane, that was primary receivership based, was quite unusual," Ms Williams explains. "I am sure there were bets in Brisbane, when I first opened up, about how long I would last in the business."

Backtracking a little, Ms Williams explains that she actually joined the Institute of Public Accountants in 2003, before taking up the role of chair of the National Divisional Council in 2010, where she sat until 2017.

At this point, she was appointed to the IPA Board where she has held the positions of chair of the IPA Disciplinary Tribunal and a member of the Board Remuneration Committee.

Reflecting on her climb up the ladder and through that glass ceiling, Ms Williams says that while it is getting better, both accounting and insolvency are predominantly considered as male professions.

"Things are changing, slowly. There is still a little way to go".

Reflecting on her membership in the IPA, she explains that what drew her to the organisation was its personalised approach to each member.

"You look out for each other. You really do," she says.

"And it's about being part of a group that cared. You felt like you were part of something the moment your membership started."

Speaking about her future in the IPA, as its president, Ms Williams says that while she aims to drive the growth trajectory of the IPA, cementing its leadership position in the small to medium space, she will always ensure that the focus remains on the members.

"The IPA continues to be a strong advocate for small business and small to medium practices in all aspects of business operations including their mental health and wellbeing," Ms Williams says.

"The IPA has achieved a great deal in recent years, and I look forward to contributing further to the organisation's growth objectives.

"I'm looking forward to offering full support to all members and making sure we cover all of their nuances."

Being there for members is something Ms Williams considers a key priority in 2021, following what has been an extremely challenging 12 months.

"I have a sister that owns two pubs in Melbourne, the shutdowns have crippled her. When the state government announced the reopening, they spent $50,000 restocking the pubs, then the plug was pulled once again on a Friday night at midnight," she says.

"I understand why, but the devastation is horrific not only for my sister. It's crippled the hospitality industry and it will take them a long time to come back from this, some simply won't be able to come back."

But looking across Australia, Ms Williams explains that while many have suffered, others have in fact flourished.

"I have kids that manufacture and distribute exercise equipment, they manufacture crossfit equipment, and have done extremely well, as home gyms became the norm during COVID-19. There are other businesses out there that have also done well," she notes.

"Other businesses that weren't reliant heavily on their accountants this year, in the next 12 months these businesses will need their accountants more than ever. For all businesses out there, it is really about monitoring that cash flow and making sure you survive. Especially in tourism, food and retail, they've really suffered."

Moving forward, Ms Williams stresses the importance of mental health taking centre stage in 2021.

"Are you OK? Tapping someone on the shoulder and asking them 'Are you OK?' is imperative in 2021. It's not only our clients, it is also our members, many of which have worked long hard hours supporting their clients, some without charging, given the current economy," she says.

Ms Williams adds that she is most excited about finally getting out and meeting face-to-face with members again.

"I'm excited to join with the members, to see what the members need and maybe set our focus and goals on PD sessions and workshops to assist them in moving forward," she says.

"There is a lot on."

"STAFF IN MY FIRM HAVE ALWAYS COME THROUGH, THEY HAVEN'T STAYED IN THE SAME ROLE. MY RECEPTIONIST BECAME MY SENIOR ANALYST. IN OTHER WORDS, I ENCOURAGE THEM TO GO BACK TO STUDY, TO DEVELOP AND GROW"

Ms Williams says she leads by example: "I show my staff that I am prepared to do the same work that I require of them. And I let them grow.

"Staff in my firm have always come through, they haven't stayed in the same role. My receptionist became my senior analyst. In other words, I encourage them to go back to study, to develop and grow."

But while she is full steam ahead with executing her new role and running her business, Ms Williams always has time for her family.

Today, Ms Williams has 20 grandchildren and Sunday dinners at her home are a family tradition.

"I work Monday to Friday then often at weekends I look after my grandchildren.

"Sunday afternoons are family dinners. My door is open and I can have anywhere from 18 to 36 without one guest."

In what spare time she has, she reads.

"I love books. There is nothing like my backyard hammock and a good book."

"I don't know how I do half of what I do, but I do it," Ms Williams says with laughter in her voice, demonstrating that her sense of humour is something she holds close.

Celebrating OUR HEROES

#ChooseToChallenge

"A challenged world is an alert world and from challenge comes change. So let's all choose to challenge. How will you help forge a gender equal world? Celebrate women's achievement. Raise awareness against bias. Take action for equality."

| by Maja Garaca Djurdjevic |

While 2020 has been a challenging year for all, our women – heroes – have been disproportionately affected by the COVID crisis, with the ramification said to be gigantic for women's economic equality.

In our last issue we took a closer look at all the ways this once-in-a-century pandemic has affected women, but in this edition, we celebrate our female heroes on the occasion of International Women's Day.

The campaign theme for International Women's Day 2021 is 'Choose To Challenge'.

"A challenged world is an alert world. And from challenge comes change. So let's all #ChooseToChallenge."

What can we choose to challenge?

We can choose to challenge and call out gender bias, discrimination and stereotyping. We can choose to seek out and celebrate women's achievements. And, according to IWD, collectively, we can create an inclusive and more gender-equal world.

"From challenge comes change, so let's all choose to challenge."

Natasha Janssens, founder, Women with Cents

Q. Introduce yourself to us in two sentences?

I am a self-employed mother of two, running a holistic finance practice and a national financial education platform for women.

Q. Tell us how your business has been impacted by COVID?

Due to the fact that I offer a wide range of services (including financial advice and mortgage broking), I noticed a mixture in demand levels across the various services. From a financial advice and accounting perspective, I was overwhelmed with clients needing feedback and guidance on the new measures – early access to super, JobKeeper, home loan repayment pauses, etc. Because I specialise in working with women (many of whom are single parents), I found that the demand for refinancing significantly slowed down. That is to say, the demand was there, however the process was taking significantly longer due to mothers struggling to juggle work and care commitments, so finding the time for additional paperwork proved to be a challenge for them. My financial education workshops also had to be cancelled, as did webinars because let's face it – working mums had enough on their plate and were unable to attend such events even if held online.

Q. COVID has disproportionately impacted women, have you felt this or seen it happen around you?

Yes, absolutely. I have experienced it first hand, as well as observing the impact on my female clients who were facing the same challenges, stress and exhaustion. For myself, while demand for my services had surged drastically in some respects, unfortunately I was unable to maximise this opportunity due to the lockdown and home-schooling restrictions. My husband is an essential worker and was working long hours, so he wasn't able to work from home and assist me, and trying to tend to a two- and six-year-old on my own while working was near impossible and incredibly stressful.

Q. How have you juggled home life and work given the COVID disruption?

I realised very quickly that trying to simultaneously work and look after two children was detrimental to my physical and mental health as well as the wellbeing of my children. We were all incredibly stressed. So, I made the strategic decision to take a step back from my work commitments until the children were back at school.

Carolyn Geyer,
principal, Geyer Accountants

Q. Introduce yourself to us in two sentences?
I am the owner and principal for Geyer Accountants. Some people may refer to me as '(slightly) older' but I prefer 'mature'. I love my business and I love the team I have.

Q. Tell us how your business has been impacted by COVID?
The world talks about the effects of COVID being 'unprecedented'. Although I am tired of hearing that particular word it is the only description that aptly fits the 2020 year and the effect it has had on most businesses, including ours. Our practice spent weeks and weeks talking to our clients who were going through so much devastation with the lockdown. My team were no longer just accountants. Their tasks were to comfort clients, to counsel them. They took the time to listen to them and try to give the best guidance possible through the JobKeeper and Vic Grant maze. Later, of course, there was the whole issue of getting the team into a position to be able to work from home. So, 'unprecedented' is certainly an appropriate description.

Q. COVID has disproportionately impacted women, have you felt this or seen it happen around you?
Over past years there has been some major steps forward towards equality of the sexes, however I believe one area that still has quite a way to go is with childcare at home. The negative impacts of COVID on women has been vast. I think the COVID impact on women, as far as childcare was concerned, was enormous. Many women were trying to work from home, along with taking care of children, and home-schooling. So many situations were well beyond being achievable. I know from talking to family, friends, colleagues etc that many women felt inadequate and exhausted beyond reason, for a situation that was totally unachievable. It would be interesting to get honest data on the workloads that were allocated between the sexes during the lockdown period.

Q. How have you as an accountant and a woman made sure to look after your own wellbeing and mental health while handling an increased workload?
I would love to list the wellbeing activities that I participate in to maintain my wellbeing but to be honest, I didn't do that. Most women just want to get into the work and get it done, however that cannot be a long-term strategy. I think that maintaining your mental health and wellbeing means different things for different people. Our workload was crazy but as a business owner my attention very clearly needed to be on the team and their wellbeing. Once I knew my team were OK, I was able to relax and free my mind of stress. I walked, relaxed outside with a wine, spent some time on home projects and with the grandchildren. 2020 has been hard but the first six months of 2021 are also going to be just as busy as we all catch up. Our wellbeing strategies really need to be strong.

"OUR PRACTICE SPENT WEEKS AND WEEKS TALKING TO OUR CLIENTS WHO WERE GOING THROUGH SO MUCH DEVASTATION WITH THE LOCKDOWN"

Q. Introduce yourself to us in two sentences?
I am a partner at Wilfrid Docker Accountants Pty Ltd and also a managing director of a six-year-old. Like many others, right now, I am hoping that 2021 brings better things for us all.

Q. Tell us how your business has been impacted by COVID?
Undoubtedly, this year has posed unparalleled challenges. Being an accounting firm, our business was faced with an increased amount of workload due to the deliverance of government stimulus packages via the ATO. Comprehending the legislation around these measures and their application to client scenarios required a significant investment of our time. As a result, some of our regular compliance work took a back seat. We were in the process of wrapping up 2019 tax lodgements and then the 2020 financial year kicked in. There has been a lot of juggling around in terms or prioritising work but we must admit that both the Tax Office and our clients have been understanding of any delays that we have been experiencing. We were at one stage concerned about our clients' ability to pay us and how that would impact our business. Luckily, we have managed to sail through the turbulent seas. There have been increased reporting deadlines in the past six to nine months. Along with coping from a business point of view, we have also been conscious of the mental wellbeing of all our staff to be able to deal with all the pressures that the situation required.

Rachita Bhatia,
partner, Wilfrid Docker Accountants

Q. COVID has disproportionately impacted women, have you felt this or seen it happen around you?
In my conversations with people around me I have heard varying views. Some of the women who worked from home said that saving on the commuting time suddenly presented them with an extra couple of hours to catch up on their daily household chores. However, there were women who really struggled especially the ones who had the additional responsibility of home schooling their children during the working hours. Also talking to women around me I noticed that, in most cases, the role of managing the household and the children by default fell upon them. A lot of women have partners who are supportive but somehow this support seemed to be offered as an option. Help wasn't initiated until requested. A client of mine joked that giving orders to her husband was a really tiring job! I did read about increase in domestic violence during COVID in some media articles. I have personally not come across such a situation but my heart goes out to anyone who has had to endure any kind of physical or mental trauma at any time and not just during COVID.

Q. How have you juggled home life and work given the COVID disruption?
In my case, I was staying longer hours at work during the peak of COVID as the government stimulus measures were being released then. When I reached home after work it was very difficult to do any school work with my daughter, as by that time she has already reached her saturation point for the day. However, the school was very supportive and asked me to do whatever I could do. There were some very stressful moments but having a supportive circle of family and friends offered a tremendous source of strength to see through all kinds of days.

A few times, I treaded on the edge of a breakdown. I was very fortunate that I had my mother here with me. She was visiting me from India and couldn't travel back because of COVID. She has been my pillar of support during the whole of 2020. When I asked her what I was going to do once she goes back, she responded, "You will manage well. Just like you were doing before I came". She has taught me that it is an amazing quality of us human beings that we have this incredible ability to adapt ourselves to our changed circumstances.

In the face of our invisible enemy (coronavirus), people all across the globe have found ways to keep going on and not give in. Life will continue to throw at us some dark and dull days. We are all learning to adjust to many new versions of normal. There is no right or wrong way of coping. Our survival skills are unique to our individual situations. It is important to reach out to someone when we are feeling low or anxious. It is OK to scream or cry and let out the frustration or the anxiety. Don't bottle it up. Remember to talk to someone.

Lielette Calleja,
founder, All That Counts

Q. Introduce yourself to us in two sentences?
I am Lielette Calleja, the founder of All That Counts. Our practice is built around implementing bookkeeping, management accounting, and business process systems that allow small business owners to manage and grow their businesses.

We provide our clients with the numbers they need and help them understand their business key performance drivers to make the right decisions confidently.

Q. Tell us how your business has been impacted by COVID?
When COVID first hit, my immediate thoughts were to keep my family safe and then focus on doing the right thing for our clients. We needed to create a triage system as every client needed help in making quick decisions overnight from staffing, cutting costs, cash flow, and the small business saviour JobKeeper.

My focus had shifted from helping my clients grow through numbers to surviving through numbers.

It became difficult and draining to communicate daily with every client, but my attitude was if I am not there for them now, then when?

I was in a fortunate position where my team managed the day-to-day client functions, which allowed me to work closely with every client on what they needed now from us to survive.

In terms of business disruption, we were not affected as All That Counts has been operating a distributed workforce for three years prior and meant we were in a strong position to guide our clients on doing this effectively.

A crisis allows people to put their best foot forward, and I am super proud of how my team showed empathy to all our clients and me. It was an emotional time for everyone, and at one point, I recall telling a client to breathe and pause for 30 seconds as they were getting angry. A few months later, he said that was the best advice I gave him, and now when things get tough, he repeats that process.

Q. COVID has disproportionately impacted women, have you felt this or seen it happen around you?
I'd like to believe that this was one pandemic that didn't' discriminate across gender. Still, if the USA statistics are anything to go by, women's unemployment from COVID had risen by 3 per cent more than men's unemployment and I believe Australia's statistics were similar.

More women are generally employed in the sectors that were shut down, so this could explain the parity. However, this does not help with how far we have come over the years to close the gap in gender equality. More so than ever now, we need to work harder as a business community to mitigate the fallout of COVID, where women were impacted. Where it was seen as the right thing to do to have gender quotas on boards, it must be the smart thing to do for our world to progress and recover.

I know several women from legal to accounting firms who took a 25 per cent pay cut throughout COVID. I did not hear of any males doing the same, but I am sure it was across the board (one would like to think).

Some women (depending on the household dynamics) were left with the burden of home-schooling. Many social posts are from men attributing the great work their partners are doing with their children. These women are also working from home, running a business, or working for someone else, but these households had the women doing it all for some reason. Unfortunately, the long-term impact of this will result in mental health, and we need to keep that front of mind.

Q. How have you juggled home life and work given the COVID disruption?
I fell into the household of running a business from home and helping my son navigate through home-schooling. I believe I was one of the lucky ones who already had a dedicated home office and a distributed workforce, so COVID did not change my world upside down from that perspective.

My 13-year-old son had just started high school, and I was concerned for his mental state and how he would adapt to home-schooling using Teams and Google Docs. He took to it like a duck to water with minimal effort from me. My husband owns a café, so he was in a position that he didn't have to stay home. Although his business was down by 70 per cent, he managed to keep his doors open with a limited menu.

My family knew that if ever there was a time that I had to work around the clock, it was throughout this time. I had to force myself to go for walks to clear my head to be on for my clients and team when they needed me.

It was one of the most challenging times in my 16 years of running my business. I was exhausted on all counts, emotionally, mentally, and physically. The constant changes to JobKeeper and additional work required to keep clients afloat took their toll on me. I ended up with an arm injury called 'tennis elbow' and not from playing tennis but from overuse of the muscle with mouse and keyboard.

Q. Introduce yourself to us in two sentences?
My name is Lisa Tait and I have been operating my own accountanting practice for nearly 25 years. I am also a qualified financial planner and manage a separate company to provide these services to my clients for the past 13 years.

Q. Tell us how your business has been impacted by COVID?
Like most accounting professionals, we were busier than ever. However, we did struggle to keep abreast of all the government stimulus/support incentives to inform our clients of how these affected them. It would always take a few days to understand or clarify the fine print from Treasury. MailChimp became our friend. We got in the habit of sending a weekly email to all our clients to explain things to them, which they greatly appreciated and saved us from drowning in individual emails or phone calls. We had to assist some of our clients with their applications for JobKeeper/JobSeeker, which took more time away from our regular compliance deadlines, but we just kept working harder and smarter to still achieve these.

On a different note, I found we had to be more empathetic and supportive of our clients during this time, especially those whose businesses were adversely affected. Not that we are not like this normally, but more clients sought some form of counselling and/or emotional support, as well as business advice during the height of the COVID lockdown period and appreciated us taking the time to ask the question – are you OK?

Q. COVID has disproportionately impacted women, have you felt this or seen it happen around you?
I can't say that I have really noticed any disproportion between men or women during the COVID crisis. From a business perspective, when things are tough, men tend to get mad and want to blame someone/something but women can be more emotional reactors about how they can survive such a pandemic. At the end of the day, along with the government incentives, they all survived and are back to higher than before trading performances. Thank god most of my clients are in Queensland!

Q. How have you as an accountant and a woman made sure to look after your own wellbeing and mental health while handling an increased workload?
As best as I could, given the circumstances. I had a lot of other things going on in the background, both personally and professionally during this calendar year, so it has been particularly draining all round. My partner, friends and family have been amazing support and I always stick by the motto, no matter how bad things get, to "get up, frock up and show up" and that's what I do every day.

Lisa Tait,
principal/tax accountant,
Absolute Business Solutions

"I FOUND WE HAD TO BE MORE EMPATHETIC AND SUPPORTIVE OF OUR CLIENTS DURING THIS TIME, ESPECIALLY THOSE WHOSE BUSINESSES WERE ADVERSELY AFFECTED"

A MENTAL WEIGHT

A long-awaited Productivity Commission report has put an alarming figure on the cost of poor mental health to the Australian economy

| by Adrian Flores |

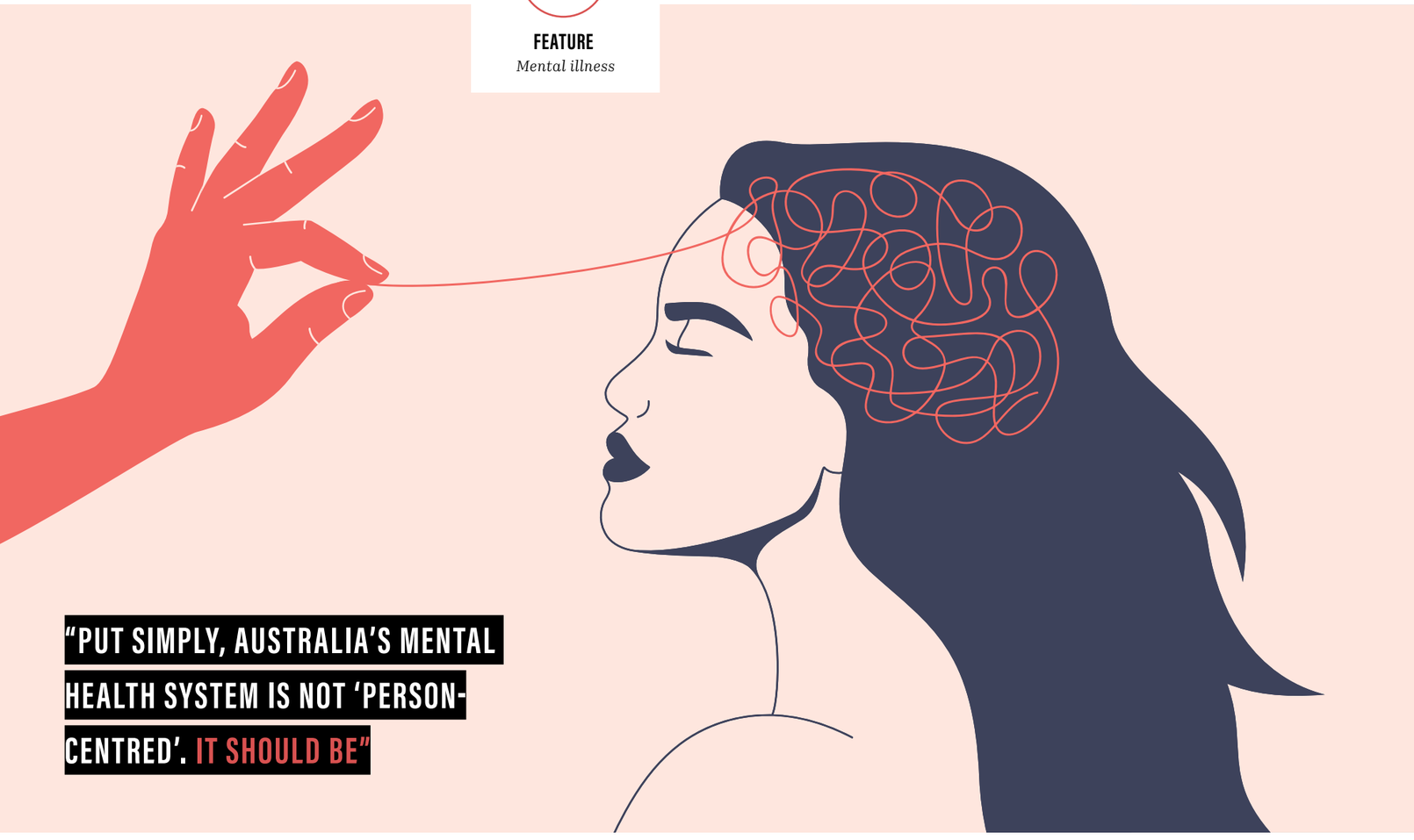
Mental illness is costing Australia around $200-220 billion per year, or between $550 million and $600 million per day. Most worryingly, that is only a conservative estimate the Productivity Commission put forward in its final report of its mental health inquiry in November 2020.

"The estimated figure is just over one-tenth of the size of Australia's entire economic production in 2019," the report says. "Not all of this cost is avoidable, but there is considerable scope for Australia to do better."

To break down that figure even further, mental illness and suicide is estimated to cost the Australian economy up to around $70 billion per year. The remaining $150 billion is associated with diminished health and reduced life expectancy for those living with mental illness.

However, the report also pointed out that the astronomical cost of mental illness in Australia goes beyond number figures. The costs are also very personal for many people, and can include:

- the resources used for healthcare and other services and supports, as well as the time and effort spent by family members and friends in caring for and supporting people with mental illness
- the lost opportunities and lower living standards that arise when young people disengage from education and when those with mental illness and their carers have reduced hours of work, cannot work, or are less productive when at work
- the social and emotional costs of pain, suffering, exclusion and in some cases, premature death
- the loss to the community as a whole from not having the unique and valued contribution of a significant group of its people.



"PUT SIMPLY, AUSTRALIA'S MENTAL HEALTH SYSTEM IS NOT 'PERSON-CENTRED'. IT SHOULD BE"

Further, the final report highlighted the gaping holes in Australia's mental health system, describing it as "not comprehensive and fails to provide the treatment and support that people who need it legitimately expect". It referred to the system of community supports in Australia as ad hoc, with services starting and stopping with little regard to people's needs.

"Australia's mental health system does not focus on prevention and early intervention. Too many people are treated too late. Young Australians at risk and their families cannot easily access support," the report says.

"And those with developing mental health problems can face a bewildering array of unpredictable gateways to care: they know what services they need, but timely access is not possible."

Care tailored to individual needs

Perhaps most concerning about Australia's mental health system is that does not empower those who need it. The report noted that people with mental illness often have little say in their own treatment and are deprived of the information and other resources that they need to manage and make decisions about their own care.

The report says, "Providers of clinical and community services too often deliver what they think consumers need, sometimes based on ill-informed assumptions about the decision-making capacity of the consumer and sometimes based just on the symptoms presented to them rather than a holistic view of the individual.

"Put simply, Australia's mental health system is not 'person-centred'. It should be."

In pointing out its vision for what a 'person-centred' mental health system should look like, the report says one of its main features in such a system is that information and support is provided that actually helps people to live well within their communities and managing their own mental health where possible.

Other key features include a focus on prevention and early intervention, services that are accessible, affordable and timely, as well as participation of the consumer's family or carer to add to the value and effectiveness of the clinical or support service.

In addition, an ideal mental health system has treatment and support that is seamless for people, regardless of the gateway by which they enter the mental health system, with no gaps in care over a person's lifespan or as their condition changes, according to the report.

But perhaps most important to a 'person-centred' mental health system would be something whereby the outcomes for the recipient would be what matters for every clinical and support provider.

"This would then underpin the hiring and training of staff and the culture of service settings. The consumer – rather than the provider – would be the focus of service delivery," the report says.

"Measurement and transparent reporting of all service outcomes, as perceived by the people using services, would be used to enhance ongoing improvement in both the effectiveness and efficiency of services, and to facilitate individual choices."

Workplace mental health too-often ignored

What the Productivity Commission report on mental health definitively puts to bed is any notion that there is no economic incentive to address poor mental health in the workplace; that it is a social issue affecting only a tiny proportion of the population. Upon handing down the final report, the federal government acknowledged that it would be responding to its findings as part of the next budget scheduled to be handed down in May 2021.

What such an announcement indicates is that the economic benefits to be had from tackling mental health are worth more than the initial investment. Businesses no longer can run away from an issue that is pertinent to every workplace, not just the ones with workers who are mentally unwell.

However, recent research from workplace mental health organisation SuperFriend found that more than half (55.1 per cent) of workplaces are still not taking any tangible action, despite a stronger national focus and additional funding.

The new biggest hurdle to workplace mental health initiatives, especially for small businesses, was "businesses facing more important issues/struggling to survive", while "lack of time and commitment" has tumbled as the most commonly perceived barrier.

On the other hand, one-in-three workplaces (29.8 per cent) have implemented new initiatives to support workers' mental health and wellbeing since March, such as paid mental health days off, sick pay for casual workers, meeting-free blocks and substantially longer break times.

"On the flip side, every dollar invested into workplace mental health is estimated to deliver a return on investment of 5:1," says SuperFriend chief executive Margo Lydon.

"In light of this, taking action by investing in workplace mental health and wellbeing is not an optional extra, it's a must-have.

"With Australia's increasing awareness of workplace mental health and its links to productivity, combined with our radically transformed ways of working, I hope this marks a positive tide of change."

Even before the Productivity Commission delivered its final report, the Institute of Public Accountants (IPA) was already encountering widespread signs of stress, anxiety and possibly depression among its membership base and their small business clients.

To address the issue, the IPA-Deakin SME Research Centre announced it will have 5,000 accountants undertake mental health training in the early part of 2021. Called the Counting on U Program, it was made possible by two grants totalling $3.5 million from the Department of Innovation, Science, Energy and Resources.

IPA chief executive Andrew Conway says the program will save lives and will ensure Australians will get faster access to professional, clinical support which increases the chance of a positive outcome.

"Accountants, as trusted advisers, are critical intermediaries and small-business clients share much more than their tax returns. Accountants are often the first to detect signs of stress among their clients," says Mr Conway.

"They need to be equipped with the tools to have the conversation in a confident and safe way and have arrangements in place to refer clients to professional clinical support.

"The training will equip them to have the discussion, better understand the warning signs and understand their limitations. This initiative is designed to support the clinical process by encouraging Australians to access support as soon as possible."

If you are interested in being part of the Counting on U program then please contact the IPA.

THE GAPS IN AUSTRALIA'S MENTAL HEALTH SYSTEM

- A narrow view of people seeking treatment and support
- Under-investment in prevention and early intervention
- Disproportionate focus on clinical services
- Difficulties in finding and accessing suitable support
- Supports that are below best practice
- Stigma and discrimination
- Dysfunctional approaches to the funding of services and supports
- A lack of clarity across the tiers of government about roles, responsibilities and funding

The BEST OF BOTH WORLDS

The global shift to a productivity model that splits work between the home and the office is likely to stay around for many years to come

| by Adrian Flores |

If there's one major positive development to come out of the COVID-19 pandemic, it's that the world has finally woken up to the fact that a serious review into the way we work and be productive has been long overdue. As the world has changed so much over the past year, the decades old office 9-to-5 model of productivity has until recently been left mostly unchanged, save a few tweaks here and there.

But before the first COVID lockdown in Australia happened in March 2020, organisations had already begun moving their employees to remote working arrangements like working from home to keep them safe and prevent the disease from spreading out of control. As 2020 progressed and it became apparent that the pandemic would not be over by year's end, at the same time the benefits of working from home also became ever clearer.

An August survey from urban planning firm RobertsDay revealed that 72 per cent pointed to the lack of a commute as a major positive of the arrangement, followed by work/life balance (61 per cent). Further, more than half (57 per cent) of respondents said they loved not having to dress for work, while 36 per cent of respondents enjoyed having fewer distractions in their home office environments most.

Further examination

Such benefits of working from home have led to more serious considerations moving forward of the value of a new hybrid working model – one that aims to tread a fine balance whereby most workers can work remotely some of the time while at the same time gather onsite for collaboration, team building and tasks viewed as "non-remoteable".

According to *The Australian Financial Review*'s annual Chanticleer poll of 50 CEOs, most believed the coronavirus crisis has changed the nature of work, even while remaining steadfast in their belief that the office remains

vital to collaboration and fostering culture.

Responding to the poll, Telstra chief executive Andrew Penn said staff surveys had indicated the preference was to work from home three days a week, compared with an average of 1.7 days before the pandemic, while NAB chief executive Ross McEwan said more than 80 per cent of the bank's staff had indicated their preference for a hybrid model.

"A LONGER-TERM SHIFT TOWARDS A HYBRID WORKING MODEL COULD BE THE IDEAL MIDDLE GROUND THAT ALLOWS EMPLOYEES TO WORK FLEXIBLY ON CERTAIN DAYS OF THE WEEK, THEN COME TOGETHER WITH COLLEAGUES IN A CENTRAL WORKPLACE ON OTHERS"

The hybrid working model is even becoming a research topic of interest to guide government policy. An investigation from the NSW Innovation and Productivity Council (IPC) predicted that while the amount of work done remotely will drop after the pandemic, it will still remain at almost 70 per cent above pre-pandemic levels.

The IPC report noted that only 5 per cent of workers can perform all tasks remotely. On the other hand, around half of all workers can work remotely for at least two days a week.

NSW Minister for Jobs, Investment, Tourism and Western Sydney Stuart Ayres says it has been an incredibly tough time with huge upheaval and change for the NSW workforce.

"Thousands of jobs were lost through this crisis and those who kept working were put under immense pressure and had to adapt quickly. Many NSW workers and businesses were prompted to try remote working for the first time," Mr Ayres says.

"The IPC's report looks into what we learnt from the experience, and how it could affect the future of work. While the NSW government is now encouraging public servants to spend more time back in the office, we can expect long-term changes to how our working week takes shape."

IPC member Steve Sammartino says the report showed the pandemic has sparked a cultural shift on remote working, with many employees and businesses experiencing benefits and with more appetite to work remotely.

"The biggest benefit is the time we save from commuting, which on average is more than an hour a day. Reducing traffic congestion makes life better for everyone, even people who don't work remotely," Mr Sammartino says.

"We are also more productive when we work from home, with NSW remote workers 13 per cent more productive than when they work onsite.

"But COVID-19 pushed remote working to an unhealthy extreme, with a lot of work unable to be done remotely, it can get lonely, and collaboration is difficult.

"In the future, NSW workers want the best of both worlds — a hybrid of remote and onsite work. Cities and offices will be buzzing again, and central business districts will be crucial for collaboration, innovation and consumption."

The hybrid working model seems to have won over many workers as well. A poll of 2,557 working professionals by recruiting firm Hays found that 61 per cent of Australians said a hybrid working model was best for them in order to be most productive.

On the other hand, just 21 per cent of professionals said the central office model is the most conducive to their productivity, while the remaining 18 per cent preferred exclusive remote working.

Managing director of Hays in Australia and New Zealand Nick Deligiannis said social distancing measures have certainly proven that a large percentage of the workforce can work productively and successfully from home.

"For many employees, overall performance, job satisfaction and work/life balance even increased as less time was spent commuting or dealing with the distractions of office working," Mr Deligiannis says.

"But at the same time, there are a number of employers who want to bring staff back into the one central office for the cultural and collaboration benefits that face-to-face working offers.

"Given this, a longer-term shift towards a hybrid working model could be the ideal middle ground that allows employees to work flexibly on certain days of the week, then come together with colleagues in a central workplace on others."

In addition, Mr Deligiannis says a hybrid working model would allow people to balance office life and remote working in a mix that works best for them and their employer, while offering the organisation the staff attraction and retention benefits that come from a flexible and digital employment model.

"Already as employers begin to encourage staff back to the office, they are reimagining their flexible working policies to accommodate a hybrid working model longer term," he says.

"Such employers are intentionally looking to the future and how they and their staff can benefit most effectively from this new way of working."

What is the 'third space'?

The term coined by Dr Adam Fraser. He explains that "the 'first space' is what you're doing now, the 'second space' is what you're about to do and the 'third space' is the gap in the middle. In that 'third space', an example being what happens between work life and home life, Dr Fraser suggests three steps to help decompress and find mindfulness and self-awareness: reflect, rest and reset.

The time remote workers save from two days of remote work per week

123
extra hours per year

3.3
weeks of leave per year

Source: NSW Innovation and Productivity Council

Managing the risks

Even as hybrid working moves ever more into the mainstream, it does not come without its risks to worker health and wellbeing if not properly managed. The most prominent of those risks is the lines between work and personal life blurring to a point not previously seen.

A Deloitte report found that employees have experienced a 15 per cent increase in their workday length, leading to fears of over-productivity in an outcome-based environment.

"Workers who opt into remote work may be at risk of working more to keep delivering outcomes and demonstrating productivity in a world where behind-the-scenes efforts are not visible to their peers and leaders," the report said.

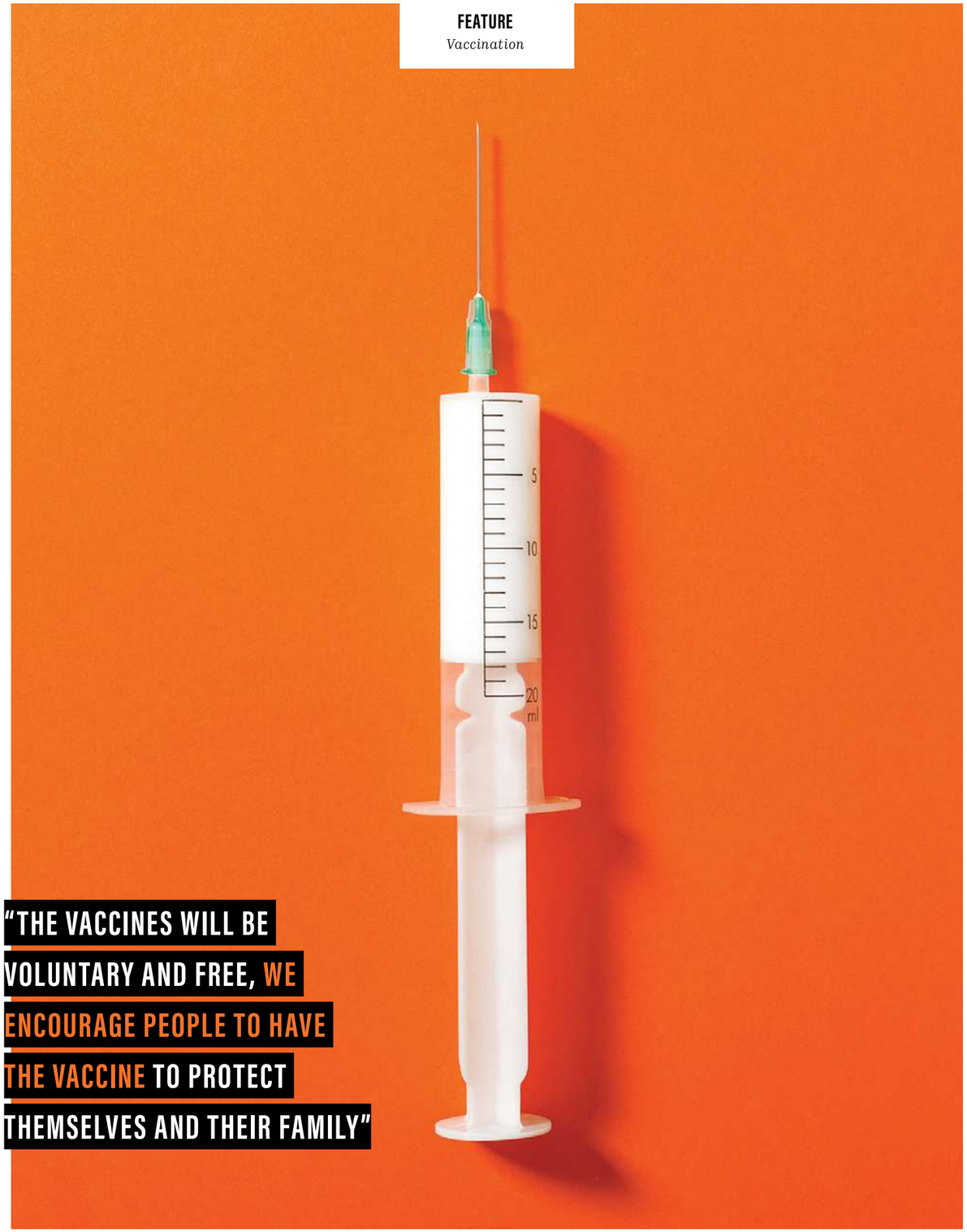
"During recent COVID-19 lockdowns, remote workers experienced workdays that lasted 48.5 minutes longer than average."

The report also found 71 per cent of working parents reported managing distance learning for their children as a significant source of stress during COVID-19 remote work.

"Parents are at work and working while parenting, Millennials are working from the spaces where they eat and sleep, and the savoured time to decompress on the commute home has evaporated, promoting an 'always on' phenomenon," Deloitte said.

"Organisations are tasked with the challenge of designing the new 'third space', creating new norms around where, when and how work is completed, and applying the lens of employee wellbeing to new work model designs."

Deloitte summarised it best by saying the COVID-19 pandemic has "resulted in the largest work experiment in modern history". For better or worse, our pre-conceived notions of work are now very much relics of the past. We have been propelled into the future of work.



"THE VACCINES WILL BE VOLUNTARY AND FREE, WE ENCOURAGE PEOPLE TO HAVE THE VACCINE TO PROTECT THEMSELVES AND THEIR FAMILY"

THE PATH OUT OF THE PANDEMIC

With the first rollouts of several COVID-19 vaccines underway around the world, Australia will follow suit very soon. So, what will it look like?

| by Adrian Flores |

8 December 2020 is a date that the UK's Health Secretary Matt Hancock dubbed "V-Day", marking a major turning point in the COVID-19 pandemic. On that day, a 91-year-old woman named Margaret Keenan became the first person in the world to receive the Pfizer/BioNTech vaccine. Even though Russia became the first county in the world to approve a coronavirus vaccine several months prior in August, there was still scepticism at the time around its safety and efficacy due to a lack of data from clinical trials.

On the other hand, Pfizer released the findings of its Phase 3 trials in November. It found its vaccine was 95 per cent effective against the disease starting 28 days after the first dose, which led UK health authorities to subsequently approve the vaccine for use. On the last day of 2020, the Pfizer vaccine became the first to receive approval for emergency use from the World Health Organisation (WHO).

All things considered, a vaccine approval process that would normally take 10-to-15 years was done in the space of just under 10 months from when the WHO declared a pandemic in early March. The progress has been astounding. However, it will still be many more months before enough people are vaccinated around the world to drive down the number of infections and end the pandemic.

The Australian rollout

In comparison with countries such as the US and the UK, Australia is in a much more fortunate position when it comes to the rollout of the COVID-19 vaccine. Despite outbreaks such as the one from the cruise ship Ruby Princess to the hotel quarantine breach in Melbourne that led to the country's second wave in Victoria and a months-long lockdown in that state, the country still accounts for around 28,500 of the almost 84 million

VACCINES GIVEN AUTHORISATION AS OF THE END OF 2020

Vaccine	Candidates, developers and sponsors	Emergency use authorisation	Full authorisation
Ad5-nCoV	CanSino Biologics, Beijing Institute of Biotechnology of the Academy of Military Medical Sciences	China	
AZD1222	University of Oxford, AstraZeneca	UK Argentina India El Salvador	
BBIBP-CorV	Sinopharm: Beijing Institute of Biological Products, Wuhan Institute of Biological Products		UAE Bahrain China
CoronaVac	Sinovac	China	
Gam-COVID-Vac	Gamaleya Research Institute of Epidemiology and Microbiology	Russia Belarus Argentina Bolivia Serbia	
mRNA-1273	Moderna, NIAID, BARDA	USA Canada	
Tozinameran	BioNTech, Pfizer, Fosun Pharma	UK Bahrain Canada USA Mexico Kuwait Singapore Jordan Oman Costa Rica Ecuador Israel Panama Chile Qatar UAE Argentina Iraq WHO	Saudi Arabia Switzerland EU Norway Iceland Faroe Islands Greenland Serbia

confirmed cases of COVID-19 around the world during 2020. By comparison, the US had almost 20.5 million cases during the same period, while the UK had almost 2.5 million cases.

That has allowed the Australian government precious time to observe the effects of the global rollout before giving any tick of approval. "On the vaccine, you don't rush the [rollout]," said Prime Minister Scott Morrison.

"That's very dangerous for Australians. Those who suggest that, I think it's a naive suggestion. Public health is our number one priority. There will be no shortcuts. The standards must be maintained and upheld."

The head of the Therapeutic Goods Administration (TGA), John Skerritt, told ABC Radio National on 2 December that approval would come either in late January or February before a rollout in March, citing Australia's contrasting situation to the US and the UK as a major factor behind its decision to stick to the timeline and not make any rushed decisions.

"It reflects the differences between the countries. They're not approvals that those two countries are talking about, they're emergency use authorisations, and they're really reflecting the desperate situation of those countries," Professor Skerritt said.

"We have to remember that on many days, day after day, the US is having more deaths than we've had in the whole year of a pandemic here in Australia, so it reflects the desperate situation of those countries and these authorisations require the delivery of the vaccine to be very tightly and closely monitored."

The Australian government has currently entered into four separate agreements for the supply of COVID-19 vaccines, pending approval of their safety and effectiveness: University of Oxford/AstraZeneca, Novavax, Pfizer/BioNTech and COVAX Facility. While a broader hierarchy on who's prioritised to receive the vaccine first is yet be revealed as of 2 January, it is expected the honour will go to health workers and residents in aged care facilities.

Health Minister Greg Hunt said he expects Australians to be fully vaccinated by the end of October. "We want to urge as many Australians to be vaccinated as possible, and we've seen some very heartening reports over the weekend of an expected uptake of up to 80 per cent," Mr Hunt said.

Australian vaccine rollout partners

The Australian government has signed up with several companies to help with the rollout:

- DHL Supply Chain and Linfox for distribution and logistics;
- Accenture to provide data tracking of vaccine doses as well as enabling overall program implementation monitoring; and
- PwC as the Department of Health's program delivery partner.

"In order to do that, they have to have the confidence that our regulators are making sure that every safety step is taken, and we're ticking all of those boxes just a little bit earlier than expected."

The Australian government has also committed to an education campaign ahead of the rollout, including a national advertising campaign and communication specifically targeting priority groups, culturally and linguistically diverse (CALD) groups and Aboriginal and Torres Strait Islander people.

"The information campaign, with funding of $23.9 million, will work in partnership with the states and medical experts, to explain the regulatory processes, the priority groups, timing and rollout to assist people to understand how the vaccines work, and to be ready for when they can receive the vaccine," Mr Hunt said.

"The vaccines will be voluntary and free, we encourage people to have the vaccine to protect themselves and their family.

"It is essential that people understand that Australia's medical regulatory processes need to occur before the vaccines are approved for use. We are receiving data from overseas and this will assist in finalising the priority groups for the vaccinations, putting our health and aged care workers in the first wave along with elderly Australians who are at most risk from the virus."

Vaccine caution among SMEs

Even as the Australian government seeks to allay community concerns, businesses across the country remain cautious. In August 2020, business network The Entourage conducted a survey of its network of SME owners around whether they would take a potential COVID-19 vaccine if it was offered to them. It revealed that just over 20 per cent of SME owners said they would not take a potential COVID-19 vaccine if it was offered to them. Further, 15 per cent of business owners said they would wait a year before considering taking a vaccine.

Founder of The Entourage, Jack Delosa, said while most of the business owners in his network are largely pro-vaccine, he also said he can "see both sides of the coin".

"As a business community, we are going to have some tough decisions ahead about who will be able to attend our in-person events when they fire back up," Mr Delosa said.

"Our largest event, Unconvention, attracts more than 3,000 business owners every year, and having unvaccinated people in the crowd would be concerning for my team and our attendees.

"It's a tough road ahead for the small-business community, with a lot of difficult decisions that need to be made. And as long as small-business owners remain divided along ideological lines, the challenges they've faced this year will only be exacerbated.

"We need clarity, leadership around the issue and a united approach — anything short will only set us back even further."

One of the business owners interviewed for the survey, Craig Schulze of fitness business The One Shot Movement, said a mandatory vaccine is "un-Australian".

"I've spent nearly 20 years in the health and fitness arena, and I have always believed in a prevention-first approach," Mr Schulze said.

"It is beyond clear that the immunocompromised, vulnerable and at-risk in our community need to be protected, but for everyone else, we need to open the economy with a common-sense approach and focus on good hygiene and social distancing."

However, another business owner surveyed, Kate Liedtke of interior design business Catherine de Meur Interiors, said it shocks her that so many business owners would not be vaccinated.

"Business owners have faced so many challenges this year, and the more traction this specific anti-vaccine movement gets, the further the small-business community will suffer," Ms Liedtke said.

"People want to get back to work and reinvigorate our economy, and the vaccine is the key to achieving that. My family and team will get the vaccine, but it shocks me that so many other business owners won't."

Follow Sheeja Kumar
instagram.com/qualitaaccounting/

Why this accountant

LOVES HER JOB

Sheeja Kumar has done a lot in a very short period of time. Under 30 and recognised as one of Australia's best accountants in her age bracket, Sheeja was a real wonder child with a strong passion for numbers. While her journey began outside of Australia, it was here that she decided to build a business and a family

| by Maja Garaca Djurdjevic |

Sheeja began her schooling in Dubai. Her dedication to her work saw her secure a scholarship for a master's degree in accounting in Australia. Without thinking twice, Sheeja packed her bags and boarded a flight to Sydney.

"I came to Australia about 10 years ago. Prior to coming here, I started my career at the UAE Ministry of Finance while doing my bachelor's," Sheeja recalls.

"I started working at the age of 17 or 18, as an intern at the Ministry. So, by the time I completed my bachelor's, I already had three years of experience.

"It was early 2012 when I came to Australia to complete my master's at the University of Western Sydney. Because I already had working experience, after three months I got an opportunity to work for one of the public practice firms."

From there, Sheeja was hired as a bookkeeper, but it wasn't long before her talents were recognised, earning her a promotion. And, only nine months after arriving in Australia, Sheeja was working as a full-time accounting assistant.

From there, Sheeja scaled the industry, while completing two masters' degrees simultaneously.

In 2016, she became a registered tax agent. And a year later, her partner sat her down to talk business.

Both in their mid-20's and both with backgrounds in numbers, Sheeja and her partner decided to channel their talents towards creating a company of their own.

"We're high school sweethearts. He was the one that insisted on Australia," Sheeja says with laughter in her voice.

"So, in 2017, he said why should we work for someone else when we have all the qualifications and registrations, that's when we started Qualita Business Accounting.

"And in two years we doubled our revenue. We worked with a couple of financial planning firms and luckily, we got a contract with the state government.

"This is now our fourth year. We are turning over close to one million dollars and have a headcount of six people," Sheeja says.

"THE BEST THING THAT HAS HAPPENED THIS YEAR IS THAT PEOPLE HAVE ACTUALLY AGREED TO GO DIGITAL. BEFORE EVERYONE WAS USING EXCEL SHEETS AND MANUAL BOOKKEEPING, BUT THIS YEAR EVERYONE IS HAPPY TO USE XERO, MYOB, QUICKBOOKS AND SO ON"

Asked about her recipe for success given her young age and plenty of accolades, Sheeja say it comes down to her passion for accounting.

"I've always been passionate about accounting.

"Before I actually started my bachelor's, I went into science and after two months of classes I realised that it was not for me. That's when I chose the commerce stream," Sheeja explains.

Speaking about her motivation, Sheeja shares that although no one in her family worked in accounting, her mother has always been a business woman.

A single mother to two daughters, her mother was always her role model.

"My mum has a bachelor's in economics and she ran a supermarket on her own. I always used to help her do her bookkeeping and all that.

"So, I started doing the books for my mum and then moved on to helping my sister. They are both in business," Sheeja says.

Accounting, she admits, has always been her dream.

And it is this drive and love for her job that has earned Sheeja much recognition. In 2020, both her husband and her were finalists across five different categories at the Accountants Daily 30 Under 30 Awards.

As for the future, Sheeja says she expects the next 12 months to be big. The government contract, she mentioned earlier, has been renewed for another three years, with the volume of work now on an incline.

"We're looking to grow the firm and hire more staff.

"We have also moved to a new location, so that we're able to accommodate more staff," Sheeja shares.

Reflecting on 2020, she admits it's been "a one-of-a-kind type of year".

"The best thing that has happened this year is that people have actually agreed to go digital. Before everyone was using Excel sheets and manual bookkeeping, but this year everyone is happy to use Xero, MYOB, QuickBooks and so on.

"From that point of view, I would say 2020 has been good, because from a compliance perspective, it's a lot more efficient," Sheeja says.

But from a personal point of view, Sheeja recalls having to work 14-hour days during the height of the COVID crisis in NSW.

Balancing her work and home life became a major struggle.

"I have a two-year-old son, so working 14 hours was a juggle for the three, four months I was working from home."

Her dedication to her work helped a lot of SMEs pull through the peak COVID months.

"We focus just on SMEs and SMSFs. It has been really challenging for small entrepreneurs and small businesses in particular. So, we tried to help them avoid liquidation, because we have a lot of clients in the industries that were really impacted," Sheeja says.

Outside of work, Sheeja is a globetrotter.

But after 2020 flung all of her travel plans into disarray, Sheeja stuck to her other hobbies – playing the violin and guitar.

"We have get-togethers with our friends. That has been 2020. Prior to that, we used to travel a lot. I love travelling and taking photos."

But the biggest thing 2020 has cost her is her brother's wedding.

"It was my brothers wedding on 17 December, he is the youngest. But we couldn't go.

"It's a sad ending to 2020," Sheeja says, but admits that 2021 will be a good year, both on a personal and business front.

DEFINE YOUR OWN SUCCESS

Diah Yusuf is an entrepreneur, a business consultant, the secretary general of the International Council for Small Business (Indonesia), and former vice president of the ICSB Global and more. She entered the world of entrepreneurship in 2002 and soon grew her empire to encompass numerous businesses, while at the same devoting herself to bettering the conditions for small business owners across Indonesia

| by Maja Garaca Djurdjevic |

Diah's first business focused on bettering the status of working women and saw her plunge her creativity, energy and time into creating hijab business attire.

"Before my business we didn't have anything of that sort. So that was my first business in 2002," Diah recalls.

Her motivation behind the business was her passion for people and challenging the stereotype of women in a male-dominated world.

The perks of being her own boss included the freedom to raise her young family while following her dreams.

"As a mother I had other responsibilities, so the motive behind my business was not growth at the time."

Soon after founding her own business, Diah began to form links with the wider business community with the goal to better the position of SMEs in her home country.

She soon developed a relationship with the ministry of small business in Indonesia and was asked to work with the government on an upcoming exhibition.

"They asked for my help in listing businesses for the exhibition. Looking for the best businesses to showcase their work.

"This got me thinking about forming a second business," Diah explains.

This is where her coaching career began, as Diah developed an interest in empowering her fellow entrepreneurs towards success.

"I started learning about coaching, about empowering, about how we can help other businesses to be better," Diah recalls.

At the time, Diah was also developing several programs for small business owners, one in partnership with a local company that had reached out for help and the other with the tourism ministry.

"From then on, apart from running my business, I set aside time to help others."

Speaking about the business climate in Indonesia, Diah explains that while founding a business is a pretty straightforward process, one of equal strain for both men and women, running a business and steering it towards growth can be an insurmountable task.

"Surprisingly women and men start an equal number of businesses in Indonesia. But while it's easy for a woman to enter business, how to manage the business becomes a challenge," Diah says.

In 2017, Diah formally founded Indonesia Prima, an SME accelerator to help and assist SMEs grow their businesses and to prepare them to seek out Angel Investors.

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MILLION
Small business are in Indonesia

While it has a wide-reaching role to better the conditions for business owners throughout Indonesia, Diah has also teamed up with UN Women to offer women free advisory services.

"They're alone, so we teach them not to compare themselves with the big business and to reach success by step by step," Diah explains.

As an entrepreneur, she runs several businesses in the health and beauty retail area, in the property industry, the IT sector and sustainable aquaculture farming. She is also the founder and chairman of the Festival Entrepreneur Indonesia (FEI).

"I'm always looking for opportunities.

"My daughter is 16 and she is becoming involved in my businesses," Diah says proudly.

But Diah also has links to the global community, including Australia.

"One of Indonesia Prima's goals is to help businesses in Indonesia export their products to other countries. Of course, when I go abroad, I visit the Indonesian representative office there because I want to know how I can support local businesses to go abroad.

"I now actively participate in webinars to educate SMEs to enter the global market, not just in terms of exports but also in terms of learning from each other to open the global mindset," Diah explains.

Indonesia and Australia have in place a free trade agreement as of July 2020, meaning that Diah is now in almost constant communication with Austrade to explore further opportunities to expand this co-operation.

"I know what Australian businesses are looking for from Indonesia and what Indonesian businesses can do to trade with Australia. So I invite any Australian SME to explore and discuss more about these opportunities.

"I believe that we should share knowledge with each other. It would be wonderful if we could further strengthen our relationship. We are now the residents of the world with globalisation," Diah says.

Her contribution and strategic thinking on empowering SMEs also drew the attention of the International Council for Small Business (ICSB). Currently, Diah is the secretary general at the ICSB's Indonesian office.

"We define our own success," Diah believes.

In concluding our chat, Diah reiterates the importance of defining one's purpose and following the road to its fruition.

"Sometimes as women we think we're weaker than men, but we're not weak. We should have the confidence, we should know our purpose, which could be to be a really successful business woman or to be a mum. When we have a purpose, it becomes easy to step-by-step arrive at our goal."

Business building

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

Practical ways to address your 'people problem'

What to do when you have lots of work on and seemingly insufficient capability to get the work done?

| by Scott Charlton |

DURING MANY years of coaching accounting and financial planning firms, I've often heard working owners expressing concern that they can't get the staff. This particularly relates to recruiting accountants/paraplanners/advisers to get work done.

The implications of this situation can be quite serious:

- Partners burning themselves out by putting in long hours, often on low level work;
- Tolerating poor performers, which in turn sends the wrong message to more effective team members;
- Big write-offs, often associated with the points above;
- Unsatisfactory work turnaround times, which adds to the sense of being "under the pump", and not meeting client expectations; and
- Younger professionals not aspiring to be owners, because they don't want to work the hours they see partners putting in.

So, what do you do when you have lots of work on and seemingly insufficient capability to get the work done?

The first thing is to make a realistic assessment. An effective, long-term solution to this issue is unlikely to come from a "silver bullet". The charismatic, six-foot tall, 25-year-old recently qualified accountant with big four experience, excellent people skills, red hot tax knowledge, incredible work ethic and modest salary expectations that you have in mind may not actually exist. Certainly, they may have missed your posting on a popular job website, because it was surrounded by dozens of virtually identical entries.

So let's look beyond a quick fix. Rather, it's time to think more strategically. The aim of this article is to prompt you to implement and maintain a combination of initiatives over the long term, to reduce the number of people power crises you have in the future.

In the sections that follow are a number of suggestions from which you can tailor an approach to meeting your people requirements.

Working smarter and more efficiently

Being more efficient. We've yet to find the firm which is delivering its core services at optimal efficiency. In every case, there are tested concepts and processes utilised by other firms, which can lead to better outcomes. This is why one of the first modules in Slipstream Coaching's program focuses on delivery. The usual outcome is that firms find they get through more work, much faster. You therefore may not need as many people as you thought!

Using non-qualified team members. A great example of reducing your dependency upon professional staff is by using Client Service Administrators (CSAs). In effect, support team members are engaged to gather information, set up files, do the invoicing and attend to other aspects of completing the engagement. Embracing the CSA role means that accountants do only accounting tasks and paraplanners are freed up to produce more SOAs.

Being more selective regarding the work you take on. If getting the right people is difficult, you may be best to reduce the number of clients. Doing more assignments of higher value for fewer clients may prove to be a better, more profitable business model. It will certainly reduce your stress levels!

Get 10 per cent more out of your current team. This is a tip I jotted down from the head of the business school where I did my MBA... give everyone a laptop computer to take home.

Thinking outside the square

Grow your own. This strategy is great for good, long-term stability. In my firm, we hired final year undergraduates each year and had a formal training program to bring them up to speed as quickly as possible. I know of other firms who recruit school leavers with a similar plan. Provided that you dedicate the resources to their training and development, basing your HR policy on junior professionals can pay big dividends. After a few years this strategy will create a very capable team with various levels of experience. This provides ready-made replacements where team members move on and creates an environment of career progression. Growing your own is great for ensuring that everyone follows the same systems and works to your high standards. It also means you are not fishing from a pool of other firms' cast offs.

"GROWING YOUR OWN IS GREAT FOR ENSURING THAT EVERYONE FOLLOWS THE SAME SYSTEMS AND WORKS TO YOUR HIGH STANDARDS"

Use more imagination. Being open to alternative arrangements could yield good results. For example, you may attract (and retain) more professionals if you are prepared to work with part-timers and/or workers located offsite. These days there is excellent job management software, which facilitates such arrangements. Incidentally, there is less competition from other employers in the part-time section of job websites.

Spread the net widely. If you are in a remote area, your candidates may currently be living elsewhere. Consider recruiting people in the CBD who may be looking for a sea/tree change. (Hint: prime candidates are people who are originally from your area who may be interested in returning.) Perhaps you could look at accountants currently working overseas who may be interested. Or it may be valuable to look at the recruiting practices of other industries such as mining companies who also operate in remote locations.

Thinking more broadly. This strategy is particularly relevant to rural firms. I've seen an accounting firm out in the country set up a CBD office, the primary purpose of which is to employ accountants living in the city to do the work arising from country clients. Another approach is to outsource work to third parties. A few years ago, this alternative was in the realm of bizarre and fanciful. These days, it is a solution used by many firms.

Retaining your best people

Treat each team member as a volunteer. Here's a great exercise to undertake – what could you do to retain staff who worked for free? This will likely trigger all sorts of ideas including career progression, training, client contact, work environment, flexible work hours, extended holidays and social activities. Worked all that out? Could you make that work? Good – what's stopping you from implementing it anyway?

Be amazingly considerate, flexible and supportive with professional team members who are also mums. Do I need to explain this one?

Attracting good candidates

Referrals from team members. Who better to recruit for you than a happy team member? A current employee has a vested interest in having quality team members to share the work. Involve the team in recruiting – finding candidates, the interview process and selection. By the way, I'm not a fan of financial incentives to find recruits. For me it should be just "part of the deal" in working for your firm.

Seek professional assistance. There's certainly a role for specialist recruiters. Pick one that you feel comfortable with and aim to build a solid, long-term relationship. Ensure this recruiter is well informed about your firm and has a good understanding of your requirements. Oh yes, and pay their fees on time.

Utilise your website. Naturally, top notch professionals will do their homework before deciding to work at your firm. Ensure your website is compelling and has an area dedicated to attracting quality people..

Conclusion

Yes, it can be tough and even exasperating to employ professional team members but at the end of the day this is part of the business you are in. It's therefore important to have good, long-term strategies to ensure you have the people available to do the work.

Scott Charlton
director, Slipstream Coaching

Why feeling connected makes us feel good

Feeling connected to others plays a key role in our mental health and wellbeing. Discover why connection is so powerful – and how you can have more of it in your life

| First published on Beyond Blue in conjunction with Relationships Australia |

HOW MUCH social connection we seek out varies from one person to another, but one thing's for sure – as humans, we share a fundamental need to interact with and feel connected to others.

"We are social creatures by nature," says Relationships Australia national executive officer Nick Tebbey. "That feeling of belonging and being connected is really important for our wellbeing."

Research backs that up, with a 2017 study finding that social connectedness and mental health are not only inextricably linked, it tends to be connectedness that promotes good mental health rather than the other way around.

"On the other hand," says Mr Tebbey, "we know that feeling isolated and lonely has a significant impact on our mental and physical health."

The many faces of connection

What it takes to feel connected can be different for everyone.

"Connection doesn't look the same for all of us and that's actually a real positive," says Mr Tebbey. "It means we're able to connect – and feel connected – in so many different ways, regardless of our circumstances."

So, while some kinds of connectedness revolve around physically spending time with like-minded people or doing something unifying – such as being part of a sports team or a book club – others are far less organised.

"Sometimes all it takes is making the effort to say hello to a neighbour," says Mr Tebbey. "Even small acts like that foster a genuine sense of connection."

A study of Relationships Australia's 2019 Neighbour Day – an annual campaign that encourages people to connect with others in their community – proved exactly that. Those who made the effort to do something neighbourly experienced an increased sense of belonging.

"It doesn't have to be your next-door neighbour or neighbourhood community either," explains Mr Tebbey. "Communities exist in many different forms, including those you belong to online."

And don't forget how nice it can be to receive something in the post. Letter writing may be a lost art but there's something really lovely about knowing someone has taken the time to put pen to paper just for you. Our premier partner Australia Post has launched a special release stamp set to encourage people to stay connected.

Sometimes you don't even need anything tangible or any actual interaction with others to feel connected.

"A really good example of that was the 'teddy bear hunt' that popped up all over the world as a response to COVID-19," recalls Mr Tebbey. "Simply participating made you feel like you were a part of something and, through that, more connected."

One explanation for that is the fact that connectedness is actually a subjective thing, which means it relies far less on hard facts, like how large your social circle is, and far more on what you believe, sense or feel.

"This subjectiveness explains why it's possible to feel connected to a group of strangers, but also why you can sometimes feel lonely or unconnected among a group of people you know," adds Mr Tebbey.

If you need assistance visit Beyond Blue's support services. Mental health professionals are available 24/7 on: 1300 22 4636.

Starting a conversation

If you are experiencing loneliness or struggling to feel a real sense of connection, Mr Tebbey suggests speaking up or reaching out.

"Surveys we've conducted at Relationships Australia indicate that most of us are quite capable of recognising when we're feeling isolated or lonely. However, we're less well equipped to understand why we're feeling like that, and, importantly, what we can do about it," he says.

"Talking to people you're close to about how you're feeling and asking them for help – if you feel comfortable – can be a good starting point. It may even help you identify larger issues that you need to seek support around in order to feel more connected.

"And if you don't have someone close to talk to or find that it doesn't help, reach out to a support service like Beyond Blue."

A hot date for the advisory accountant

If there was ever a moment for accounting professionals to consider how they'll push into the advisory role – it was yesterday. The rate of change in the accounting profession is rapid and will continue to leave those reluctant to evolve in the vexing dust of 2020, writes Luke Sullivan

| by Luke Sullivan |

FOR ACCOUNTING professionals to thrive beyond this year's carnage will not only require a strong vision as to how advisory services will actually function for them, it will demand swift and assertive action to instigate this new approach, which should include a focus towards delivering a greater level of client advocacy and value that is served today.

As technology gouges through the accounting professional's service suite, trying to pinpoint what exactly the clients of tomorrow will pay them for will be harder to answer. One thing is clear, thinking differently will be paramount.

Narrowing down a brief for accounting professionals with an SME client base that addresses the push into advisory services will include the premise that accountants will need to be more than just a great tax adviser. Becoming intensely client-focused, delivering accuracy and relevance in services that are loaded with added value, and becoming agents of transformation while maintaining the positioning as a true small business champion will round out this brief.

Accounting professionals can easily add these layers of value by broadening networks, creating new relationships and increasing capabilities to then pass on in the form of empowering information and solutions. With an identified need to increase relevance as a direct response to the ever-present future threats of redundancy and irrelevancy, an evolutionary pathway forward here seems clear – become a hub of digital knowledge and get more connected.

Considering today that on the ASX200, Information Technology (e.g. Xero) is larger in sector than telecommunications (e.g. Telstra) and utilities (e.g. AGL), it's an appropriate snapshot to use in influencing accounting professionals that stepping into an advisory role is actually to avoid more compliance work, and to acquire functional knowledge around areas like business strategy and transformation, IT, data, cyber security, and e-commerce.

Apple, Amazon, Xero and Afterpay – this is what is sexy nowadays, and above all most relevant. We're in the information age and those who provide easily accessible information are most desirable. Accounting professionals need to begin to see their purpose as problem solving agents that understand the products and services of today's digital titans, and more importantly understand that their SME client roster needs advice on this area – because their survival depends on it.

Digital technologies have obvious appeal, and it's driven largely by the thirst of digital natives who are plugged into online networks, their lives integrated with technology at every touchpoint, exercising their demand to have what they want, when they want it, and where they want it. This group of people is also the accounting professional's client base of the future, and to dismiss these millennials is to be happy with the clients you've got today, disregarding the clients of tomorrow, along with any considerations of succession planning for the actual firm itself.

There is a cheat code for accounting professionals to fast track the entry into the advisory role. And that's by seeking out partnerships and collaborations with other professionals that know this new digital landscape and younger audience better than they do. This is where the magic happens, but partnering with friendly magicians is key.

While there are many networking opportunities for accounting professionals to pursue under the orbit of advisory services, there is an open gold mine via collaborating with brand and marketing agencies.

The truth is, branding and marketing professionals are not actually magicians, surprising I know. Though our focus on the growth and survival of SMEs are much like that of professionals. Adding to this, our industry has also gone through massive disruptive change and continues to do so. We're dealing with the same sorts of threats to our own futures.

Brand and marketing agencies go on far too many business dates, and are perhaps ignored by accounting professionals because they don't go on enough business dates. Regardless of the frequency, it seems if the required networking surrounding advisory services was compared to a dating app, accounting professionals and branding agencies don't even know each other exist because one is swiping right on Tinder, the other sending winks on RSVP.

With both our businesses' success determined by how many SMEs we grow and keep alive, it's perhaps the best time to date each other.

To explore an accountant-brand marketer relationship, let's highlight the classic statistic that 95 per cent of Aussie SMEs don't make the five-year mark. The binding element here is that both accounting professionals and branding agencies have a core purpose in thwarting this outcome.

Build value, sell products and ensure the numbers add up. If you assess the aforementioned key value focus areas in the SME advisory accountants tool kit, it's very similar to that of the branding agency.

Australian SMEs equate to over 90 per cent of our nation's business footprint, and they're the majority of accounting professionals' and branding agencies' client bases. They need their numbers crunched, their online banking connected to their e-commerce, and their digital marketing delivering a sustainable return to their business.

SME-focused branding agencies have continuous exposure to digital technologies that are often presented to their clients with the goal of solving problems surrounding lack of capital, saturated market competition, and very little time for the business owner to execute tasks.

For branding agencies to deliver solutions, they first have to onboard the SME as a client, and this is a competitive and exhaustive process in itself. Buying trust is just that, a cost. And the SME ends up paying for it anyway, when mostly they can't afford it, thus eroding the value exchange. The marketing industry is a heavily competitive international affair with a multitude of products and services making empty promises, clouding true service in a fog of jargon and lingo, all which simply get in the road of SMEs finding good branding partners to receive services from.

Branding agencies need to partner with other professionals that have trusted relationships they can share, simply to ensure their solutions that are loaded with added value actually reach the SME. It's here the symbiosis between accounting professionals and branding agency exists. A mutually beneficial relationship with knowledge and information flowing freely with the client in the middle as the beneficiary of this network exchange.

The Australian government undertook research that suggested Australian SMEs were one of the slowest in the world at onboarding new technology. Insight gained here resulted in a federal stimulus program, that once deployed aimed to influence SME behaviours and their ability to onboard and embrace digital solutions. Deloitte chaperoned the program by connecting branding agencies like COG Branding with SMEs to assist the process along with implementing business strategies and branding initiatives.

This represented a market proven case study where SMEs trust the advice and referrals of accounting professionals, and when they take the lead with an accountant-branding agency relationship, all three are winners.

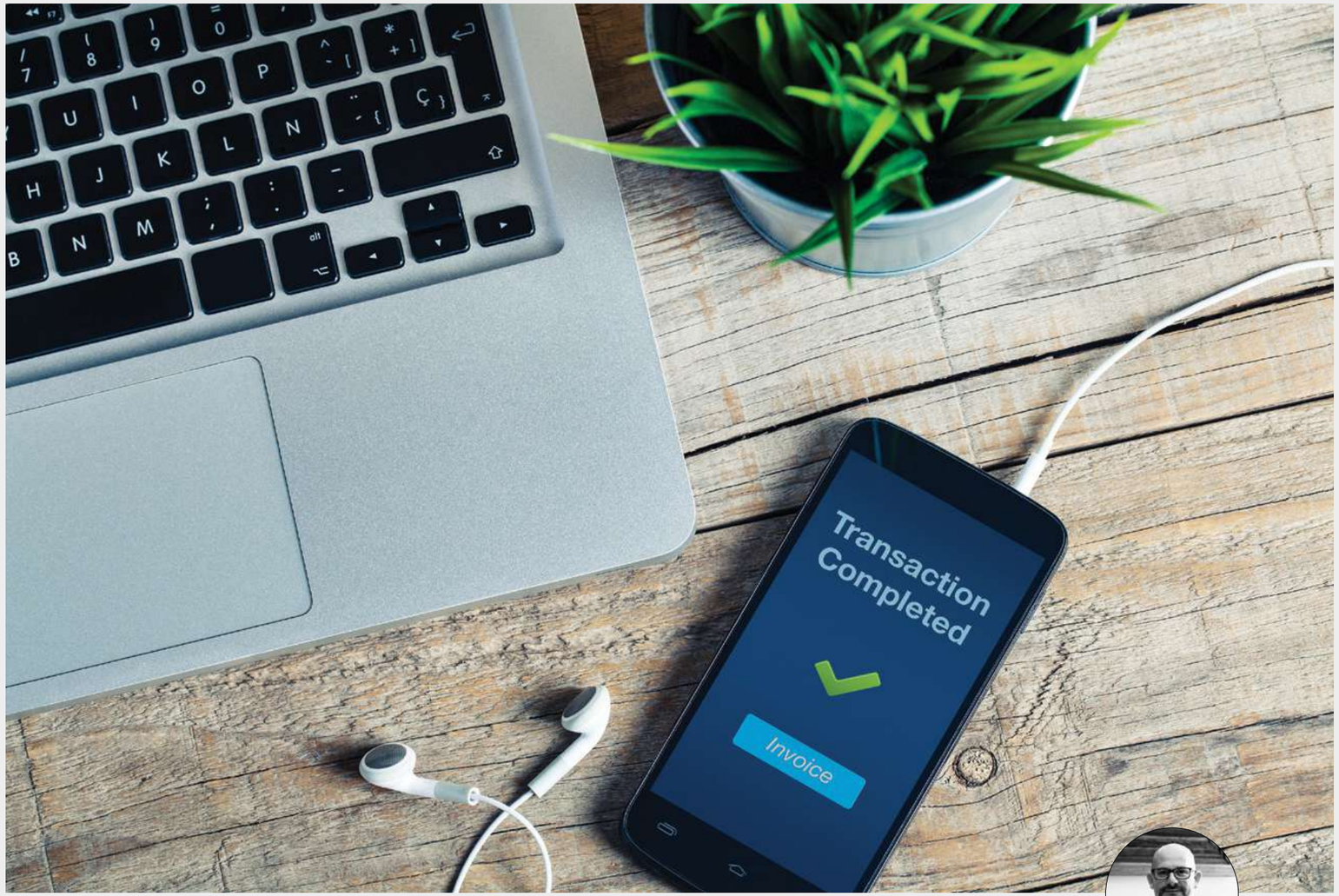
If Australian SMEs are to continue to hold up our nation's economy, then the least that accounting professionals and branding agencies could do is go on a few dates together.

Luke Sullivan
managing director
COG Branding

Why all businesses should let their customers pay like Uber

COVID-19 and the resulting decline in business activity have made it necessary for businesses to provide safe, fast and easy payment options for customers

| by Adrian Floate |



INDUSTRY DISRUPTORS like Uber introduced consumers to a seamless payment system - a sales process customers now expect.

Business software management expert Adrian Floate said business payment processes were long overdue for an overhaul.

"Easy, app-based payment systems are now available for all types of businesses," Mr Floate said.

"Having a workflow payments model like Uber, that allows you to charge for goods and services on delivery in real-time is the way of the future.

"All business should implement the right tools and processes to enable the pre-authorisation of payments from a customer's credit card to process payments efficiently.

"If this isn't practical for your business, you should at least be able to invoice a customer at the touch of a button once products and services are delivered."

Mr Floate said the latest business transaction software streamlined the point of sale (POS).

"App-based payment systems benefit customers, businesses and the overall economy," he said.

The benefits for customers:

- ***Enhanced customer experience*** – using apps for payment is fun. Customers can download the app, enter their details and scan their credit card to start purchasing goods and services from a business. Payments can be made online, over the phone, in-store or on-the-go.
- ***Convenience*** – contactless transactions are safer than using cash in preventing the spread of coronavirus. Built-in tap and go technology saves time. Customers can pay in any currency, wherever and whenever they require.
- ***Transparency*** - Customers can view all invoices and transaction history, with notifications on due and overdue payments.
- ***Security*** – mobile payment apps use encryption technology known as tokenization. This technology replaces personal card data with a number, so no sensitive data is exposed during the authorisation process.

The benefits for business:

- ***Better cash flow*** – making it easy for customers to pay is the key to fast payment. Payments can be made when the goods or services are provided. Payment plans can be negotiated or recurring payments set up. Customers can pay off one, multiple or all outstanding invoices at the same time.
- ***Efficiency*** – virtual cash registers can be set up on tablets. Integrated EFTPOS can connect all terminals to the cash register or point of sale system. This can help reduce queues and increases sales during busy times.
- ***Transparency*** – provides strategic ways for business owners to manage their payments and provides data collection and analysis. The latest POS technology provides easy access to e-invoices and records during tax time and auditing.
- ***Security*** – good payment systems offer anti-money laundering (AML), know your customer (KYC) and two-factor authentification (2FA).

The benefits for the economy:

- ***Increased cash flow*** – late invoice payments and a lack of payment methods costs Australian small businesses a combined $20 billion each year. By encouraging customers and suppliers to pay on time increases the amount of money flowing through the economy. It increases the growth potential of a business and the ability of business owners to invest and access finance.

Mr Floate said innovative POS software saved time, money and resources for businesses, suppliers and customers.

"Despite the advantages of app-based payment systems, many businesses only offer outdated and inefficient payment options," Mr Floate said.

"Many business to business (B2B) payments are made through bank transfers, which can leave businesses exposed to fraud and security breaches."

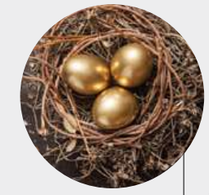
Business applications for JobKeeper this year highlighted a lack of seamless systems and processes. It is estimated 85 to 90 per cent of small businesses that applied for funding use paper and spreadsheets to track their data.

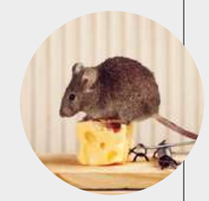
Of all trade between Australian businesses, 53 per cent of invoices are paid late at an average of 23 days. Another 20 per cent of paid invoices are the incorrect amount, while another 20 per cent are sent to the wrong address. This costs small businesses more than $7 billion each year alone in working capital.

Adrian Floate
managing director
of Cirralto

Mr Floate said business owners need to embrace the new technology available to ensure they get paid on time.

"Customer experience and ease of payment should be the main goal for business owners in all of their transactions," he said.





Technical

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

Work-related deductions Lambourne case

New test "necessarily incurred"? I don't think so...

| by Tony Greco |

EVERY SO often a case comes along which spikes interest from tax professionals. The Lambourne case at the Administrative Appeals Tribunal (Lambourne v FC of T AATA 4562 http://www.austlii.edu.au/cgi-bin/viewdoc/au/cases/cth/AATA//2020/4562.html) is one such case. The facts are not complex, but some of the commentary can suggest a new principle regarding work-related deductions might be at play. It infers that where a taxpayer acquires goods at their own discretion and not at the direction of their employer then a deduction may not be allowable.

One paragraph in the judgement (para 101) seems to be causing consternation. It implies that to be entitled to a work-related deduction, one must have evidence that you would have needed to have acquired the relevant items to continue to be paid.

"There is no evidence before the Tribunal that the applicant would not have continued to be paid in relation to his duties (be that his salary or allowances) if he had not purchased and supplied these items."

What does the *Tax Act* require?

Section 8-1 of the *Income Tax Assessment Act 1997 (ITAA 1997)* is the all-important legislative reference that governs the deductibility of outgoings for employees and reads as follows:

1. You can deduct from your assessable income any loss or outgoing to the extent that:

(a) it is incurred in gaining or producing your assessable income; or

(b) it is necessarily incurred in carrying on a business for the purpose of gaining or producing your assessable income.

For an employee not in business, section 8-1(1)(a) is the relevant provision to determine whether an expense is deductible. The words necessarily incurred are not what the relevant legislation requires. Whilst necessarily incurred is not required there must be a strong nexus between the incurring of the expense and its connection to the earning of the income.

Facts surrounding the Lambourne case in brief

The taxpayer was employed by the Australian Defence Force as an electronics technician with the Navy which also included amongst other duties acting as a military fitness leader. The ATO audited the taxpayer's 2017 income tax return as his work-related expense claim was higher than expected compared to similar taxpayers. The items subject to audit were deductions claimed at labels D1, D3 and D5 totaling $10,795. In the main the taxpayer claimed Navy uniform clothing, HDMI box and hub splitter, various gym/fitness equipment for his duties as a military fitness leader, polarised glasses, a tablet/laptop and a scientific calculator.

As is commonplace with work-related deduction audits, it is not usual for the ATO to seek information from the taxpayer's employer directly. This in itself does not determine the issue of deductibility or not, but it does provide an opportunity for the ATO to understand the duties that the taxpayer performs. This is confirmed in the ATO ruling TR 2020/1 as follows:

Para 31. "Although an employer's requirements do not determine deductibility, they are not irrelevant and, in particular, will generally assist in ascertaining the proper scope of an employee's income-earning activities to determine whether an expense has been incurred in the course of earning assessable income. [17] Furthermore, the fact that an employee incurs an expense on a voluntary basis (that is, not at the direction of their employer) does not necessarily preclude a deduction under section 8-1. [18]

The ATO amended the taxpayer's assessment and the taxpayer objected to the amended assessment which was later disallowed. The taxpayer with the help of his tax agent decided to pursue the matter at the Administrative Appeals Tribunal (AAT).

As with most cases before the Tribunal of this nature, it is the taxpayer that has the burden of proving that the assessment is excessive or otherwise incorrect. The key provisions in this particular case centred around the general deductibility and substantiation provisions contained in the ITAA 1997. Whilst there were substantiation issues also at play, these have been ignored as I only want to focus on the deductibility aspect of the case.

There is no shortage of case law on work-related deductions. Australia is unique in that it allows employees to deduct employment-related expenses. In many overseas jurisdictions there is no ability to claim or the rules are much more restrictive, only allowing certain expenses that are wholly work-related, and no apportionment is allowed. Some countries have adopted a standard deduction with the ability to claim above a standard amount only under certain circumstances. To date, Australia has resisted reform in this area and taxpayers can claim an unlimited amount subject to meeting the deductibility and substantiation rules. On average across the entire population, an amount of $2,500 is claimed as work-related deductions.

Referring back to the Lambourne case, the taxpayer's main argument was that the expenses incurred were necessary in the performance of his duties.

In paragraph 95: *"The Tribunal accepts that the duties undertaken by the Applicant extend beyond that of those associated with his role as an Electronics Technician. Based on the evidence before it, the Tribunal accepts that the nine items in dispute relating to the D5 claim for other work-related expenses may have been used by the Applicant in carrying out his duties and that he may have [procured] them for such purposes. The question though is whether the outgoings related to the purchase of these items were incurred in the course of producing the Applicant's assessable income. It is this point that is in contention. The Applicant contended that it was necessary for him to purchase the nine items in order to be able to perform his duties and that they were a requirement, whereas the Respondent contends that they were purchased at the Applicant's discretion not at the direction of or requirement of the Navy."*

Whilst the Tribunal accepted that the items may have been used in carrying out his duties, it is not enough on its own.

Paragraph 94 highlights this point *"The fact that a loss or outgoing has a relationship to a taxpayer's employment or the carrying out of their duties is not enough. As provided by the High Court in Payne the question is "whether the outgoing was incurred in the course of gaining or producing actual or expected income. That is, is the occasion of the outgoing found in whatever is productive of actual or expected income?""*

The ATO's position on the deductibility of work-related expenses is set out in ruling TR 2020/1 - Income tax: employees: deductions for work expenses under section 8-1 of the *Income Tax Assessment Act 1997*. The relevant excerpts of the ruling which are pertinent to this case are paragraph 26 to 36 and are reproduced below.

Relevance of employer requirements

- 26. A common issue relating to the deductibility of employee expenses is the relevance of express or implied conditions of employment. In this regard, a question that frequently arises is whether an expense becomes deductible merely because an employer specifically requires the employee to incur the expense.
- 27. In these circumstances, the employer's requirements do not determine the question of deductibility. This question is always to be answered by reference to the statutory test which involves an objective determination of the connection between the expense and the employee's income-earning activities.
- 28. For example, an expense that is private in nature or only a prerequisite to the earning of income does not become deductible only because of an employer's requirements [16].

Example 5 - not deductible despite employer's requirements

- 29. Kayne is employed as a waiter in a wine bar and is required by his employer to wear a white collared shirt, black trousers and black shoes. Notwithstanding his employer's specific instructions, Kayne's clothing remains conventional, maintains its private nature, and is not expenditure incurred in earning his employment income.
- 30. Other common examples are requirements that employees possess an ordinary driver's licence or present themselves in a well-groomed manner. Standards set by employers in this regard would not change the essentially private character of expenses in obtaining a driver's licence or maintaining a particular level of personal appearance.
- 31. Although an employer's requirements do not determine deductibility, they are not irrelevant and, in particular, will generally assist in ascertaining the proper scope of an employee's income-earning activities to determine whether an expense has been incurred in the course of earning assessable income. [17] Furthermore, the fact that an employee incurs an expense on a voluntary basis (that is, not at the direction of their employer) does not necessarily preclude a deduction under section 8-1.[18]

Example 6 - deductible without employer's requirement

- 32. Salome works as the practice manager for a suburban doctor's surgery. To help develop her skills in her current role she undertakes a Diploma of Practice Management. Her employer does not directly encourage her to do the course and does not offer any financial incentive or time off. Despite not having her employer's direct support, Salome can claim a deduction for the cost of undertaking the course as it will assist her in carrying out her current employment duties by improving the specific knowledge and skills she requires to do her job.
- 33. By contrast, the encouragement of an employer will not make expenses of self-education deductible if they are not incurred in the course of producing assessable income but, rather, are associated with obtaining new qualifications to commence a new income-earning activity.

Example 7 - not deductible despite employer's encouragement

- 34. Dermott is employed as a receptionist at a dental practice. His employer encourages him to undertake a Certificate III in Dental Assisting, offering study leave and a guaranteed job with increased salary as a dental assistant if he completes the course. Dermott cannot claim a deduction for the course fees despite his employer encouraging the study. The course does not assist him in carrying out his existing employment duties or improve the knowledge or skills he needs as a receptionist to earn his current income. As the study relates to a potential new job as a dental assistant, the expenses of that study are a prerequisite to earning income from a new role and not incurred in the course of earning his income.
- 35. Although the directions of an employer do not determine the question of deductibility, they may have relevance for determining the proper scope of an employee's duties and income-earning activities. This may assist in determining whether a voluntary expenditure was incurred in the course of producing assessable income.

Example 8 - not deductible - outside scope of duties

- 36. Barry drives a courier van provided by his employer. In the event that the vehicle breaks down, Barry's employer has provided him with a road service phone number and instructed him not to attempt to carry out any repairs himself. Barry cannot claim a deduction or depreciation for auto repair tools he may have purchased. He has been employed only to drive the van and the repair activities cannot be done in connection with his employment. As the expenses do not relate to his employment, they do not have the necessary connection with the earning of assessable income and are not deductible.

As can be seen from the ruling, the ATO's position is quite clear. The AAT was addressing and responding to the argument that was put forward by the taxpayer and that there was no implied inference to a new test for deductibility of work-related expenses. The ATO to their credit has responded quickly to the uncertainty by providing the following response on 8 December 2020:

"The ATO view on 'discretionary' expenditure by employees and the relevance of employer requirements is set out in Taxation Ruling TR 2020/1 Income tax: employees: deductions for work expenses under section 8-1 of the *Income Tax Assessment Act 1997*. The Ruling says:

- Employer requirements do not determine the question of deductibility - it is always a question of relevant nexus to earning income
- Expenses with a sufficiently close connection to earning income will be deductible notwithstanding they are 'discretionary'
- Expenses without a sufficiently close connection do not become deductible simply because they are encouraged or required by the employer.
- Employer requirements can be relevant, however, to determine the proper scope of an employee's income-producing activities, which is relevant to assess the true character of an outgoing.

The recent Administrative Appeals Tribunal decision in Lambourne and the Commissioner of Taxation does not change the ATO view in terms of the application of s 8-1. We consider that comments made in the decision were not intended to introduce a necessity requirement into the first limb of s8-1. Rather, they were made in response to arguments put for the taxpayer and in light of the specific facts and circumstances of the case. We do not think they represent an expression of any broader principle."

For practitioners, it is a reminder to ensure that we are asking enough probing questions to ascertain the strong nexus between the outlay and income earning activity. The ATO has been doing a lot of compliance work on work-related expenses so practitioners need to be vigilant enough to ensure that they are applying proper principles around deductibility in case the practice or the client is reviewed.

Tony Greco FIPA
general manager of technical policy, IPA

Can an SMSF claim this as a deduction?

SMSF auditors have been witness to some outlandish expense claims and get frequently asked: "Can an SMSF claim this as a deduction?"

| by Shelley Banton |

ONE OF the most extraordinary claims was for the cost of a 20,000-litre water tank purchased for a property owned by the fund. Unfortunately, it was a small two-bedroom townhouse that couldn't accommodate a 1,000-litre tank let alone a 20,000-litre one.

And while it was purely coincidental that the trustee's residential address was in a rural area, the expense was quickly identified as a mistake and promptly removed from the fund.

The current COVID-19 crisis has only highlighted more uncertainty, with a recent private binding ruling (PBR) providing additional insight into allowable deductions for SMSF expenses claimed by trustees.

The ATO has said that while PBRs cannot be relied upon by taxpayers, this particular ruling applies to the 2021 financial year where the fund attempted to claim a deduction for the costs of a course and subscription for share trading.

Nature of expenses

The general nature of a deductible expense extends to whether it relates to assessable income or not. Where an expense relates to the gaining of non-accessible income (such as exempt current pension income – 'ECPI') or when it's capital in nature means that it is non-deductible.

It is also essential to make sure that the expense is in line with the assets and investments outlined in the fund's investment strategy and also allowed under the trust deed and SIS.

Paragraph 4 of TR 93/17 states that subject to any apportionment of expenditure, the following expenses are deductible:

1. Actuarial costs;
2. Accountancy fees;
3. Audit fees;
4. Costs of complying with SIS (unless the cost is a capital expense);
5. Trustee fees and premiums for an indemnity insurance policy;
6. Costs in connection with the calculation and payment of benefits to members;
7. Investment and adviser feed and costs;
8. Subscriptions for memberships paid by a fund to industry bodies; and
9. Other administrative costs incurred in managing the fund.

General deductions

There is even more confusion about general deductions, which get classified in this way when a specific deduction provision is absent.

These types of deductions are subject to exclusions that include:

1. Whether it is incurred in gaining or producing assessable income; and
2. Whether it is necessarily incurred in carrying on a business for the purpose of gaining or producing assessable income.

According to the ATO website, expenses that fall under this category (unless a specific deduction provision applies) include:

- Management and administration fees;
- Audit fees;
- Subscriptions and attending seminars; and
- Ongoing investment-related expenses.

Several other exclusions also apply in understanding whether a general deduction is allowable. An SMSF cannot deduct a loss or outgoing to the extent that it is a loss or outgoing of capital (or of a capital nature) or private or domestic nature.

Some income tax laws also prevent the fund from deducting an expense as well as where the fund produces non-assessable income, such as ECPI.

Additionally, a fund cannot claim more than one deduction for the same expenditure and can only claim under the most appropriate tax provision for the expense.

Investment-related expenses

A very well debated question within the SMSF industry is whether investment-related expenses are deductible or not.

The answer is that it's the exact nature of these expenses that is critical in determining deductibility.

The focus of the PBR was whether an SMSF could claim a deduction for the reimbursement of the costs of a course and subscriptions for share trading purposes under section 8-1 of the Income *Tax Assessment Act 1997* (*ITAA 1997*).

The answer from the ATO was a resounding 'no'.

One of the reasons is that subsection 295-85(2) of the *ITAA 1997* operates to modify the operation of ordinary income and general deduction provisions so that the CGT rules are the primary code for calculating gains or losses realised by a complying SMSF on the disposal of CGT assets.

The exception to this treatment includes CGT assets that are debentures, bonds, bills of exchanges, certificates of entitlement, promissory notes, deposits with a bank or other financial institution or a loan.

While there is also an exception for trading stock, shares and derivatives of shares are not trading stock because they are covered assets under section 275-105 of the *ITAA 1997*.

Courses and subscriptions not deductible

Any gains made by an SMSF trading in shares will be assessable under the CGT provisions, and any expenditure regarding courses or subscriptions is capital in nature.

The costs incurred for the course and the subscriptions relate to specific activities that will only generate capital gains and not ordinary income and are therefore not deductible.

Additionally, they have not been incurred in the administration, operation or management of the SMSF and are not of the type as referenced in paragraph 4 of TR 93/17.

In particular, the PBR noted that the subscriptions were not for memberships to the Association of Superannuation Funds of Australia Limited and other such industry bodies.

Based on the information provided, the expenses were not incidental, relevant or sufficiently linked to any of the fund's trading activities.

Seminar type expenses may also not be deductible if the expenditure does not have a sufficient connection with assessable income and is an investment of capital made to prepare for the future commencement of an investment business as found in Petrovic and FCT (2005) 59 ATR 1052;[2005] AATA 416.

In this case, the taxpayer was denied a deduction in respect of property seminars after it was found that the expenditure was not incidental to his pre-existing rental income.

Conclusion

Apart from depreciating assets, SMSFs should be claiming fund expenses in the year the trustee incurs them. From a compliance point of view, it is also best practice to have all invoices in the name of the SMSF and to pay them directly from the fund's bank account.

Where the fund incurs expenses specifically relating to assets that generate capital gains or losses, a deduction cannot be claimed under section 51AAA of the *ITAA 1936*.

To this extent, the latest PBR makes it clear that trustees are unable to claim a deduction for the costs of courses and subscriptions that relate to share trading activities which are capital in nature.

Which means that the answer is no, an SMSF can't claim this as a deduction.

Shelley Banton
head of education, ASF Audits

Downsizer contributions – the basics and some key tips and traps

Downsizer contributions for the right person or couple can be very strategic. Yet not many are aware of the key rules that can unlock the potential that the downsizer strategy offers

| by Daniel Butler |

BROADLY, DOWNSIZER contributions allow those 65 or over to sell or dispose of an ownership interest in their main residence and make up to a $300,000 contribution to superannuation. This results in a contribution of up to $600,000 for a couple provided the relevant criteria is satisfied. Moreover, these contributions can be made even if the member has more than $1.6 million in super and can be made at the age limit of over 65, even if you were aged 100!

There are three broad steps that need to be followed before you make a downsizer contribution. The downsizer contribution criteria is largely contained in s 292-102 of the *Income Tax Assessment Act 1997 (Cth) ('ITAA 1997')*.

Step 1: Eligibility

The first step is to confirm that the amount will constitute an eligible downsizer contribution. Broadly, an eligible downsizer contribution is where:

- The contribution is made to a complying super fund including a self-managed superannuation fund ('SMSF') by a member aged 65 years or over.
- The amount is equal to all or part of the 'capital proceeds' received from the disposal of an ownership interest in a dwelling that qualifies as a main residence in Australia subject to a maximum amount of $300,000 for each member of a couple.
- The member or the member's spouse had an interest in the main residence during the period of at least 10 years prior to its disposal.
- The member has not previously made downsizer contributions in relation to an earlier disposal of a main residence.

An ownership interest includes a legal or equitable interest and in certain cases a right or licence to occupy a dwelling may qualify provided the interest has been held for at least 10 years prior to being disposed of.

Note that a caravan, houseboat or other mobile home does not qualify as a main residence for these purposes. This may be unfortunate for 'grey nomads' who wish to travel around Australia in their motor homes, caravans, houseboats or yachts. They would need to first dispose of their home after attaining 65 years to make a downsizer contribution.

Special rules apply where a member has separated from their former spouse or where their spouse has died (and an interest in the dwelling is held by the trustee of the deceased spouse's estate). These special rules may allow, for instance, a member who has obtained their interest in their home from their former partner as a result of a family law property settlement to count the ownership period of their former spouse to determine whether they satisfy the 10-year test. For example, a female spouse who has held the home for the past six years can add the prior eight years that her former spouse held the property prior to the property settlement which resulted in the title to the property being transferred to her.

Step 2: Contributions

The contribution rules must be satisfied. These can be summarised as follows:

- A member can make up to a maximum of a $300,000 downsizer contribution. Note that the maximum downsizer contribution however must not exceed the total capital proceeds that the individual, their spouse, or they both, receive from disposing of their ownership interests in the dwelling.
- There is no age limit or gainful employment test that needs to be satisfied (however many SMSF deeds may still preclude such contributions and an SMSF deed update may be required).
- Downsizer contributions are not counted towards:
  - the relevant member's contributions caps (e.g. the usual $25,000 p.a. concessional and $100,000 p.a. non-concessional contribution caps);
  - the total superannuation balance ('TSB') at the start of the financial year a downsizer contribution is made; and
  - the $1.6 million (indexed) total superannuation balance limit (that applies to, among other things, determine an individual's eligibility for non-concessional contributions) does not apply in respect of downsizer contributions in the financial year the downsizer contribution is made. Thus, a member could have over $1.6 million in superannuation and still make a downsizer contribution. However, a member is precluded from making non-concessional contributions if their TSB exceeds $1.6 million at the start of that financial year.

Once the member sells their main residence, they are required to make downsizer contributions to their super fund within 90 days after the day the ownership changed (typically 90 days from settlement unless they have been granted an extension from the ATO).

While multiple downsizer contributions in respect of the sale of the same residence can be made, as noted above, you cannot make a downsizer contribution in respect of a second or subsequent dwelling. Some members may, for instance, contribute some of the deposit moneys they receive and then make a subsequent contribution following settlement of their dwelling.

As noted above an eligible couple could contribute up to a maximum of $600,000 (i.e. 2 x $300,000) by way of downsizer contribution that:

- is not counted towards their usual contributions caps;
- can still be made even if they both have TSBs over $1.6 million; and
- will not affect their TSBs, which may impact their ability to make non-concessional contributions etc, until the end of the financial year after the downsizer contributions are made.

For example, Jane and Finn are both 85 years and each have $2 million in super – they can both still make a downsizer contribution of up to $300,000 each.

Step 3: Reporting and verification

An approved form should be completed by the contributing member(s) and given to the trustee of the super fund detailing the amount that is to be attributed to downsizer contributions. The ATO then runs verification checks on the amount and may contact the member for further information.

If the contribution does not qualify, the ATO notifies the superannuation provider. The amount will then either be allocated as a non-concessional contribution — if permitted by superannuation law and may result in the member exceeding their cap — or refunded to the member in due course.

Expert advice should be obtained if the contribution fails to satisfy the downsizer criteria as there are special rules for dealing with excess contributions.

Some key tips and traps

Full or part disposal of an ownership interest

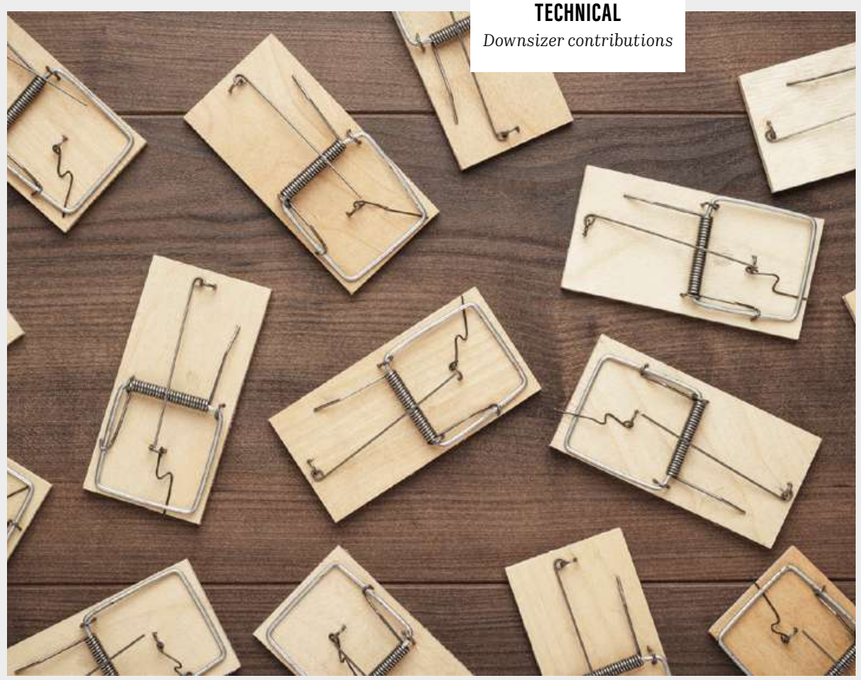
The explanatory memorandum introducing the downsizer provisions (i.e. Treasury Laws Amendment (Reducing Pressure On Housing Affordability Measures No. 1) Bill 2017) confirmed that a part disposal was possible (refer para [2.69]). However, until 21 August 2020, there was no express recognition by the ATO that a part disposal in a dwelling would satisfy the downsizer provisions. The ATO updated its web page (refer QC 54086) on 21 August 2020 to state:

You can only access the downsizer scheme once. This means you can only make downsizing contributions for the sale or disposal of one home, including the ***sale of a part interest*** *in a home.*

Prior to this ATO confirmation it was generally considered that a person had to sell or dispose their entire interest in their home to be eligible to make a downsizer contribution. However, the ATO confirmation on a part disposal now means that SMSF retirees can sell a part interest in their home and make a downsizer contribution therefore also allowing them to stay in their home.

While a residential property cannot be sold to an SMSF, a part interest in a home can be sold to provide cash to the member that can be contributed to an SMSF, retail or industry superannuation fund.

DomaCom Australia Limited, for example, obtained an "Administrative Binding Advice" (ABA) on its Seniors Equity Release product confirming that a person could dispose of a part interest in their home. This Seniors Equity Release allows a person to receive cash to make a downsizer contribution while remaining in their home. Some elderly people fear disposing of their home but may not have enough cash available to test the facilities in retirement villages. For more information on this option, refer to https://domacom.com.au/downsizer-contributions/. There may



be other financial products available that provide a similar facility and please note that we do not provide any financial product advice.

Given a part disposal is possible, there may be some couples who may wish to consider transferring a part interest to their spouse or another family member. Expert advice should first be obtained before implementing such a strategy to ensure it satisfies the relevant criteria and does not fall foul of any anti-avoidance rule.

Age pension

Members should note that disposing of their main residence (which is exempt from Centrelink's asset test) and contributing downsizer contributions to their super fund (which counts towards Centrelink's asset test) may adversely impact on their Centrelink entitlements. This is because the Commonwealth government's age pension provided via Centrelink is assessed against, among other things, an assets and incomes test and those who exceed the applicable thresholds will be denied an old age pension in whole or in part.

A person's family home is generally not included in that person's assets test, however superannuation savings are included once a member reaches pension age. This means that if a member disposes of their main residence and makes a downsizer contribution, the member may either have:

- a reduced age pension; or
- no entitlement to any age pension.

This aspect can significantly reduce the attractiveness of the downsizer provisions for those who would be worse off as a result of a loss to their age pension entitlements. Accordingly, an appropriate assessment of any such adverse impact should be undertaken.

The main residence exemption

An understanding of how the capital gains tax ('CGT') main residence exemption operates is fundamental for advisers to provide strategic advice on downsizer contributions. In particular, a dwelling must have been at least the main residence of a person for part of the time during that person's ownership period that satisfied the main residence exemption criteria for that (part) of that period (in subdivision 118B of the ITAA 1997). In this regard, the ATO notes in Law Companion Ruling ('LCR') 2018/9 that the capital gain or loss must be wholly or partially disregarded because the property has been treated as their main residence. For example, a dwelling was the person's home for one year and rented for nine years or more.

It should also be noted that s 292-102 also provides that a downsizer contribution can also be made if the dwelling was a pre-CGT asset (i.e., it was acquired prior to 7.30pm on 19 September 1985 as confirmed by the ATO in LCR 2018/9). It would have satisfied at least part of the main residence exemption if it had been acquired after CGT was introduced.

Proceeds and borrowings

It is important to note that the downsizer contributions cap is the lesser of $300,000 or the sum of the capital proceeds. Any debt outstanding on a mortgage over the relevant property is not considered for the purpose of determining the capital proceeds.

For example, Peter bought his main residence 14 years ago for $1 million. He then sells it for $1.25 million when his outstanding borrowings are $1 million.

Peter received capital proceeds of $1.25 million. Thus, he can make downsizer contributions of up to $300,000.

Members should also be aware that downsizer contributions are not deductible.

SMSF deed provisions

As the downsizer contribution is a relatively new type of contribution, SMSF deeds should have express wording that covers these contributions, especially as prior legislation had not contemplated the flexibility these contributions require.

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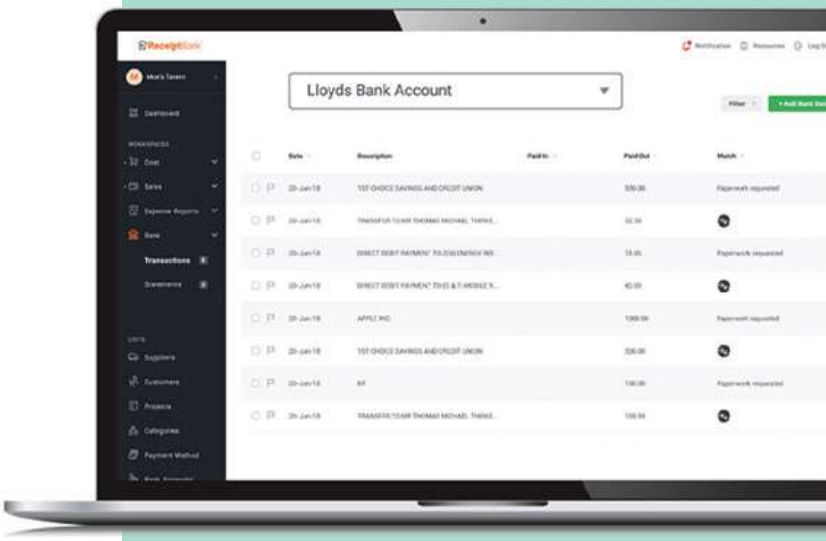

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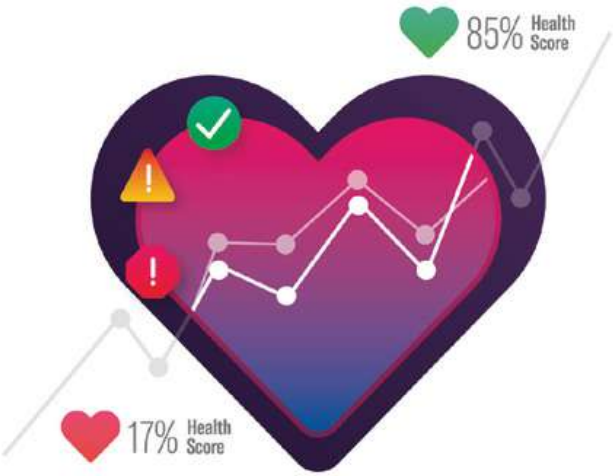

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