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The Treasury
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PARKES ACT 2600

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Dear Sir/Madam

2020-21 PRE-BUDGET SUBMISSION

A. INTRODUCTION

1. We refer to the media release issued by the Senator the Hon Michael Sukkar on 27 July 2020 (“**Media Release**”) requesting further submissions to be made to the Government on priorities for the 2020-21 Budget.
2. Pitcher Partners specialises in advising clients in what is commonly referred to as the middle market. The middle market is a diverse group of taxpayers comprising of privately-owned entities and their owners, regardless of their size. Accordingly, the middle market covers a broad spectrum of entities and individuals, ranging from closely held listed companies to family operated businesses.

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3. We had provided our original pre-budget submission to the Treasury on 19 December 2019 prior to the outbreak of COVID-19. We outlined three important areas that we believed the Government needed to focus on to support SMEs' growth, their businesses and to support the creation of jobs. This included a focus on (1) increasing the competitive capacity of Australian business through investments in science, education and innovation; (2) funding critical longer-term infrastructure projects; and (3) reducing compliance costs for the middle market and ordinary salary and wage earners by way of significant simplification of the tax system. While we still believe these three areas are of critical importance to Australia's economy in the longer term, COVID-19 requires a change in the focus of the Budget going forward.
4. The impact of COVID-19 has been significant for many businesses in the middle market. While many of the Government's initiatives (such as JobKeeper, the Cash Flow Boost and rent relief measures) have provided much needed assistance in order for businesses to survive during this period, there is substantial concern in the middle market about the uncertainty of the future.
5. In order to gauge the impact of COVID-19 on SMEs and their businesses, we have conducted a survey of middle market participants as to these impacts and which measures are likely to provide the best support over the coming 12 to 24 months.
6. Understanding that there are budgetary limitations, we believe that it is a priority for the Government to provide stability and support for businesses as we look to restore and grow our economy. Accordingly, this submission outlines policy considerations for Treasury for the 2020-21 budget. We thank you for this opportunity to provide our pre-budget submission.

B. BUDGET SURVEY

7. We have conducted a survey of businesses in the middle market to provide more detail on the impact of COVID-19 on the middle market and support measures that are more likely to assist businesses. Our survey was completed by 199 participants operating businesses in the middle market. A summary of the survey response data is included in the appendix to this submission. The key observations of the survey are as follows:
 - Businesses have actively sought to reduce their costs (65.83%) and defer capital expenditure (37.19%) in response to COVID-19. These two decisions will likely have an impact on economic activity and our recovery going forward unless expenditure can be stimulated.
 - The JobKeeper regime remains the most accessed support measure amongst businesses in the middle market, with 60.8% of participants accessing the scheme.
 - Participants indicated that a reduction in tax rates would provide the most support for businesses over the next 12 months followed by grants and subsidies.
 - Additional support would be used to support business expenditure including hiring new staff, expanding into new markets and capital expenditure.
 - Key industries that require critical Government spending are infrastructure, health and education.
 - The majority of participants supported an increase in the rate of GST, with an overwhelming majority of those (93.4%) supporting an increase in rate to either 12.5% or 15.0%.
 - Approximately 85% of participants either supported or strongly supported a resurgence in the local manufacturing industry in Australia.

- Future investment (depreciation) allowances, industrial reform, payroll tax reductions and R&D subsidies were cited as the more critical measures that would support the resurgence of manufacturing in Australia into the future.
 - The projected unemployment rate and (to a lesser extent) funding the budget deficit were identified as two of the economy's greatest challenges over the next 12 months.
8. As can be expected, the responses indicate the negative impact that COVID-19 is having on business confidence. We are concerned that this will have a significant impact on business spending, potentially resulting in exponential effects on our GDP.
9. The key message from our survey is that it is critical that the Government seeks to restore (as much as possible) business confidence and that it provides business with the tools that it needs to reinvest back into the economy. Our Pre-Budget submission is focused on those policies that we believe would best help to promote business activity in the middle market.

C. GENERAL POLICY STATEMENT

10. As outlined in the Media Release, the Government has indicated that the 2020-21 budget will focus on a plan to recover from the impacts of the COVID-19 pandemic.
11. The Government's 23 July 2020 Economic and Fiscal Update (**JEFU**) detailed the impacts of the Government's support and stimulus measures on the underlying cash balance, which includes estimated deficits of \$85.8 billion in 2019-20 and \$184.5 billion in 2020-21. Further, the Government estimates that stimulus spending will result in additional GDP growth of 0.75% in 2020 and 4.25% in 2021. We support the Government's response to date in supporting businesses throughout the pandemic and emphasise that the continuation of certain measures be targeted to businesses that need it most.
12. The COVID-19 pandemic has had significant impacts on Australia's GDP growth, and further outbreaks across the country make it difficult for the Government to forecast growth with certainty, particularly in light of the economic impacts of Stage 4 restrictions imposed across Melbourne following the JEFU. The feedback we hear is that privately-owned businesses across Australia are focused on recovery and continuing to grow, but they need incentives to do so. The pandemic has highlighted key impediments to economic growth and risks, particularly supply chain risk, that need to be addressed in the 2020-21 budget and through other Government policies.
13. However, COVID-19 has had a significant impact on businesses in the middle market, with many looking for opportunities to reduce (rather than increase) spending. Without incentives that assist with cash flow, businesses are unlikely to be in a position to increase their spending, resulting in a spiral effect on GDP.
14. We support the implementation of targeted measures to assist businesses through this time of economic uncertainty and the Government's focus on economic recovery through supply-side reforms. In particular the current budget should focus on short-term support to address unemployment and underemployment if a subsequent budget will be delivered in May 2021 once, hopefully, the economic outlooks becomes clearer.
15. The Government and businesses have been adaptable and inventive throughout the pandemic. This adaptability provides a significant opportunity to foster a stronger business environment while addressing persistent issues that have reduced the incentive for businesses to invest in domestic growth in recent years.
16. We note that the policies need to address the circumstances of the economy. That is, there is a shorter-term period (next 12 months) that is critical for the survival of business. Beyond that period,

we believe the Government needs to focus on restoring and growing the economy. Accordingly, care needs to be taken on the types of policies and the timing of such policies. For example, in our view, it is not helpful to introduce a capital allowance policy in the current climate, as businesses are currently looking to reduce (not increase) their spending. The specific policies must be targeted and structured.

17. Accordingly, we believe there is an opportunity to drive Australia's economic recovery and business growth in three important areas: (1) addressing domestic unemployment and underemployment rates; (2) stimulating growth of GDP in the short to medium term; and (3) ensuring the sustainability of our tax system over the longer term.
18. Addressing these areas should not only foster a strong business environment over the 2020-21 budget period, but provide an opportunity for Australia to be a stronger economic force globally as other countries also move to recovery and post-pandemic growth.

D. SPECIFIC POLICY STATEMENTS

D1. Addressing domestic unemployment and underemployment rates

19. The middle market is a significant contributor to our economy. Based on the latest available ATO statistics released for the 2016-17 income year, approximately 51.5% of all salary and wages is paid by private groups, as compared to 48.5% being paid by public and other groups¹. Furthermore, approximately 41.2% of total corporate tax is collected from privately owned businesses².
20. We believe that the Government should acknowledge the importance of this significant contribution by private groups. In doing so, we encourage the introduction of specific measures that continue to assist the middle market to thrive and to drive Australia's economic recovery over the forthcoming years.
21. We would encourage the Government to consider both tax and non-tax policies. We have outlined specific tax policies below at Section E, in particular those policies that would help to reduce business costs and drive business spending.
22. Certain non-tax policies that are aimed at supporting the middle market through Australia's economic recovery include: (a) rebuilding Australia's manufacturing sector to reduce supply chain risks, create jobs and incentivise businesses to invest in contemporary, value-add manufacturing practices; (b) modernise the country's industrial relations framework to offer greater flexibility to employers and individuals, including simplification of the current industrial awards structure; (c) improved access to business debt for SMEs; (d) spending and incentives to drive growth in future-focused industries such as renewable energy; (e) targeted sector-based support to those most heavily affected by the pandemic, including arts, tourism and hospitality; and (f) programs and investment aimed at upskilling or reskilling the domestic work force.
23. We note comments by the Treasurer regarding supply-side reform as a driver of Australia's economic recovery and would welcome Government efforts to deregulate Australian businesses and reduce compliance costs for privately owned businesses. Such policies should be supported by simplification of the tax system to encourage privately owned businesses to invest in growth and create domestic jobs.

¹ ATO statistics 2016-17

² ATO statistics 2017-18.

D2. Stimulate growth of gross domestic product in the short to medium term

24. Key drivers of the country's economic growth in recent decades have been immigration, tourism and an increase in international students at Australia's tertiary institutions. The Government needs to look at domestic drivers of economic growth as the COVID-19 pandemic causes continued uncertainty in relation to international travel and immigration.

24.1 Domestic manufacturing

Manufacturing has increasingly moved offshore in the last thirty years, with local car manufacturing one of the last subsectors to cease in 2017. The COVID-19 pandemic has highlighted the risk of concentrating manufacturing and production of goods in one location. We believe now is an opportune time to rebuild Australia's manufacturing sector with particular attention to new technologies and practices. Simply relocating or bringing manufacturing back to Australia is a short-term solution. To deliver lasting economic benefits, policies and expenditure around domestic manufacturing need to facilitate effective collaboration between the education sector, the Government and private sector – the Geelong carbon fibre and composites manufacturing precinct being a prime example.

24.2 Future-focused industries

The Government has an opportunity to rebuild industries and establish an environment that fosters the growth of future-focused sectors. Policies that invest in developing future-focused industries including renewables and technologies such as artificial intelligence, will likely have application in a renewed domestic manufacturing sector. Renewable energy has become a key political issue in recent years. We note that creating policy in order to support such industries should not disengage other industries that continue to provide employment and significantly contribute to the country's GDP.

24.3 Structural reform

There has been a lack of structural reform in Australia over the last 10 to 15 years. The COVID-19 pandemic has highlighted how the country can adapt and where to start. The Government should consider structural reform in areas where the original policy objectives are no longer supported in the current environment, particularly superannuation and industrial relations.

25. Transitioning the economy cannot be achieved straight away. To facilitate this growth longer term, the Government should ensure that it directs measures to stimulating economic activity immediately. Non-tax policies that could support this include: (1) strengthening/enforcing local content for all Federal government purchasing; (2) introducing a floor or minimum percentage for SME involvement in infrastructure projects; and (3) extending incentives for construction of new homes, such as the HomeBuilder grant.

D3. Ensuring the sustainability of our tax system

26. While the Federal Government noted in the its JEFU that Australia is performing better than many of its OECD equivalent economies, the reality is that COVID-19 has had and will continue to have, a major impact on the domestic economy, unemployment, debt and GDP well into the future. Despite Australia already recording significant Budget deficit, government spending is still required to stimulate the economy and drive growth. However, our tax system cannot sustain such deficits. Large scale tax reform is required to restore the budget.
27. Consistent with our comments above at sections D1 and D2, we believe that a number of coherent tax policies could be announced in the budget that would help to stimulate economic recovery and

growth in the middle market, provide domestic employment opportunities and, in turn, meet the inflation target.

28. Our recommendations with respect to tax reductions and tax concessions are in line with the Government's stated policy of maintaining a sustainable tax burden, consistent with the economic growth objective, by virtue of maintaining the tax-to-GDP ratio at or below 23.9% of GDP.

E. TAX LAW PROPOSALS

E1. Measures to address domestic unemployment and underemployment rates

29. The following key policies would help to reduce business costs and would help to provide additional costs to business to help fund business expenditure in the short term. While businesses have requested additional cash support under schemes such as JobKeeper, we believe that such policies will be expensive and difficult to sustain into the future. We believe that the following policies are likely to have the biggest impact on business spending.

Bringing forward income tax rate cuts for individuals

30. In the current climate, businesses are needing to reduce their costs in order to survive, placing significant pressure on employers to decrease the size of their workforce, cap wage growth or even reduce pay for retained employees.
31. Under the *Treasury Laws Amendment (Personal Income Tax Plan) Act 2018*, marginal tax rates for individuals are set to reduce from 1 July 2022, with a further reduction from 1 July 2024.
32. If the Government were to bring these tax cuts forward, for example, to start from 1 July 2021 (or even earlier), this would be equivalent to an effective after-tax pay rise for many individuals and have an immediate positive effect on cash flow for individuals.
33. The Government may also consider other ways to use the tax system to put money into the hands of individuals, particularly younger Australians who may have little savings. This could be done by suspending or significantly reducing mandatory HELP loan repayments temporarily. For example, a taxpayer earning \$80,000 of taxable income could increase their take-home pay by \$4,000 if their HELP repayment for the current financial year was deferred. This could be seen as preferable to the individual accessing their superannuation savings early.
34. We highlight that the impact of the imputation system means that this policy is likely to have the biggest impact on business spending in the middle market. That is, the tax rate cut is unlikely to drive dividends to owners, as a lower tax rate will result in a lower franking credits (and thus higher top-up tax). Accordingly, the lower tax rates will incentivise businesses to retain the additional profits in a business for investment and spending purposes. This can be further facilitated by retaining the "base rate" rules that provide the reduced corporate tax rate for active or base rate companies.

Corporate tax rate cuts

35. To further support businesses during this time, the Government could announce further cuts to the corporate tax rate. These cuts would not have to be permanent. Instead, they could be introduced on a temporary basis, to allow a reduction of costs for businesses during the transitional recovery period post COVID-19. This would encourage reinvestment of earnings into the business, as income withdrawn from the business (i.e. by way of dividends) would still be subjected to "top up" tax at the shareholder level.

36. The Government could limit the reduction to base rate entities to target reductions to those undertaking activities beyond passive investment and leave the corporate tax rate at 30% for all other companies. This temporary measure could also remove the \$50m aggregated turnover cap that applies to base rate entities presently to provide relief to a broader range of businesses. For example, a temporary cap could be \$500m of aggregated turnover as was used for the enhanced instant asset write-off and businesses investment incentive announced in March available to “medium sized businesses”.

Reducing on-costs associated with employment

37. To stimulate employment growth, the Government should consider reducing on-costs associated with employment.
- a. For example, the Government could announce a substantive reduction or the elimination of payroll tax (being a regressive tax), which could be achieved through a Government led COAG agreement with the States. In our view, this would support greater business activity and would help to provide an incentive to increase domestic employment.
 - b. The Government could also look at measures that encourage local businesses to use local employment instead of offshoring, which could range from certain incentives (e.g. tax reductions) to discouraging outsourcing (e.g. withholding on offshore payments).
 - c. A deferral of the increases to the superannuation guarantee charge would also reduce the cost of employment, making it easier for businesses to hire and reward staff.

E2. Measures to stimulate growth of gross domestic product in the short-to-medium term

General capital allowance measures

38. Encouraging businesses to invest in capital expenditure is crucial to stimulating economic growth at a domestic level.
39. However, Government measures to support this investment via the tax system (including the business investment incentive and extension to the instant asset write-off) have, to-date arguably been introduced prematurely, limiting their effectiveness. These measures were made available at a time when businesses are in a period of conservative spending with their financial position unlikely to allow for investment in new assets.
40. With the significant uncertainty facing many of these businesses, particularly in Victoria, it is not surprising that our survey suggests that much of the middle market have yet to access these concessions.
41. Instead, the Government should consider extending capital allowance extensions on a longer-term or permanent basis. This would more closely align with the re-opening of the economy, when businesses are able to begin the recovery phase after the lifting of government restrictions. In particular, the reversion to a \$1,000 instant asset write-off for small businesses and \$300 for medium sized businesses after 31 December 2020 appears to be outdated and these thresholds should be changed permanently rather than being extended one year at a time.

Targeted capital allowance measures

42. To reinvigorate and encourage investment in certain specific, strategic, key industries in Australia, we recommend the Government consider a next level asset write off concession that is linked to capital investment.

43. Attracting investment in capital intensive industries is often difficult, due to the significant cost of upfront investment. We believe that there is an opportunity to address this by providing certain start-up concessions targeted at middle market taxpayers operating in certain industries.
44. We believe that key industries for Australia, that could fall into this category, include the Australian agricultural industry; import replacement industries; education; and the construction industry.
45. There are numerous ways in which this policy could be implemented:
 - a. Certain asset classes could be given a statutory effective life in the capital allowance provisions.
 - b. Alternatively, such a capital allowance provision could be labelled as “capital investment” rules and could be limited to those taxpayers that are private companies only that satisfy the lower corporate tax rate threshold (i.e. with less than \$50 million turnover on an aggregated basis). The rules could be limited to certain assets (capital intensive assets), with qualifying expenditure on such assets capped at up to \$2 million (total investment cost). The write-off concession could be spread over a short-term period (e.g. a 3-year period).
46. Encouraging investment in these industries, through tax concessions on capital intensive assets, will help to promote and stimulate new business opportunities for SMEs.

E3. Measures to improve the sustainability of our tax system

47. Due to the significant budget deficit that will occur for 2021 and beyond, in the longer-term the Government must consider a review of the efficiency of the current tax system, with a view to ensuring the Australian tax system is equipped to handle a growing economy. In a post-COVID-19 environment, the Government should consider the most efficient means to generate revenue to support necessary levels of Government spending, balanced against the need for simplicity for businesses.

Reform of Goods & Services Tax

48. The Goods & Services Tax (**GST**) is critical to supporting longer term tax reform, as consumption is a key economic driver.
49. Since its introduction 20 years ago, there have not been any significant changes to the GST and how it is applied. Increasing taxes paid on goods and services can be a proposal that has a mixed response. However, there is an opportunity to increase the GST if it can be balanced with a reduction in other duties, including PAYG, state-based taxes and personal income tax.
50. We would support a wholistic review of the GST including assessing the suitability of the current rate and application (including redistribution to the states), and how an increase in the rate can be balanced with the reduction in and removal of other taxes.
51. Our survey suggests that most of our clients would support a slight increase to the rate of GST (up to 12.5% or 15%), with changes to the GST base to support lower-income householders with increased costs. Such an increase may go a long way to reducing budget deficits with declines in corporate profits, salary and wages and asset prices resulting in a reduction of the income tax base (including amounts of capital gains tax).
52. We refer to our submission dated 24 July 2015 to the Tax White Paper Task Force which outlined the benefits of GST reform to the tax system. We strongly believe that these points are still valid and highlight that academic studies conducted subsequently have supported our conclusions³.

³

A Dual Income Tax System for Australian Small Business: Achieving Greater Tax Neutrality? Barbara Trad and Brett Freudenberhttp://www.austlii.edu.au/au/journals/JATax/2018/3.pdf

53. The Government should be considering these reform options in the medium to long term.

Other long- term tax considerations

54. In addition, the Government could consider the following suggestions to support long-term tax reform:

- a. If the Government were to undertake a change to the rate of GST (as outlined above), then, with State Government cooperation, this could be coupled with land tax and stamp duty reform to promote economic activity surrounding construction and remove barriers to the mobility of the workforce.
- b. Review the suitability of the current capital gains tax (**CGT**) framework in providing a fair and equitable tax system. For example, given the high cost of CGT concessions, consideration should be given to the rate of concessions and the broad availability of exemptions.
- c. In particular, we support the recommendations of the Board of Taxation's Review of Small Business Tax Concessions completed in March 2019 to simplify and streamline the small business CGT concessions.

Universal investment allowance

55. We would encourage the Government to reconsider the capital allowance regime which is based on effective lives and therefore does not otherwise encourage capital spending. Providing a simpler system that promotes accelerated depreciation will help to promote business spending. We have outlined systems above that should be considered in the short term, however over the longer term, we would encourage a universal investment allowance that provided depreciation claims (other than on capital allowances) over a period of 5 years.

We would be more than happy to discuss any aspect of this submission with you and provide you further thoughts on any of our recommendations. Please contact Alexis Kokkinos on (03) 8610 5170 at any time to discuss.

Yours sincerely,



A M KOKKINOS
Executive Director

Encl. Appendix: Pitcher Partners Pre-Budget Survey – data summary

Appendix: Pitcher Partners Pre-Budget Survey – data summary

The survey was conducted to understand the key issues business owners and leaders across Australia would like to see addressed in the 2020-21 Federal Budget. Given the current environment, many of the questions focus on the impacts of COVID-19 and how the Australian economy is going to recover.

Rate the extent to which your organisation has been impacted by COVID-19 in each of the following areas (1 = major decline, 4 = no change, 7 = major improvement)

By industry

Industry	# of respondents	Cash Flow	Investment	New business	Existing Business	Workforce Size	Revenue	Profitability
A – Agriculture, Forestry and Fishing	7	2.71	3.17	2.80	3.29	4.00	2.43	2.71
B – Mining	4	4.25	3.50	4.00	4.25	3.75	4.25	4.00
C – Manufacturing	6	3.33	3.50	3.40	3.83	3.83	3.33	4.00
E – Construction	16	2.81	2.86	2.94	3.31	3.44	2.69	2.69
F – Wholesale Trade	11	3.91	3.20	3.27	3.27	3.55	3.55	3.27
G – Retail Trade	10	2.10	2.70	3.14	2.33	3.20	2.00	2.20
H – Accommodation and Food Services	3	2.67	3.00	2.67	3.00	3.00	2.67	2.67
I – Transport, Postal and Warehousing	2	3.50	3.00	3.00	3.50	3.50	3.00	2.50
J – Information Media and Telecommunications	7	3.00	2.57	2.57	2.00	3.00	2.43	2.43
K – Financial and Insurance Services	18	3.67	3.31	3.24	3.65	3.71	3.72	3.72
L – Rental, Hiring and Real Estate Services	16	2.50	2.38	1.93	2.44	3.44	2.31	2.69
M – Professional, Scientific and Technical Services	60	3.10	3.33	3.19	3.23	3.64	3.12	3.19
N – Administrative and Support Services	3	4.00	3.67	3.67	4.00	4.67	4.00	3.67
P – Education and Training	7	2.29	3.00	3.40	2.71	3.71	2.57	2.43
Q – Health Care and Social Assistance	14	2.50	3.30	3.18	3.25	3.58	2.50	2.79
R – Arts and Recreation Services	4	1.75	2.50	3.00	2.50	3.00	1.25	2.00
S – Other Services	11	3.45	2.70	4.00	3.55	3.90	3.18	3.50
Grand Total	199	3.02	3.06	3.10	3.16	3.58	2.93	3.04

Industry insights: With anything over a 4 being a positive average, the data suggests that some industries may have seen slight growth in a few areas, such as administrative and support services in workforce size and mining in revenue. As expected, however, almost all industries have experienced a decline in the majority of areas. The hardest hit sectors include accommodation and food services and arts and recreation.

By workforce size

Workforce size	# of respondents	Cash Flow	Investment	New business	Existing Business	Workforce Size	Revenue	Profitability
1 (sole trader)	28	3.04	3.25	3.68	3.22	3.74	3.37	3.33
2 - 10	72	3.14	3.17	3.15	3.31	3.71	3.04	3.17
11 - 50	53	2.81	2.80	2.82	3.17	3.42	2.70	2.85
51 - 100	13	3.15	3.23	3.42	2.85	3.69	2.54	3.08
101 - 250	14	2.57	2.75	2.38	2.57	3.07	2.43	2.43
251 - 500	7	3.29	3.20	3.75	2.50	3.43	2.29	2.43
501 - 1,000	4	4.00	3.67	3.50	4.25	4.25	4.25	3.50
1,001 – 2,000	3	3.33	4.00	4.00	4.00	4.33	3.33	3.33
2,001 – 5,000	2	3.00	2.00	2.50	2.50	3.00	4.00	4.50
5001+	3	3.00	2.67	3.00	2.67	3.67	3.00	2.67
Grand Total	199	3.02	3.06	3.10	3.16	3.58	2.93	3.04

Workforce size insights: Smaller businesses, tended to be less affected. This also supports our insights from the data collected at our recent external events, including JobKeeper webinars, and reinforces the idea that smaller businesses may be more agile and better able to adapt to changing conditions. Generally, businesses of all sizes were in decline in most areas, however. Once again, sample sizes are small and may make making generalisations about businesses of that size difficult.

Of the below options, in what areas has your organisation adapted in response to COVID-19		
Actively reduced expenses	131	65.83%
Actively deferred capital expenditure	74	37.19%
Requested rent relief from landlords	56	28.14%
Actively decreased investment / growth strategies	51	25.63%
Reduced workforce size	48	24.12%
Renegotiated or paused debt repayments with lenders	35	17.59%
Actively increased investment / growth strategies	36	18.09%
None of the above	12	6.03%
Increased workforce size	8	4.02%

Has your organisation accessed any of the below Government support measures?		
JobKeeper	121	60.80%
Cashflow boost	106	53.27%
Payroll tax refunds or waivers	60	30.15%
Rent relief	39	19.60%
Investment (depreciation) allowances	36	18.09%
Land tax discounts, exemptions or deferrals	10	5.03%
NSW Govt grant	1	0.50%
SA Govt grant	1	0.50%
Apprentice wage subsidy	1	0.50%

Business support fund	1	0.50%
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Percentage of those currently receiving category of support that want it to continue into next year	
JobKeeper	71.90%
Cashflow boost	71.70%
Investment (depreciation) allowances	83.33%
Payroll tax refunds or waivers	92.31%
Land tax discounts, exemptions or deferrals	100.00%
Rent relief	58.91%

To what extent would the following stimulus measures support your business in the next 12 months? <i>Average ratings (1 = minimal impact, 5 = major impact)</i>	
Reduction in tax rates	3.26
Grants and subsidies	2.85
Capital allowance	2.27
Loss carry back	1.67

In which of the following areas do you believe government spending is most critical in the 2020-21 budget period? <i>Average ratings (1 = not critical, 5 = most critical)</i>	
Infrastructure	4.15
Health	4.10
Education	3.66
Transport and communications	3.34
Home building	3.17
Defence and public safety	2.91
Fuel and energy	2.87
General public services	2.59
Recreation and culture	2.44

How do you anticipate stimulus and support measures will help your business in the 2020-21 budget period?		
Support payment of operating expenses	119	59.80%
Increase workforce size	62	31.16%
Expand to new markets	48	24.12%
Increase capital expenditure	45	22.61%
Pay down debt	38	19.10%
Grow capital reserves	34	17.09%
Take on new debt	7	3.52%
Supporting Australian manufacturing	1	0.50%

Do you support a change to the GST rate and reduction of other duties, including PAYG, state-based taxes and/or personal income tax, in the current environment?	
No	31.96%
Yes	68.04%

What GST rate would you support, if it could be balanced with reductions to other taxes? <i>Only asked of those who answered 'Yes' to the previous question.</i>	
7.5%	0.77%
10.0%	17.69%

12.5%	36.92%
15.0%	39.23%
17.5%	0.77%
20%	4.62%
Do you support the resurgence of local manufacturing in Australia?	
Strongly against	5.53%
Against	1.01%
Uncertain / no change	8.54%
Support	28.64%
Strongly support	56.28%

Which of the following areas would assist in supporting the resurgence of the manufacturing sector?		
Only asked of those who answered support or strongly support to the previous question.		
Education and training	86	50.89%
Pay roll tax reductions	101	59.76%
Grants and subsidies	83	49.11%
Income tax reductions	65	38.46%
Investment allowances	112	66.27%
Industrial reform	102	60.36%
Tariffs	33	19.53%
R&D support	94	55.62%
Govt must buy >70% Australian products, especially for defence	1	0.59%
50% reduction in energy costs	1	0.59%

What do you believe will be the economy's greatest challenge in the coming 12 months?		
Unemployment	119	59.80%
Funding the budget deficit	38	19.10%
Access to business capital	17	8.54%
Access to business debt	5	2.51%
Employment Law / red tape	1	0.50%
Population growth	1	0.50%
No increase in GDP due to migration	1	0.50%
Finding a sustainable balance between managing the health and economic crisis attached to COVID-19. Currently weighted to health which is not sustainable.	1	0.50%
Reducing regulations and industrial awards	1	0.50%
Restructuring to support Australian manufacturing	1	0.50%
China	1	0.50%
Business and consumer confidence	1	0.50%
Investing in the right areas for future generations	1	0.50%
Confidence	1	0.50%