

22 May 2014

Manager
Small Business Ombudsman and Procurement Unit
Small Business, Competition and Consumer Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600
small.business@treasury.gov.au

Please find attached a submission from Intuit Australia providing comment on the Treasury's initiative to develop the role of a Small Business and Family Enterprise Ombudsman to be a Commonwealth-wide advocate for smaller enterprises.

For further information or clarification, please contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Lindsey Grossman', with a horizontal line extending to the right.

Lindsey Grossman
Head of Global Public Policy, AsiaPacific
Intuit Inc.
lindsey_grossman@intuit.com

Introduction

Intuit Inc. welcomes the opportunity to provide a submission to the Treasury regarding the development of the role of the Small Business and Family Enterprise Ombudsman. As a leading provider of business and financial management solutions for small and mid-sized enterprises, Intuit champions the interests of small business and recognizes the need for an Ombudsman to be a Commonwealth-wide advocate for smaller enterprises.

Background

Intuit offers a range of global flagship products and services including QuickBooks®, Quicken® and TurboTax®, simplify small business management and payroll processing, personal finance, and tax preparation and filing. While Intuit only recently entered the Australian marketplace in 2012, it was founded in the United States in 1983 and has approximately 8000 employees with offices in the United States, Canada, the United Kingdom, India and Australia.

Our core offering in Australia is QuickBooks Online, a web-based, easy-to-use, feature-rich business and financial management software designed for small businesses in Australia. QuickBooks Online helps businesses stay on top of their business finances by providing powerful insights for quick and informed business decisions, anywhere and anytime.

QuickBooks Online is number one in cloud accounting for small businesses, with more than 450,000 paying QuickBooks Online companies worldwide. The solution also helps bookkeepers and accountants to manage their clients' business finances more efficiently.

Small business credentials

At Intuit, we are passionate about small businesses and are driven by the desire to solve important problems that their owners face every day. That includes providing practical help to save entrepreneurs time in getting to grips with their finances, accounts and taxes so they spend more time with their customers. Effectively managing their finances using simple technology platforms not only helps our small businesses save time; they also save money because they can accurately plan for smarter business growth.

While we may be young in Australia, we are leaders at the global level and bring to the table a strong knowledge of the challenges faced by small businesses around the globe. We know from our work with small businesses in Canada, the UK and India, as well as the United States, that managing finances and compliance issues can be one of the biggest difficulties for small business. This drives us to make user-friendly products to allow small businesses to get on with important aspects of running their business, making their products, and serving their customers.

Intuit regularly undertakes studies in the small business sector and in Australia we've conducted three studies with relevance to Treasury's consultation process for transforming the Australian Small Business Commissioner into a Small Business and Family Enterprise Ombudsman. I am pleased to share some of the key findings of three recent studies below:

- The first study was conducted among a sample of small business owners across Australia in September 2012.
- The second study was conducted among a sample of small business owners across Australia in June 2013, as part of Intuit's 'Love Our Local Business Campaign' in which Intuit is granting 15 small business owners 'wishes' worth \$1,000 each to help them grow their business.
- The third involved 1007 small business owners in Australia and was undertaken in August 2013.

For the purposes of Intuit's studies, small businesses are classified as employing less than 20 people and generating an annual turnover of \$2 million or less.

Intuit's response to Ombudsman initiative

Intuit Australia congratulates the Treasury on the preparation of the Small Business and Family Enterprise Ombudsman Discussion Paper which includes options for the scope of the Ombudsman's functions and powers, and seeks to identify possible areas of duplication, gaps or alignment with services or functions that are delivered through other governments, industry bodies or private providers.

We support the Government's intent to reduce regulatory burdens to restore time, focus and resources back to small business owners to invest in the ongoing operation and success of their business.

We agree that an Ombudsman will help to contribute to this outcome by improving engagement between the Government and the small business sector to ensure that small business interests are at the centre of policy and program design and that, where possible, red tape burdens are minimized or reduced.

We support the proposed four key functions of the Ombudsman outlined in the discussion paper, which include:

- concierge for dispute resolutions;
- Commonwealth-wide advocate for small businesses and family enterprises;
- contributor to the development of small business friendly Commonwealth law and regulators; and
- single entry-point agency through which Commonwealth assistance and information regarding small business can be accessed.

It is important to note that our research has found that non-compliance in the case of small business is frequently associated with lack of awareness. Therefore, ensuring that small businesses understand what is required of them is vital to achieving government regulatory objectives and small business compliance. This underscores the criticality of the Ombudsman's fourth function as a single entry-point agency through which Commonwealth assistance and information regarding small business can be accessed.

In addition, we acknowledge the findings of the recent National Commission of Audit Reportⁱ which suggest that more can be done to both accelerate the transition to online service delivery and communicate the benefits of the Australian Government's online offering. The Report notes that 50 per cent of services provided by the Department of Human Services were not conducted online. It also acknowledged that the Australian Taxation Office is required by legislation to send over 10 million notices of assessment in hard copy and that it sends a further 17 million letters each year on activity statement material. The Report suggests that while Standard Business Reporting offers significant potential to reduce the business costs of complying with the tax and superannuation systems, take-up rates to date have been slow.

Single entry-point agency

According to Intuit's recent research relating to small business understanding of regulatory and legislative requirementsⁱⁱⁱⁱ, only 1 in 4 small businesses claim to have a very thorough understanding of the legislation and policies that apply to their business.

Further, more than half (55 per cent) of small business owners get by on a basic understanding of the legislation and policies that apply to their business and almost all small business owners (92 per cent) seek advice to help them understand the policies, legislation and laws affecting their business.

Our latest survey of small businesses, conducted in August 2013, found that small businesses face complexity when deciding how to engage with various levels of government and would welcome assistance and opportunities to help them engage. For example, a third (30 per cent) of small businesses said that the Federal Government was the most complex to understand, while 26 per cent identified State Governments as the hardest to understand and 15 per cent thought local governments were the most complicated. This is supported by public comments made in April 2014 by Australian Retailers Association executive director Russell Zimmerman^{iv} who said that it had always been a struggle for “time-poor” retailers to know exactly where to go for assistance from government.

Removing complexity

Intuit believes there should be a greater emphasis on removing any unnecessary complexity in regulatory requirements and ensuring information is reliable and in user-friendly formats. Improving information available on regulator websites is a positive step as 49 per cent of small business owners consult government websites to help them understand the policies, legislation and laws affecting their business.

We strongly support and recommend that there be an educative and facilitative approach adopted, involving working more closely with small business owners, and those that support them (like accountants), to assist with their compliance. Small businesses benefit from a proactive approach to the dissemination of information – 68 per cent reported relying on their accountants to keep abreast of regulatory requirements.

We therefore support the proposal to establish a single entry-point website and hotline to build on the existing web presence and telephone hotline established by the Australian Small Business Commissioner to provide information on Australian Government small business programs and services, as well as relevant business regulations and compliance requirements.

We also agree that the single entry-point should provide advice and educational resources to small business and direct small businesses to information readily available through other government websites and hotlines (like digitalbusiness.gov.au and the Australian Competition and Consumer Commission’s Scamwatch).

We would recommend that the site be user-friendly and include customizable navigation for different types of small and medium-sized businesses to allow them to articulate search terms. We would also recommend the formation of a customer advisory team that is knowledgeable of the top 10 to 20 areas that small to medium-sized businesses are seeking information about when using government resources.

Best practice small business engagement

We acknowledge the intention to establish the single entry-point as a best practice model of engagement with small business, as well as the key mechanism for government engagement with small business.

Intuit is a supporter of the adoption of standardised business reporting (SBR) and we are looking forward to continued collaboration with ATO to incorporate SBR XBRL architecture in our cloud-based accounting software, QuickBooks Online®.

Supplying information to the regulator can be the most burdensome aspect of complying with regulation. According to Intuit's recent research relating to the administrative understanding of regulatory compliance for small business^v, on average, small business owners spend around a third of their time on administrative tasks (40 per cent of their time). 39 per cent of small business respondents report that having to undertake administrative tasks makes running their business less enjoyable.

Further, the main administrative tasks that take up small business owners' time include keeping a record of all transactions (57 per cent), entering transactions into the books (40 per cent), BAS and tax reporting (36 per cent) and paying bills and wages (34 per cent).

If implemented widely, SBR will reduce the cost of compliance to small business and ensure more consistent regulation.

The majority of small business owners (69 per cent) have their business details online and 43 per cent would like government to make fiscal and business reporting easier therefore we can hope and expect uptake of SBR to be strong. Intuit recommends that the ATO accompany the roll-out of SBR with an education campaign focused on the small business sector and the benefits of SBR adoption.

We look forward to collaborating with Government and our industry partners to help small businesses make the necessary transition to this new way of communicating with the Government on compliance activities.

Conclusion

Intuit appreciates the opportunity to provide this submission to the Treasury regarding the development of the role of the Small Business and Family Enterprise Ombudsman.

We support Government initiatives to reduce regulatory burdens on small business owners and agree that providing an Ombudsman would help to achieve this.

We welcome the removal of any unnecessary complexity in regulatory requirements and ensuring information is reliable and in user-friendly formats, which is consistent with the adoption of an educative and facilitative approach to achieving compliance. We also support the expanded implementation of standardised business reporting (SBR), accompanied by an education campaign focused on the small business sector.

We look forward to partnering with industry, government and small businesses to work towards continued innovative entrepreneurship growth in Australia.

ⁱ National Commission of Audit Report, May 2014.

ⁱⁱ Galaxy Research study of 1007 small business owners across Australia for Intuit, August 2013.

ⁱⁱⁱ Galaxy Research study of 1,019 small business owners across Australia for Intuit, June 2013.

^{iv} Ninemsn.com, "Small firms wants ombudsman with teeth", accessed 20 May, 2014

^v Galaxy Research study of 753 small business owners across Australia for Intuit, September 2012.