Creating a more dynamic and resilient economy inquiry

Questionnaire response 88

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Submission date: 5/06/2025

1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

Rapid changes in digital and web technologies has saw large corporations move much of their operational costs and overheads offshore. This trend commenced shortly after the 2018 and continues to expand. Australia has not kept up with skills demand in data, digital and technologies or STEM subjects. Australian business can invest and hire significantly cheaply elsewhere. AI will encourage this trend, diminishing the value of much of Australia's traditionally trained workforce.

Australia is a costly country to do business, not only in monetary terms but also culturally. Policymakers lack cultural curiosity and confidence. We have a very narrow set of traditional trading and investment partners. Whilst we have all our eggs in the one basket, it has not helped Australia to diversify its economy.

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

The corporate tax system is a dud system as not all corporations are captured in the system and pay their fair share of tax. The financial services sector has made significant contributions but also face some of the heaviest regulations, for a good reason. By not capturing all corporations, whether a multinational, transnational, foreign subsidiary, and special investment vehicles, there isn't really an incentive for risk-taking or invest as the treatment of the entities can vary quite dramatically, the regulations become muddy to navigate, and corporations end up having to pay high legal costs for advice before investing into any property or equipment. Psi Quantum an example of this.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

Who pays the heaviest burden in tax? What industries does the government want to see grow to fill gaps in the economy? Which locations or centres could be strategically developed into an economic growth region? Singapore, Switzerland, Hong Kong are small but highly successful. Shenzhen region is only a small area of China, but strategically established as an economic hub with "special administrative" measures. Could low taxes in strategic zones be realised in Australia to promote and support innovation, tech and spillover? Not only that, could there be special visa concessions for skilled workers and labourers to make the model work? Policymakers must be more innovative and creative or we'll just end up with more empty shipping containers.

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

   ACCC is an important player to ensure fair competition and protect consumers. Quality standards for products, goods and services are also critically important to safeguard the public and consumers' interest.

   Without regulation and standards, we would see quality deteriorate - whether it be built environment, consumer goods, medical treatments. Consumer trust is the cornerstone of business dynamism and resilience.

2. How has your regulatory burden changed over time?

   Regulatory burdens adds to uncertainty and delays, increases cost of holding future income generating assets, and makes these assets illiquid and hard to divest.

   Compliance cost and effort has risen significantly over time due to appreciation of asset values, inflation and natural attrition of senior staff with specialist expertise. Legal and consultancy costs keep mounting. Enthusiastic regulatory compliance is not met with enthusiastic commitment to approvals to put assets to production and deliver goods and services to the economy.

3. What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

   Land use and planning, local Council regulations, fees and licensing requirements.

4. Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?

   Local and State Planning authorities interests lack alignment. Nothing gets done unless there's a major developer involved.