



INSTITUTE OF
PUBLIC
ACCOUNTANTS®

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By email to: 5pillars@pc.gov.au

Building a skilled and adaptable workforce

The Institute of Public Accountants (IPA) welcomes the opportunity to make a submission in relation to the Productivity Commission (PC)'s interim report titled *Building a skilled and adaptable workforce* (the interim report).

The IPA is one of the three professional accounting bodies in Australia, representing over 50,000 members and students in Australia and in over 100 countries. Approximately three-quarters of the IPA's members work in or are advisers to small business and small to medium enterprises.

We welcome the draft recommendations put forward by the PC for public debate.

Our main points we wish to make are as follows:

Draft recommendation 2.2: Better target incentives to lift work-related training rates in small and medium enterprises (SMEs).

The IPA believes lifting training rates are a key factor in boosting productivity. Incentives we believe to be effective include:

- Reinstating the small business skills and training boost, which previously offered a bonus 20 per cent tax deduction for eligible training expenses. This measure would encourage employers to invest in their employees' upskilling, helping to bridge skill gaps and enabling businesses to offer higher-value services.
- Expanding tax deductibility rules to allow individuals to deduct education and training expenses that may not be directly related to their current job but are intended to lead to a new career. This is a crucial lever to support workers in building skills and knowledge throughout their careers, especially in a rapidly changing labour market.

If you have any queries or require further information, please don't hesitate to contact Michael Davison, General Manager, Advocacy & Emerging Policy.

Yours sincerely,

Vicki Stylianou