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Ms Lisa Chesters MP  
Chair  
Standing Committee on Employment,  
Education and Training  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600

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Dear Chair

### **Inquiry into the Digital Transformation of Workplaces**

CPA Australia represents the diverse interests of more than 173,000 members working in over 100 countries and regions around the world. We make this submission in response to the Standing Committee on Employment, Education and Training's inquiry into the [Digital Transformation of Workplaces](#).

The rapid development and uptake of technologies such as automated decision-making and machine learning in the workplace present significant opportunities and challenges. We focus our comments on the impact of such technologies on the accounting profession.

The changes being brought about by digital transformation will assist accountants to better solve business problems, making them even more critical and valuable to employers, clients and the broader economy. It will make a career in accounting more exciting and rewarding.

Information technology will always be integral to the work of accountants, therefore keeping abreast of digital transformation is essential for such professionals. In short, accountants will *not* be replaced by technology or technologists, nor will they need to become technologists. Rather, their ability to oversee and leverage technologies in their decision-making and tasks will be increasingly critical for their career.

One major challenge posed by digital transformation is that accountants at the beginning of their career will be more involved in tasks requiring professional judgment. This will make the roles of junior accountants more demanding and challenging, as well as rewarding – and of greater value to employers and clients. Employers, educators and professional bodies will need to create new career pathways for junior accountants that develop their professional judgment, while ensuring they still understand tasks that will be increasingly executed by technology. Whilst technology is becoming prevalent in undertaking some accounting and bookkeeping tasks that are systematic and process-driven, it continues to be important for early-career accountants to understand the fundamentals of accounting so they can build their knowledge and skills towards higher level accounting tasks involving analysis, interpretation and the exercise of professional judgement.

Longitudinal research by CPA Australia shows a strong correlation between technology uptake and improved business performance. CPA Australia's 15<sup>th</sup> annual [Asia-Pacific Small Business Survey](#) found that the application of technologies such as e-commerce, new payment technologies and social media is a key characteristic of high-

growth small businesses. Unfortunately, Australian small businesses consistently lag their counterparts in Asia and larger domestic businesses on technology uptake.

Similarly, CPA Australia's found that larger businesses and businesses reporting higher profitability are more likely to adopt AI tools. A recent joint research study titled "[Study on Implementation of Digital Technology across Chinese Accounting Firms](#)," conducted by Xi'an Jiaotong-Liverpool University and CPA Australia, found that applying digital technologies significantly improved the operations of Chinese accounting firms.

### **Artificial Intelligence (AI) challenges for business**

CPA Australia's "[Technology and The Future of the Profession](#)" report raised several challenges on the use of AI in business, including:

- **Data quality and quantity:** AI has a broad range of applications in accounting and business, provided the requisite data is readily available and of sufficient volume. The quality of AI results is contingent on the quality of the underlying data. While access to data has increased exponentially it has also led to a decline in the quality of the data.
- **Secondary use of data:** It is increasingly common for data to be used for analysis and decision-making purposes beyond its original intent. As a result, the fitness for the secondary use of data may be questionable. Additionally, as markets and the economy become more complex and dynamic, data patterns can change rapidly. Therefore, the actionable insights obtained from AI may potentially have shorter lifespans.
- **Transparency:** The ability of AI tools to discover patterns in data is not matched by their ability to explain how such patterns were identified or to justify specific predictions or recommendations. Some machine learning techniques are inherently opaque. This lack of transparency limits the application of these tools.
- **Ethics and legality:** The availability of advanced AI tools and associated data collection activities can raise legal and ethical issues. Bias and discrimination can result from AI, alongside a loss of privacy. The existence of secondary markets for data and the trading of data introduces further legal issues around data use and privacy.

In addition, recent engagement with our members and industry stakeholders have raised other concerns, including:

- **Data dependence and bias:** AI systems are only as useful as the data on which they are trained. Since current AI models are trained on historical data but are expected to predict future outcomes, there is potential for biases, inaccurate or irrelevant results. Moreover, new data sources, while providing more timely information, are less likely to come from formal sources with established controls and subject to some sort of assurance. Members also pointed to an increasing (unhealthy) reliance on AI analysis – AI is a very useful tool to compliment and improve professional judgment; it however cannot replace it.
- **Lack of understanding:** Most users of AI do not fully comprehend how these models work. Concepts such as natural language processing and neural networks can be challenging for individuals without a background in computer science or related fields. This may lead to a lack of awareness of potential ethical issues, such as biases in AI algorithms or privacy implications of data usage.

- **Restriction on open AI tools:** Some organisations have implemented restrictions on the use of open AI tools (such as ChatGPT, Gemini, etc.). This stems from concerns related to data security, privacy, and the desire for customised AI solutions tailored to business needs.
- **Regulatory compliance:** As advancements in AI outpaces existing regulatory frameworks, organisations face complexities in adhering to laws.

#### **Recommendations:**

- **Government-led digital transformation:** The government can reduce regulatory burden and increase the number of workers with knowledge of emerging technologies by prioritising its own adoption of automated technologies, especially in regulatory technology (RegTech) and supervisory technology (SupTech).
- **Upskilling and reskilling:** The government should provide grants and/or incentives to organisations to ensure workers and small business owners are equipped with the necessary skills to facilitate the transition to automated technologies.
- **Guidance on safe AI adoption for SMEs** – as our Asia Pacific Small Business Survey shows, Australian small businesses lag their counterparts in Asia and larger domestic businesses in adopting technology. The National Artificial Intelligence Centre can encourage greater numbers of SMEs to adopt AI through the development of quick start AI guides for small business. Such guides should avoid the style of language used in standards.
- **Ethics and AI** – Accountants (and other professionals) should continue to have ultimate responsibility for ethical behaviour, including any decision-making delegated to automated or AI systems.

#### **Conclusion**

The digital transformation of workplaces provides considerable opportunities to improve business performance and make work more interesting for many. The technologies leading such transformation – AI and robotic process automation; will become essential tools for many workers and businesses, however they cannot replace professional judgment and are not without risks.

If you wish to discuss this submission, please contact Azfar Asa'ad on [azfar.asaad@cpaustralia.com.au](mailto:azfar.asaad@cpaustralia.com.au).

Kind regards

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