

Delivering for Small Business



Julia Gillard and Labor

Let's move Australia forward



Delivering for small business

The Hon Dr Craig Emerson, MP

Minister for Small Business, Independent Contractors and the Service Economy

ELECTION 2010

Overview

The Gillard Labor Government understands the important contribution small businesses make to national prosperity and to supporting jobs.

Small business owners take a risk in undertaking new ventures on their own.

They work hard to achieve commercial success and deserve support for their entrepreneurship, which contributes so much to the economy and provides jobs for Australians.

Federal Labor is committed to supporting Australia's small businesses as the global economy recovers, so they can grow to their full potential and continue their immense contribution to Australian prosperity and job creation.

What Federal Labor has achieved so far

Helping small business to prosper

Small businesses are the backbone of the Australian economy, providing jobs and adding to our national prosperity. Federal Labor has implemented a number of policies to help Australia's small businesses prosper.

We invested **\$42 million in small business advice and support** through small business advisory services located in suburban, rural and regional Australia.

We **simplified the Business Activity Statement (BAS) and other reporting requirements** for small business, by implementing standard business reporting for around 70 per cent of small businesses.

We created a **superannuation clearing house** so small businesses can pay their employees' superannuation contributions electronically to Medicare, which distributes the money to employees' chosen super funds free of charge.

We **helped small businesses go online** by providing \$14 million to 47 successful applicants to improve their e-commerce capabilities, enabling them to take up the new opportunities offered by the National Broadband Network.

We also made **improvements to the Franchising Code of Conduct**, with franchisors now required to disclose more information that franchisees need to make decisions about their businesses. Other requirements will empower prospective franchisees when negotiating with franchisors. The ACCC has also been given new powers to conduct random audits of franchisors and seek remedies on behalf of all franchisees who are party to an agreement.

We established a **permanent voice for small business** in the ACCC, through the appointment of a new Small Business Commissioner.

We also **amended the Trade Practices Act** to protect small businesses against more powerful businesses by providing penalties of up to \$1.1 million for unconscionable conduct and false and misleading representations, as well as strengthening the laws dealing with predatory pricing.

And we **helped small business with bank finance** by providing a business loan finder service through the www.business.gov.au website to locate and compare the range of business loan options available.

On bank finance, we also established a **small business credit complaints clearing house** to receive complaints about access to, and the cost of, bank finance. Once a complaint is received by the clearing house, it is referred to senior management in the relevant bank for further investigation.

We created **simple fair dismissal procedures** for small businesses through an extended qualifying period of 12 months and a six paragraph Fair Dismissal Code which, if followed, provides for a dismissal to be fair.

We have also confirmed that the recommendation in the Australia's Future Tax System Review to consider whether changes should be made to the **personal services income tax** provisions is not Federal Labor policy.

Supporting small business through the global recession

Small businesses are often the first to feel the effects of an economic downturn and the last to emerge. Federal Labor recognised that helping small business through the global recession was critical to the economy.

An important measure was **support for local tradies and the small businesses that supply them**, through the Gillard Labor Government's Nation Building Economic Stimulus Plan for work on schools, housing, roads and local infrastructure projects.

We established a **small business tax break** to provide direct assistance to small businesses, helping to minimise the impacts of the global recession on their businesses. Small businesses were able to claim an additional 50 per cent tax deduction for eligible assets like cars and equipment costing more than \$1,000.

And we provided a **boost to small business cash flow** by giving a 20 per cent discount on the December quarter 2008 pay-as-you-go instalment. And by reducing the quarterly income tax instalments payable in 2009-10, Federal Labor provided an additional \$720 million in cash flow relief.

Further, we **ensured the Tax Office helped small businesses** with \$155 million in assistance over four years to help businesses and other taxpayers experiencing financial distress to remain viable. Under this program, which has now been extended for another year, the Tax Office works with individual small businesses to help them meet their obligations. Already, almost 100,000 interest free payment arrangements have been put in place with small business owners, and more than 6,600 activity statement payment deferrals granted.

We also provided **extra support for small business advisory services** during the global recession, through \$4 million for local chambers of commerce and other small business organisations.

And we established a **small business support line** to help small businesses through the global recession, providing advice and referral services on matters such as obtaining finance, cash flow management, retail leasing, promotion and marketing, and personal stress and hardship counselling. The support line has received more than 15,000 calls.

Freeing up small business owners to get on with the job and making it easier to deal with government

One of the best things governments can do for small businesses owners is cut red tape and make it easier for them to get on with their businesses. Federal Labor has implemented a number of measures to cut red tape.

We established a **small business advisory committee** of experienced small business people to provide expert advice on government regulations that might significantly affect small business.

And we pursued **Standard Business Reporting (SBR)** to give Australian small businesses a quicker and simpler way to complete and lodge forms with government, including Business Activity Statements, Tax File Number Declarations, PAYG payment summaries and payroll tax returns.

We committed to an **on-time payment guarantee** for all new small business contracts up to \$1 million, with the Federal Government paying invoices within 30 days or the potential for penalty interest to apply. In its first year of operation, 96.5 per cent of small business invoices were paid on time – a record.

We also made it easier to **sell to government** through greater consistency between government agencies and simpler tendering processes, and by developing a liability risk assessment guide.

Future Challenges

With 2.4 million small businesses operating in Australia, the Gillard Labor Government recognises that small business is the backbone of the Australian economy.

Federal Labor will continue to support small business owners to ensure their entrepreneurship continues to contribute to national prosperity and to job creation.

That's why we have released a tax plan for our future, which will provide tax breaks and reduce red tape for all small businesses.

These small business tax breaks are to be funded by the new modern taxation arrangements for the resources sector, which the Coalition has said it will scrap if elected, denying small businesses much needed cash flow relief.

The Gillard Labor Government will also build the National Broadband Network to deliver high speed broadband to Australia's small business owners. This will allow them to remain competitive in the 21st century and expand their markets nationally and internationally.

POLICY

What the Gillard Labor Government is doing next

- **Small business tax breaks with an instant write off of assets costing up to \$5,000.**
- **A head start for small business companies on company tax rate reductions.**
- **A more generous R&D tax credit.**
- **A new national business names register.**
- **A national system for licensing tradies.**
- **More protection for small businesses against anti-competitive behaviour by powerful businesses.**

Small Business Tax Relief

From 1 July 2012, each of Australia's 2.4 million small businesses – sole traders, partnerships and companies – will be able to instantly write off the full value of any new business assets costing up to \$5,000, for as many eligible assets as they purchase.

These small businesses will also be able to depreciate other assets (other than buildings) in a single pool, at a single rate of 30 per cent – again saving money and paperwork.

Australia's 720,000 incorporated small businesses will also get a head start on the scheduled company tax rate reduction.

For small business companies, the company tax rate will be lowered from 30 per cent to 29 per cent from 1 July 2012 – one year ahead of the tax rate reduction for larger companies.

This will provide a direct cash flow benefit and act as an incentive for small business companies to retain profits to grow their businesses.

A more generous R&D tax credit

Legislation has been introduced into Parliament to double the base rate of Federal Government support for R&D conducted by smaller businesses, through a 45 per cent refundable tax credit. A refundable credit means that smaller businesses will be able to take the benefit in cash if they end the year in tax loss.

This ensures that innovative small businesses can get an immediate contribution towards their R&D, even if they are not yet turning a profit.

A new national business names register

Work is underway to establish a national business names register by mid-2011. One year's registration will cost \$30 and three years will cost \$70, a substantial saving on the over \$1,000 of fees businesses currently pay to register in each State and Territory for three years.

A national system for licensing tradies

We will introduce a national system for the licensing of tradies, so that they don't have to apply for a new licence when they seek work in another jurisdiction. At present, plumbers and electricians who move from one State or Territory to another must apply for a new licence and pay an extra fee. Under these reforms, a licence obtained in a tradies' home State will be good in all other States and Territories. This is good for tradies and will assist in enhancing the mobility of our skilled workforce.

A level playing field for small businesses against more powerful businesses

To give small businesses a more level playing field against more powerful businesses, legislation has been introduced into the Parliament to strengthen the unconscionable conduct provisions under the Trade Practices Act. The legislation will ensure that the provisions not only apply to behaviour during contract negotiations, but also to the terms and conditions of the contract and behaviour during the life of the contract. These changes will help protect small business operators from bad business behaviour by more powerful businesses.

Legislation has also been introduced to clarify and strengthen the creeping acquisitions laws designed to prevent large businesses dominating the market by acquiring their smaller rivals.

The Coalition's Record

If elected to Government, the Coalition will scrap the Gillard Labor Government's small business tax breaks, which will prevent much needed cash flow to small businesses still struggling to emerge from the economic downturn.

The Coalition will deny any tax relief for the 70 per cent of small businesses that are not companies. The Coalition has said it will not proceed with Federal Labor's \$5,000 instant asset write off for small business and will not offer a head start cut in the company tax rate in 2012-13.

In fact, the Coalition has said it will introduce a new tax for larger businesses, which will be passed on to small business customers and suppliers.

The Coalition voted against Federal Labor's economic stimulus package in the Parliament – a package that supported jobs, tradies and small businesses during the economic downturn.

If the Coalition had its way, tradies around Australia would have lost jobs, small business would have suffered and Australia would have been plunged into a recession.

The Coalition also acted to deny small business an increase in support for R&D by preventing debate in the Senate on the Bill which would have introduced this support.