

# OUR PLAN TO BACK SMALL BUSINESS



## CONTENTS

KEY POINTS .....	3
OUR PLAN .....	4
Growing small businesses by expanding their access to finance .....	5
The Australian Business Growth Fund.....	6
Lowering taxes for small, medium and family businesses .....	7
Incentivising investment .....	7
Providing the skills needed for today and tomorrow.....	8
Levelling the playing field and ensuring a fair go .....	8
Ensuring small businesses get paid on time .....	9
Lifting the red tape and paperwork burden.....	9
Investing in modern transport infrastructure .....	9
Boosting our small business exporters .....	9
Lowering energy costs .....	10
Seizing the opportunities of the digital economy.....	10
Supporting mental health and wellbeing .....	11
Harnessing the entrepreneurship of Australian women .....	11
Harnessing the entrepreneurship of migrants.....	11
THE CHOICE .....	12
Labor’s plan for higher taxes.....	12
Labor’s collapse of the skills sector .....	13
Labor’s failure to protect small business and promote competition.....	13
Labor’s plan to reduce market access and re-write existing trade deals.....	13
Labor’s plan to increase energy costs.....	14
COST .....	15



## KEY POINTS

Small businesses are the beating heart of the Australian economy.

When small businesses are healthy, all Australians are better off.

It means more jobs, more choice, better living standards and more vibrant and connected communities.

When you work hard, build your business and invest in your community, you are having a go.

And you will get a go under the Morrison Government.

That's why we are backing small business owners to invest, employ more workers and grow their business.

**We will grow small businesses by expanding their access to finance.**

**We will make it easier for them to employ even more Australians.**

**We will lower taxes** for small, medium and family businesses.

**We will ensure they have the skills** they need for today and tomorrow.

**We will ensure they get a fair go and are paid on time**

**We will lift the red tape and paperwork burden.**

**We will build modern transport infrastructure.**

**We will build modern transport infrastructure.**

**We will give small business access to billions of global customers.**

**We will ensure they have affordable, reliable and sustainable energy.**



**We will help them seize the opportunities of the digital economy.**

**We will support their mental health and wellbeing.**

**We will support tens of thousands of Australian women** through our female entrepreneurs programs and help kick-start migrant businesses through the accelerator support program.

A re-elected Morrison Government will:

- Support the creation of another quarter of a million small businesses over the next five years.
- Invest \$100 million to establish the Australian Business Growth Fund to enhance equity financing to small businesses, complementing the Australian Business Securitisation Fund.

By keeping the economy strong, the Morrison Government is providing the settings and opportunity for business to do what it does best.

**On the other hand, Labor do not believe in enterprise and aspiration.**

In opposition, Labor voted many times for higher taxes for small business.

If elected, Labor will raise taxes on family businesses, condone union thuggery, impose unsustainable costs on small business through rigid workplace policies and hit small businesses hardest with their reckless emissions reduction plan.

## **OUR PLAN**

Backing small businesses is and always will be at the centre of the Morrison Government's plan for a stronger economy.

Small and medium businesses make up over half of our economy and employ two-thirds of our workforce.



They donate their time, money, goods and services to build their local community.

Acknowledging the important role small business plays in our economy and community we have developed a comprehensive plan to back small and family businesses across Australia.

The Morrison Government's plan is making it easier for aspiring Australians to start a small business and or existing small businesses to expand.

Since our election in 2013, the Liberal Nationals Government has revitalised the small business sector. More than 230,000 new small businesses have opened their doors, creating hundreds of thousands of new jobs.

**We are committed to small business creation – because when small businesses are created jobs are created. That is why a re-elected Morrison Government will support the creation of another quarter of a million small businesses over the next five years.**

### **Growing small businesses by expanding their access to finance**

The Morrison Government will significantly enhance access to funds for small business across Australia.

We understand that small businesses find it difficult to obtain finance other than on a secured basis. And that small businesses that have already obtained secured finance but wish to continue to grow also find it difficult.

With access to finance a critical issue, the new \$2 billion Australian Business Securitisation Fund will start on July 1 this year. This fund increases small business access to competitive finance by providing more funding for small banks and non-bank lenders.

We also know that access to debt financing is not the only constraint to small business growth. Many small and family businesses find it difficult to attract passive equity investment to enable them to grow without taking on additional debt or giving up control of their business.

**A re-elected Morrison Government will establish the Australian Business Growth Fund by providing \$100 million in funding and partnering with financial institutions to enhance equity financing to small businesses. The Fund will aim to expand to \$1 billion as it matures.**



Both of these Funds are in addition to the reforms that took effect last year which allow businesses to raise capital through crowdfunding.

### **The Australian Business Growth Fund**

A re-elected Morrison Government will establish the Australian Business Growth Fund by providing \$100 million in funding. Partnering with financial institutions the aim is for the Growth Fund to expand to \$1 billion as it matures. It is expected to back 30-50 businesses each year with annual turnovers between \$2 million and \$50 million.

**The Growth Fund will significantly enhance small and family businesses' ability to access funding, filling a gap in the market that is preventing them from reaching their full potential.**

Many small and family businesses find it difficult to attract passive equity investment to enable them to grow without taking on additional debt or giving up control of their business.

The Reserve Bank of Australia has acknowledged that *"it's not the absence of entrepreneurial spirit, it's the absence of entrepreneurial finance that's been the main factor holding that part [small business] of the economy back"*.

**The Growth Fund will provide patient long-term capital, enabling small businesses to grow while the owners retain control of their business.**

The Growth Fund is modelled on similar vehicles in the UK and Canada. Since 2011, the UK equivalent has invested \$2.7 billion into small businesses in a range of sectors across the economy.

It will operate commercially and independent of Government. An independent board and management team will run the Growth Fund. Investment decisions will be made by professional managers independent of Government and performance will be assessed on a fully commercial basis according to private sector funding models.

Small businesses that receive equity funding will also be provided with mentoring, coaching and access to a talent pool of expert staff to maximise the benefits of the patient capital investment.

The Small Business Ombudsman has also called on Government to *"fast-track the establishment of the Australian Business Growth Fund to address this long-term funding gap."*



COSBOA have also provided their support for the fund: *"All in all, the ABSF and the ABGF are outstanding responses to the decade long challenges of SME financing in Australia. Once implemented, they will enable small business owners to invest in growth with consequent benefits for Australia's future economic prosperity and employment growth."*

### **Lowering taxes for small, medium and family businesses**

Lower taxes mean more money to reinvest into the business and create more jobs for Australians.

The Morrison Government has already provided lower taxes to around 3.4 million small, medium and family businesses employing over 7 million workers.

We have fast-tracked small and medium businesses moving to a lower corporate tax rate: reducing the rate from 30 per cent to 27.5 per cent. It will be cut further to 25 per cent by 2021-22 – five years earlier than previously planned.

Fast-tracking these lower taxes will benefit around 970,000 small and medium companies that employ over 5 million workers.

We will ensure that unincorporated small businesses receive comparable treatment through an increase in their small business discount. This will benefit around 2.4 million businesses employing 1.9 million workers.

### **Incentivising investment**

The Morrison Government is helping small and medium businesses invest and grow through increasing and expanding the instant asset write-off.

It has been increased from \$25,000 to \$30,000 and can be used every time an asset under that amount is bought: be it a new fridge or grill for a café, new plumber's tools or a new van for a courier.

The incentive has been expanded to medium businesses with a turnover up to \$50 million. This will benefit an extra 22,000 businesses employing around 1.7 million workers.



All up, around 3.4 million small and medium businesses employing around 7.7 million workers are eligible.

### **Providing the skills needed for today and tomorrow**

The Morrison Government is committed to delivering a vocational education and training system that will deliver the skilled workers needed by Australia's small businesses to help them grow and prosper.

The \$525 million Delivering Skills for Today and Tomorrow package will strengthen the VET system and provide small business with support to take on more apprentices in areas of skills shortage.

The package includes up to 80,000 new apprenticeships in industries with skills shortages through a doubling of employer incentive payments to \$8,000. The new apprentices – including bakers, bricklayers, plasterers, hairdressers, plumbers and carpenters – will also receive a \$2,000 incentive payment.

### **Levelling the playing field and ensuring a fair go**

The Morrison Government has put in place a range of initiatives to ensure small business gets a fair go when dealing with larger businesses and the financial sector. These include:

- Reforms to competition policy (Section 46) to prevent big businesses abusing their market power.
- New unfair contract legislation to protect small business.
- Free, fast and binding dispute resolution under the new Australian Financial Complaints Authority.
- Stronger enforcement to combat illegal phoenixing activities.
- An advocacy voice in the Australian Small Business and Family Enterprise Ombudsman.

We are also ensuring easier, cheaper and quicker resolution of Australian Tax Office disputes. A dedicated Small Business Taxation Division has been established in the Administrative Appeals Tribunal with case managers supporting small business through the entire process. A concierge service has also been established in the Ombudsman's office to provide advice and support.



### **Ensuring small businesses get paid on time**

The Morrison Government is ensuring small businesses get paid on time.

We are setting the example, with 97 per cent of Commonwealth agency bills under \$1 million paid within 30 days. From July 2019 this will reduce to 20 days. Large businesses tendering for government contracts will be required to match our 20-day policy.

We are ensuring small businesses are not used as a bank by requiring large businesses with a turnover of over \$100 million and government agencies to publish their payment information.

### **Lifting the red tape and paperwork burden**

The Morrison Government wants small business people to spend more time growing their businesses and less time dealing with paperwork and red tape.

To make life easier, the Business Activity Statement has been simplified for 2.7 million small businesses, ASIC financial reporting thresholds have been doubled (reducing the burden on 2,200 companies) and the regulatory framework for employee share schemes has been simplified.

The Government has also provided \$300 million to the states and territories to help them reduce their red tape on small business.

### **Investing in modern transport infrastructure**

The Morrison Government is investing a record \$100 billion in transport infrastructure to reduce congestion, keep our roads safe, connect people to jobs and deliver our goods to market.

Small business productivity will be bolstered with owners and their employees getting to work faster and more efficient supply chains sending products to customers more quickly.

### **Boosting our small business exporters**

The Morrison Government wants our small businesses to capitalise on billions of global customers.



We have delivered trade agreements with China, Japan and Korea.

We have signed the Pacific Agreement on Closer Economic Relations and agreements with Indonesia, Peru and Hong Kong. Australian exporters will also benefit from the Trans-Pacific Partnership between 11 major regional economies worth \$13.8 trillion.

We are boosting our Export Market Development Grants scheme by \$60 million so small businesses can harness further international opportunities. And we have invested \$20 million in Small and Medium Enterprise Export Hubs to help small businesses work together to access export markets and global supply chains.

### **Lowering energy costs**

The Morrison Government is committed to lowering power prices while keeping the lights on.

We are providing \$50 million in grants to eligible businesses and community organisations, helping them to save energy by either installing new equipment or by reviewing and improving their energy management – all contributing to lower power bills. Eligible small businesses will be able to claim grants of up to \$20,000 with high-energy using businesses up to \$25,000.

We are also delivering tailored advice to help small businesses find the best energy deal and identify opportunities for them to use energy more efficiently through the Business Energy Advice program.

### **Seizing the opportunities of the digital economy**

The digital economy presents opportunities and challenges for small business.

Through the Small Business Digital Champions project, the Morrison Government is helping small businesses to learn the skills and build confidence to embrace digital opportunities.

Through the Empowering Business to Go Digital program, we are providing up to \$3 million in matched funding to support the establishment of an NGO to build and enhance small business digital capacity.

We're supporting online safety with the \$10 million Small Business Cyber Security program. Eligible small businesses can apply for grants of up to \$2,100 for cyber security safety checks.



### **Supporting mental health and wellbeing**

We understand the stresses involved in operating a small business – the responsibility for your family’s prosperity, the income and welfare of your employees and just staying on top of everything.

The Morrison Government is committed to improving access to mental health services for small business by partnering with grassroots organisation Everymind to deliver evidence-based prevention and intervention.

We have also provided \$11.5 million for the National Mental Health workplace initiative to assist businesses to create healthy workplaces.

### **Harnessing the entrepreneurship of Australian women**

The Morrison Government is determined to increase the number of female business leaders.

We are supporting 55,000 young women to become entrepreneurs through the Future Female Entrepreneurs Program, boosting digital skills and entrepreneurship and providing mentorship to the businesswomen of the future.

The Boosting Female Founders fund also provides access to early stage capital and entrepreneurial support to launch businesses of high-growth potential.

### **Harnessing the entrepreneurship of migrants**

The Morrison Government understands the contribution of small business owners who were born overseas - with 1 in 3 owners born overseas according to the ABS.

To support more migrant businesses, a re-elected Morrison Government will invest an additional \$5 million into the Accelerator Support program to assist migrants to start their own business.

This will deliver business education, incubation and mentoring to people from culturally and linguistically diverse backgrounds.



## THE CHOICE

The choice at this election is clear.

Labor do not believe in enterprise and aspiration.

In opposition, Labor voted repeatedly for higher taxes on small business.

If elected, Labor will raise taxes on family businesses, condone union thuggery, impose unsustainable costs on small business through rigid workplace relations policies and hit small businesses hardest with their emissions reduction plan.

Labor's reckless policies will hit small business directly and hardest as they will also feel the flow-on effects of a weaker economy.

### **Labor's plan for higher taxes**

The Morrison Government has a clear plan to lower taxes for small business.

In contrast, Labor has a plan to impose \$387 billion of higher taxes – each and every one of which are **bad for business**.

A Shorten Labor government would be the highest taxing government in Australia's history.

Labor's plan for higher taxes will cost Australian small businesses twice. First, they will be directly hit as the cost of doing business increases. Second, a Shorten Labor Government will weaken our economy and make it a harder environment for small business to operate in.

Within a decade, Labor's tax hit will equate to an extra yearly household tax bill of \$5,400. That is \$5,400 less to spend at local businesses and \$5,400 less going back into the community.

Labor's \$27 billion family business tax is the most destructive of all the taxes on small business. Bill Shorten wants small family businesses taxed at the same rate as large multinational companies – 300,000 small family businesses that use trusts for asset protection, estate planning and cash flow.



### **Labor's collapse of the skills sector**

The Morrison Government has a clear plan to revitalise the skills sector, supporting employers with a range of incentives that will be streamlined to make them easier to navigate.

Labor cannot be trusted when it comes to VET and skills. Labor's failed VET FEE-HELP scheme left thousands of students with debts and no qualifications.

From 2011-13 Labor cut employer incentives to businesses employing apprentices a total of nine times at a cost of \$1.2 billion.

While Bill Shorten was Employment Minister, the number of apprentices and trainees collapsed by 22 per cent or 110,000 – the biggest annual decline ever.

The previous Labor Government cut funding for skills and failed to commit funding to the National Partnership Agreement with the states.

Labor's plan is to redirect funding away from private training organisations where the majority of VET students study, jeopardising student outcomes and putting jobs at risk.

### **Labor's failure to protect small business and promote competition**

The Liberal National Government fought hard to legislate reforms to competition policy (Section 46) to prevent big business abusing their market power.

Labor did not support a level playing field and opposed these reforms, preferring to back big businesses and big unions over the interests of small business and consumers.

Bill Shorten wanted to leave the ACCC powerless when it came to protecting small business.

### **Labor's plan to reduce market access and re-write existing trade deals**

The Morrison Government has delivered free trade agreements (FTAs) that have brought direct benefits to many small businesses.



Labor did not start and finish one free trade agreement when last in government. Their new policy platform will make it even more difficult for a Shorten Labor Government to secure an FTA.

Labor has committed to renegotiating the existing trade agreements that Australian small and family businesses rely on.

A Labor Government would throw thousands of these businesses into an uncertain trading environment by opening the agreements for renegotiation. And Labor has not released any details of which markets and tariff arrangements they're prepared to negotiate away.

The needs of Australian exporters to access new markets will be traded off for union demands to reopen all existing agreements – placing small businesses at risk and trashing Australia's reputation for honouring agreements.

Labor also ripped \$100 million out of the Export Market Development Grants scheme which directly backs small businesses to capitalise on international opportunities.

### **Labor's plan to increase energy costs**

The Morrison Government has a clear plan to reduce power prices for small and family businesses, while Labor has a clear plan to increase energy costs.

During the last Labor Government, power prices doubled and went up each and every year. Labor's reckless emissions targets will drive up power prices once again, cost jobs and reduce wages.

By 2030, Labor's emissions policies will lower the average full-time wage by \$9,000 in real terms, reduce the number of jobs by 336,000 and increase wholesale electricity prices by 58 per cent.

Labor's car tax will increase the cost of vehicles by over \$4,800 and mandate electric vehicles for half of all new car sales. Seventeen of the top 20 vehicles sold in Australia don't have models which meet Labor's new carbon standard. Tradies and small businesses which need larger vehicles will be hardest hit by these disastrous new policies.



Liberal National Government	Labor
Small Business Minister in Cabinet.	When Labor left government they did not have a Small Business Minister in Cabinet.
Established the Small Business and Family Enterprise Ombudsman with more staff, funding and strong inquiry powers.	When Labor left office the Small Business Commissioner was ineffective.
Tax cuts for small and medium business – from 30 per cent to 25 per cent by 2021-22.	\$387 billion in new taxes including on 300,000 small and family businesses through changes to family trusts. Labor voted many times against tax cuts for small and medium business.
Incentives for small and family businesses to hire new workers and apprentices.	Labor opposes incentives for small businesses to hire new workers and cut employer incentives by \$1.2 billion when last in Government
Since 2013, Liberal National trade deals have secured duty free or preferential access to 1.76 billion consumers in the world’s fastest-growing economies.	Labor will give union leaders an effective veto over new trade deals ensuring none are concluded, costing jobs and growth.
Low energy costs and incentives for small businesses to become more energy efficient.	Labor's emissions target will see wholesale electricity prices rise by up to 58%.

## COST

The Coalition is providing a \$100 million equity investment to the Australian Business Growth Fund to help Australian small businesses grow.

