



Bernie Ripoll MP
FEDERAL MEMBER FOR OXLEY
"Your Strong Community Voice"

2008 SMALL BUSINESS Report



A message from Bernie Ripoll MP

Small business and independent contractors create much of the prosperity in our local area and in our country.

Three quarters of a million small businesses employ nearly 4 million people, while Australia has a further 1.2 million non-employing small businesses.

Locally we have 3,569 employing and 5,464 non-employing small businesses comprising over 94 per cent of our business community.

Every single one of them works hard to achieve commercial success.

The Rudd Government believes small business should be rewarded for their effort, risk-taking and entrepreneurship so they can continue to thrive and grow, creating even more local jobs.

We understand governments do not create business success but government policies can play a crucial role in helping small businesses achieve their potential.

That's why we are committed to implementing policies that provide practical support for small businesses and independent contractors.

We are simplifying the regulatory environment and restoring competitive marketplaces.

We are investing in education so that properly trained workers are available.

And we are making sure that good transport and communications networks are available.

If you would like to learn more about the Government's plans for Small Business please contact me on 3818 3900.

Delivering policies to keep our economy strong

Our first responsibility to small business is to ensure a strong, low-inflationary economy in which small businesses can prosper.

Australia is not immune from the global economic downturn. We are being affected by high world oil prices, a global credit crunch and stock market upheaval.

And we are also feeling the effects of inflation.

Inflation is the number one enemy of small business. It is a drag on growth, it saps confidence, it hurts families and its impact is severely felt by small business.

We can only beat inflation through responsible economic management and by taking the tough decisions now as part of a comprehensive economic reform program.

The reform program includes an Education Revolution to boost productivity growth and nation-building through investing in infrastructure.



Helping local businesses with regulatory reform

A regulatory environment that fosters the growth and development of small business is a high priority for the Rudd Government.

I don't have to tell you that complying with inefficient regulations is costly. Estimates of the complete cost are difficult to obtain but the Productivity Commission believes it to be up to four per cent of GDP – more than \$40 billion a year.

The Rudd Government is working to ease the regulatory burden on Australian businesses by creating "a seamless national market".

For example, businesses that operate across state boundaries will no longer need to register their business names, or pay a separate fee, in each state and territory – they will have to register only once at a central, national registry.

This will put an end to what we call rail-gauge economics – where businesses in the 21st century still face the same sort of obstacles in operating across state boundaries that our grandparents faced when catching a train from one state to another.

Our reform program will cover an unprecedented 27 areas of overlapping and inconsistent regulation across the Commonwealth, States and Territories and will create a truly national system that will deliver improvements throughout the economy to the benefit of all local small businesses.

Labor believes that Australia's small businesses deserve support from a government that will help them make it easier to do business, to grow their business and as a result grow our future economy.



Climate change

In July the Government released its green paper on the Carbon Pollution Reduction Scheme setting out the Government's proposals for an emissions trading scheme for Australia.

What does this mean for small business?

The Carbon Pollution Reduction Scheme will mostly affect 1000 major emitters.

The Government has made a commitment that every cent raised through the scheme will be invested back into households and businesses to enable them to prepare for a cleaner, greener economy.

Tax reform delivers relief for small businesses

The Rudd Government's first Budget contained a down payment on tax relief and tax reform.

The Budget delivered almost \$47 billion in tax relief over the next four years.

Tax relief begins the process of tax reform that will replace an incentive-crushing tax system with one that genuinely rewards effort, risk-taking and entrepreneurship.

Our tax package means that typically small business owners will receive tax relief of up to \$50 a week this financial year followed by up to \$91 a week next financial year.

Building on this, over the next six years we hope to:

- Reduce the number of marginal tax rates from four to three;
- Reduce the 45 per cent rate to 40 per cent; and
- Reduce the 40 per cent rate to 30 per cent.

One of the resounding messages from the 2020 Summit was that Australia's tax system is overdue for a comprehensive review.

We agree, and that is why Treasury Secretary Ken Henry has been given the task of looking at the tax system to see whether it measures up to meeting the challenges of the 21st century.

The last comprehensive review of the system occurred 50 years ago and since then much has changed – in society, in Australia's demographics, in business and in markets.

It is time our tax system caught up with those changes.

It is also time we made sure our tax system is ready to face the challenges that are still to come.

It is time the incentive-crushing aspects of our tax system were removed and replaced with a tax system that is fair, efficient and genuinely rewards risk-taking and entrepreneurship.



Saving time and money through BAS Easy

Years after its introduction, the GST still rates among the biggest bugbears for small business.

On the day that small business owners first open their doors for business, before they even begin to meet the needs of their customers, they have to be ready to comply with the GST.

While completing the GST paperwork is relatively straightforward, complying with the GST bookkeeping requirements takes time – time that could be better spent working in their business or relaxing with their family.

It is for this reason the Government took its BAS Easy option for GST paperwork to the last election.

BAS Easy is a real and practical way of addressing the burden that GST paperwork creates for small business.

Recently the Government announced that the Board of Taxation will review the legal and administrative framework of the GST, including the BAS Easy proposal.

The review will focus on streamlining the GST, reducing compliance costs and removing anomalies.

It is another step in meeting the Government's objective of saving small businesses time and money.



Strengthening the Trade Practices Act to protect local businesses

Small businesses are best served through an open competitive marketplace.

To ensure fair competition, the Government has introduced the biggest reform to the Trade Practices Act in more than 20 years.

The reforms make it easier to prosecute powerful businesses engaging in anti-competitive behaviour.

The reforms include the strengthening of section 46 of the Trade Practices Act to stop powerful businesses engaging in predatory pricing in their dealings with small businesses.

Victims of predatory pricing will no longer need to prove the powerful business in question has the ability to recoup losses after sustained below-cost pricing.

This removes a legal requirement which had stymied the ability of business or the competition watchdog (the ACCC) to prosecute predatory pricing claims.

The Government has also delivered on its promise to provide small business with a permanent voice on the ACCC through the appointment of the former ACT Small Business Commissioner, Professor Michael Schaper, as a Deputy Chairperson of the ACCC.

These reforms will give the ACCC the tools it needs to promote competitive, fair trading.