

Standing up for
**SMALL
BUSINESS**

Labor's Small Business Policy





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SMALL BUSINESS

The entrepreneurial spirit of small business is alive in Australia, where the sector contributes more than \$40 billion to the national economy.¹ There are more than two million Australian small-to-medium enterprises (SMEs), representing 97.5 per cent of all Australian businesses.²

It was Labor's Wayne Swan who first championed the Instant Asset Write Off policy, now the centrepiece of Australian government investment in small business growth. Labor cares about Australian small businesses, and believes they deserve better if they are to compete, thrive, and employ in the modern economy. **That's why, if elected, Labor will ensure that small business continues to be represented at the Cabinet level, to ensure this vitally important sector is at the forefront of the highest level of decision-making in the Commonwealth.**

Through active consultation and engagement, we know there are many challenges facing established and emerging small businesses in this country, and we are committed to enabling and encouraging their success.

¹ Australian Bureau of Statistics FY 2016/17

² As above



TAX RELIEF

A Shorten Labor Government will deliver tax cuts for small and medium businesses, delivering certainty to the sector in a fiscally responsible way. Under Labor, small and medium-sized businesses with a turnover of up to \$50 million a year will have their tax rate reduced to 25 per cent by 2021-22.

Under a Shorten Labor Government, 99 per cent of businesses will receive a tax cut, no business will have their tax rate increased, and all businesses will be able to plan and invest with confidence and certainty.

Supporting this measure provides certainty to small and medium businesses. Labor will deliver the same tax relief for small business as the Coalition, but we'll do it without cutting schools or hospitals, or increasing national debt.

ATO APPEALS COMMISSIONER

Labor is committed to giving all taxpayers – particularly small businesses – a fair appeals process when dealing with the Tax Office.

Genuine concerns have been raised about engagement with small businesses facing tax disputes. A serious concern is the lack of a perceived and real structural separation within the Tax Office between staff who make tax assessments and those who handle disputes and appeals.

Labor will legislate to establish a new position of Second Commissioner (Appeals) within the Tax Office, to ensure small business disputes are given the care and attention they deserve.

Every small business is unique, and there is no ‘one-size fits all’ approach to tax disputes. One small business’ matters will differ from another’s. Therefore a separate appeals area in the Tax Office ensures small business disputes are given the care and attention they deserve.

ANTI-COMPETITIVE BEHAVIOUR

Small business owners and operators want an even playing field when they are competing in the market place. Feedback and surveys consistently show this is among the leading concerns of small businesses.

Anti-competitive behaviour damages the economy, jobs and future growth. Labor's reforms will improve access to justice for small business and level the playing field in cases of anti-competitive behaviour by big business.

At an early stage of the court case, the business will be able to request a 'no adverse cost order', preventing large legal fees of the defendant being transferred to the small business. This is a practical change for small businesses and is in the public interest.

After years of pressure, Labor's Small Business Access to Justice measures passed Parliament in 2019.



UNFAIR CONTRACTS

Currently, if a particular term in a standard form contract signed by a small business is found to be unfair by a court or tribunal, then that clause will be void and the small business will no longer be required to comply with it. There is no prohibition, however, against unfair terms being included in a contract.

There are no penalties or deterrents for inserting unfair contract terms into contracts, and seeking to have a term voided is a cumbersome and costly process, particularly for small businesses.

Labor will protect small business by making unfair contract terms illegal and punishable with significant fines of up to \$10 million. We will also expand the definition of small businesses eligible for protection from such contract terms.

In addition, Labor will ban unfair contract terms imposed by multinational online travel booking platforms on Australian accommodation providers, and support the competition watchdog to further inquire into so-called “price parity” clauses across other platforms.

SUPER COMPLAINTS

Many markets are heavily concentrated, and in recent years some of the biggest names in Australian business have been found to have engaged in anti-competitive and anti-consumer conduct.

Major consumer and small business advocacy groups will be empowered to make 'supercomplaints' about consumer rip-offs, under Labor's policy to support competition and small business.

Under Labor, selected peak consumer groups would be empowered to make a supercomplaint to the Australian Competition and Consumer Commission. This might involve issues such as energy pricing, credit card surcharges, misleading labelling or unfair terms in small business contracts.

PHOENIXING

Labor will crack down on dodgy directors who engage in ‘phoenix activity’, where they deliberately burn companies in an attempt to avoid their obligations to employees, government, subcontractors and small businesses.

Labor’s new plan will:

- Require all company directors to obtain a unique Director Identification Number with a 100-point identification check.
- Increase penalties associated with phoenix activity
- Introduce an objective test for transactions depriving employees of their entitlements
- Clarify the availability of compensation orders against accessories
- Consult on targeted integrity measures based on the recommendations of the Melbourne Law School findings
- Allow the Commissioner of Taxation to name individuals and entities as a penalty for the most serious tax offences, starting with phoenixing, as well as the power to apply to ASIC to have them formally seek disqualification orders for directors who engaged in or oversaw serious non-compliance

Through these measures Labor will crack down on the costly fraudulent phoenix activity hurting Australian employees, small businesses, subcontractors, and families.

Additionally, Labor will implement a Tradie Pay Guarantee, a Tradie Litigation Fund, and a series of reforms to detect, deter, and punish fraudulent phoenix operators hurting honest small businesses and employees.

AUSTRALIAN INVESTMENT GUARANTEE

Labor's Australian Investment Guarantee will allow all businesses in Australia to immediately deduct 20 per cent of any new eligible asset worth more than \$20,000, with the balance depreciated in line with normal depreciation schedules from the first year.

This tax relief will be available when businesses buy a range of assets such as:

- Trucks and utes
- New machinery and equipment
- Office or shop furniture and fittings
- Patents or copyright

Under Labor's Australian Investment Guarantee, only companies that make the decision to invest in Australia will benefit from this tax relief.

Additionally, the Australian Investment Guarantee is permanent – that means businesses can continue to take advantage of the immediate tax deductibility whenever they make a new investment in an eligible asset.

NBN

The most fundamental change facing local small businesses is the rise of e-commerce. It has enabled businesses from around the world to be competitive in our Australian market, and opens opportunities for Australian businesses on the world stage. This means that quality access to the internet and digital capabilities is paramount to the success of Australian business.

Unfortunately the Coalition Government has mismanaged the National Broadband Network, resulting in widespread delays and issues with the infrastructure rollout. **Labor is calling for Fibre to the Curb (FTTC) at a minimum, instead of Fibre to the Node (FTTN), in the areas where that remains feasible, to provide businesses with a faster and more reliable connection.**

Additionally, Labor will establish an NBN Service Guarantee that will deliver better protections for small business and consumers. The Service Guarantee will set regulated timeframes and wholesale service standards which will be enforced through financial penalties.

ADVANCED MANUFACTURING FUTURE FUND

Labor will establish a new \$1 billion Australian Manufacturing Future Fund to drive innovation and help Australian manufacturers grow their businesses and create new jobs.

Modelled on Labor's successful Clean Energy Finance Corporation, the Australian Manufacturing Future Fund will leverage finance in order to help Australian enterprises make the successful transition into high value production. This in turn will create high-skill jobs, support firms linking in to global supply chains and diversify the Australian economy.

Labor wants Australia to be a successful advanced manufacturing nation, and Australian small business growth is pivotal to this goal.

A BETTER DEAL FOR AUTO DEALERS

Labor will drive a better deal for auto dealers by levelling the playing field between the overseas multinationals that manufacture cars and the small businesses that operate car dealerships.

Labor will implement an industry-specific code through regulations under the Competition and Consumer Act to deliver clear rules for manufacturers and dealerships. The current power imbalance means manufacturers can impose contract terms and set dealership expectations which are to their own advantage, making it difficult for local dealers to properly look after their customers.

The pressure this creates on dealers impacts on small business and can affect how cars are serviced and repaired, and how warranty claims are handled. The independent code will create a set of rules that both the manufacturers and dealers must observe when establishing expectations around dealer conduct.



YOUR CAR, YOUR CHOICE

Labor commits to putting more money back into the pockets of car owners and giving 23,000 independent repairers a boost with a plan to make car manufacturers share their technical information so that vehicles can be serviced by any mechanic.

Labor's policy will require car manufacturers to share technical information with independent mechanics on commercially fair and reasonable terms, with safeguards that enable environmental, safety and security-related technical information to be shared with the independent sector.

This reform will not only deliver savings to drivers, who will have better choice and easier access to repairs, but also create a level playing field for independent mechanics and small businesses owners who will be able to stay in business as a result.

LABOR STANDS UP

Labor is committed to incentivising growth and investment, and supporting industry specific initiatives for Australian small to medium businesses.

We aim to boost our vibrant small business community and diversify Australia's economy, while still investing in our world class education and strengthening quality healthcare across the country.

Our Labor team is diverse: we have previous small business owners in our Parliamentary caucus, and many more former employees of small or family businesses.

We understand that none of the great nation-building projects and social institutions that Labor has established for this country - neither Medicare nor the NDIS - would be possible without a strong national economy.

FOR SMALL BUSINESS

Small and medium businesses are pivotal to our economic prosperity.

That's why under a Labor Government, 99 per cent of businesses will receive a tax cut, no business will have their tax rate increased, and all businesses will be able to plan and invest with confidence and certainty.

Labor will always welcome the input of Australian small businesses, and will continue to discuss, in good faith, how we can work together in the best interests of small business and Australia.



Bill Shorten

Leader of the Opposition



Chris Bowen

Shadow Treasurer; Shadow Minister for Small Business



Madeleine King

Shadow Minister for Consumer Affairs;
Shadow Minister Assisting for Small Business



Dr Andrew Leigh

Shadow Assistant Treasurer;
Shadow Minister for Competition and Productivity.

