Australian Government

Backing Small Business

Creating jobs, opportunity and growth

Updated! Your Budget 2017-18 Edition!

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CONTENTS

CREATING A THRIVING SMALL BUSINESS SECTOR	1
TAX REFORMS AND SIMPLIFICATION	2
CUTTING RED TAPE AND SAVING YOU TIME	6
GETTING THE INFORMATION YOU NEED	8
AUSTRALIAN SMALL BUSINESS AND FAMILY ENTERPRISE OMBUDSMAN	9
EMPLOYING AND TRAINING	10
HELPING SMALL BUSINESSES COMPETE	12
CONNECTING BUSINESSES TO CUSTOMERS	14
ENTREPRENEURS AND START-UPS	16
INNOVATION	19
SUPPORTING SMALL BUSINESSES IN OUR REGIONS	20
AGRICULTURE	22
EASIER EXPORTING AND IMPORTING	24
HOW ARE AUSTRALIAN SMALL BUSINESSES BENEFITING FROM OUR FREE TRADE AGREEMENTS?	26
WHERE CAN I GO FOR FURTHER INFORMATION?	29

CREATING A THRIVING SMALL BUSINESS SECTOR

The Hon
Michael McCormack MP

Minister for
Small Business

We are here to back small business!

Every small business is the realisation of someone's dream.

Australia's economy is strong thanks to small business people taking a risk and pursuing their dream.

A strong small business sector means more jobs for Australians and more opportunities to build vibrant local communities across the country.

Small business is Australia's job creator. With 3.2 million small businesses employing 5.6 million Australians, the small business sector makes a big contribution to our economy.

Small Businesses make up 99 per cent of all Australian businesses, contributing around $380 billion to the economy.

The Federal Government backs small business.

Through lower taxes, simpler paperwork, help to purchase new equipment and access to new markets through trade agreements, we want to keep small business in the driver's seat.

Lower taxes will enable small business to grow and invest in their business and create more jobs.

Simpler paperwork means small business will have more time to spend in their business and with their family and friends.

Faster depreciation deductions help small business invest in the new equipment they need to have a go.

Three new trade agreements means our small businesses — especially farmers — can access new markets to sell their products and services around the world and create more jobs.

This is just the start of the Government's plan for small business.

This handbook is your guide to the support, programmes and advice the Australian Government and its agencies provide for small business.

The Government wants to partner with small business to see it prosper for many years to come.

So take advantage of this support and see your dream become a reality!

Warm regards

The Hon Michael McCormack MP
Minister for Small Business

TAX REFORMS AND SIMPLIFICATION

The Government is committed to helping small businesses grow the economy and create local jobs.

Tax Reform

The Government believes in a better tax system. It should reward people for the effort they put into their business. That's why we want to create an environment which cuts small business taxes, supports innovation and encourages investment. This will provide real opportunities for Australians who want to work, save and invest.

Tax cuts for small business

Tax cuts for small business have been a centrepiece of the Government's Budget for the past two years. Lower taxes help more small businesses expand, innovate and hire more people. That's why the 2016–17 Budget built on the tax relief provided as part of the Government's Jobs and Small Business package, which was announced in the 2015–16 Budget.

For eligible businesses with turnover less than $10 million, the company tax rate was cut to 27.5 per cent in 2016–17 — its lowest level in 50 years. The lower tax rate has been extended to companies with turnover less than $25 million in 2017–18 and will be extended to companies with less than $50 million turnover in 2018-19. The tax rate will then be phased down to 25 per cent by 2026–27.

In addition, the Government is progressively increasing the tax discount for unincorporated small businesses from 5 per cent to 16 per cent and making it available to more businesses. In 2016-17 the tax discount was increased to 8 per cent and the threshold was increased to turnover of less than $5 million, allowing around 30,000 more unincorporated businesses to access the discount.

These ongoing tax cuts will improve small business cash flow, enabling them to reinvest to grow their business and create local jobs.

Simplifying Business Activity Statement (BAS) reporting requirements

The ATO has developed a simpler BAS solution to deliver small businesses time and cost savings associated with GST bookkeeping and reporting.

From 1 July 2017, small businesses are only required to report:

- GST collected on sales;
- GST entitled to be claimed on purchases; and
- Total sales.

The requirement to report Export sales, other GST free sales, Capital purchases and Non-capital purchases has been removed. This will simplify account set-up, bookkeeping and make reporting GST on the BAS much easier. It will also enable small businesses to work with their tax professional on growing their business instead of form filling.

User testing of the Simpler BAS conducted throughout 2016-17 with small businesses, tax professionals and software developers confirmed that the Simpler BAS will reduce GST compliance costs for small business.

Simpler BAS is the default reporting method for all small businesses from 1 July 2017.

Visit **www.ato.gov.au/Business/Business-activity-statements-(BAS)/Goods-and-services-tax-(GST)/Simpler-BAS** to find out more.

For more information on small business tax concessions please visit **www.ato.gov.au/business/small-business-entity-concessions.**

Immediate deductions for small businesses

The Government is continuing to support small businesses to invest in their business by helping them replace or upgrade their machinery and equipment.

The Government understands how important the instant asset write-off is for small business, so it has been extended by a year.

All small businesses with turnover less than $10 million are eligible to immediately deduct assets costing less than $20,000 each, that were purchased on or after 1 July 2016 and used or installed ready for use on or before 30 June 2018 (following the 12 month extension in the 2017-18 Budget).

The increased access to the deduction will encourage more businesses to invest in the assets they need to grow their business and service their customers.

Extending small business tax concessions

The Government has increased the small business turnover threshold from $2 million to $10 million in order to allow more businesses to access the small business tax concessions. These changes will benefit over 90,000 additional businesses. The increase in the turnover threshold means that businesses with turnover less than $10 million are able to access a range of tax concessions including:

- simplified depreciation rules including immediate tax deductibility of certain assets;
- simplified trading stock rules;
- a simplified method of paying PAYG instalments calculated by the ATO;
- the option to account for GST on a cash basis and pay GST instalments as calculated by the ATO; and
- certain Fringe Benefits Tax concessions.

Increasing access to company losses

Simpler tax rules will soon make it easier for companies to claim losses when they seek new opportunities to innovate and grow.

A new and more flexible 'similar business test' will be introduced, relaxing the current 'same business test', to allow businesses to access past year losses when they have entered into new transactions or business activities.

The ability to offset losses against future profits is particularly important for small innovative companies, as they are often cash-poor with less diverse income streams in comparison to well-established businesses.

Levelling the playing field for Australian business

Combating multinational tax avoidance

Multinational companies operating in Australia should pay their fair share of tax.

The Multinational Anti-Avoidance Law (MAAL) and the Diverted Profits Tax (DPT) are part of the Government's efforts to combat tax avoidance by multinational companies operating in Australia.

The MAAL (which took effect in 2016) and the DPT (which took effect from 1 July 2017) will ensure that multinationals pay their fair share of tax on their profits earned in Australia.

A fairer GST system

The Government has passed legislation to ensure vendors of offshore low value goods face equivalent GST treatment to low value goods which are sourced domestically. This will help level the competitive playing field for Australian-based businesses.

From 1 July 2018, the new law will require overseas vendors, online marketplaces and redeliverers (international mailbox or shopping services) — many of which are multinationals — to register, collect and remit GST on supplies of low value goods to consumers in Australia if they have GST turnover of $75,000 or more.

Black Economy Taskforce

The Black Economy Taskforce has been established to develop an innovative, forward-looking whole-of-government policy response to combat the black economy in Australia, recognising that these issues cannot be tackled by traditional tax enforcement measures alone. Participation in the black economy penalises honest taxpayers, undermines the integrity of Australia's tax and welfare systems and creates an uneven playing field.

The Government has released the Taskforce's Interim Report and has accepted its recommendations for immediate action.

The Final Report of the Taskforce, due in October 2017, will consider further measures to counter the black economy.

For more information visit **www.treasury.gov.au/blackeconomy**

Case study — Sole trader builder

Joel is a builder who operates as a sole trader.

Joel's business has an annual turnover of $2.1 million and taxable income of $100,000 (excluding deductions for asset purchases) in the 2016–17 financial year. Half way through the financial year Joel purchased a new bobcat for his business costing $15,000, exclusive of GST.

Previous law

Under the previous law Joel would have paid tax at his marginal tax rate and depreciated the bobcat over a seven year period. Assuming a diminishing value method of depreciation, Joel would have been able to claim a depreciation deduction of around $2,150, which would have reduced his tax liability to approximately $25,800 (including the Medicare levy) in 2016–17.

As his turnover is more than the previous $2 million small business turnover threshold he would not have been eligible for the unincorporated small business tax discount which could reduce his tax bill by 5 per cent, nor could he claim an immediate deduction for the purchase of this asset.

The personal tax rates were reduced in 2016–17 by increasing the threshold from which the 37 per cent marginal rate applies from $80,000 to $87,000. Thus Joel benefits from the personal income tax cut under both the previous law and current law scenarios.

Current law

Under the current law, following the Government's tax reforms, Joel's tax bill on his business income is reduced by the 8 per cent unincorporated tax discount up to the cap of $1,000, as he will be under the increased $5 million threshold. He can also claim an immediate deduction of $15,000 for the bobcat.

Benefit

As a result of these changes, Joel's tax liability is reduced to around $19,900 (including the Medicare levy) in 2016–17, leaving him around $5,900 better off.

Superannuation

Paying the right amount for an employee's Superannuation Guarantee or determining whether a worker is a contractor or employee for tax purposes is now easier, thanks to an ATO online tool.

SuperStream is the way employers pay and report super contributions for their employees. SuperStream requires all parties — employers, APRA funds and self-managed super funds (SMSFs) — to process superannuation contributions electronically in a standard format. SuperStream makes super simple for employers as they can make one payment for all super contributions, regardless of the number of employee-choice funds they contribute to, saving time and effort in meeting their obligations.

The Small Business Superannuation Clearing House is a free, optional service for small business employers and is one way employers can be SuperStream compliant. Small businesses can make their Superannuation Guarantee contributions as a single electronic payment and the Clearing House distributes payments to their employees' chosen superannuation funds. The Clearing House is reducing red tape and compliance costs for more than 260,000 small businesses.

Wine Equalisation Tax (WET)

Australia's wine industry drives investment and creates many jobs throughout rural and regional Australia. In a win for local jobs and production, the Government will provide $50 million over four years to the Australian Grape and Wine Authority to promote Australian wine overseas and wine tourism within Australia. This will open the way for industry to make the most of new opportunities through free trade agreements and increase wine exports to existing markets.

The WET rebate will be reformed to improve its integrity and better target support to small wine producers in rural and regional Australia. From 1 July 2018, eligibility for the rebate will be tightened, including by requiring wine producers to own at least 85 per cent of the grapes used to make the wine throughout the winemaking process, and limiting the rebate to wine branded with a registered trademark, and packaged in a container not

exceeding five litres. The rebate cap will also be reduced from $500,000 to $350,000 from 1 July 2018.

To help industry adjust to the lower rebate cap and to encourage regional wine tourism, the Government will introduce a grant programme to allow producers who exceed their cap to access a grant of up to $100,000 for their direct to consumer sales. The grant will be available in 2019-20, with the programme capped at $10 million per year.

These reforms come on the back of extensive consultation with the wine industry, and will set the industry in a stronger, long term position.

The Government has also listened to the wine industry and acted to ensure the original intent of the WET continues, so producers and communities can keep creating local jobs across Australia.

Extended excise refund scheme for distillers

Whisky, vodka, gin and liqueur producers, as well as producers of low-strength fermented beverages such as non-traditional cider, are benefiting from 1 July 2017 thanks to sensible changes from the Australian Government. The brewery excise refund scheme, which provides eligible breweries with a refund of 60 per cent of excise paid — up to $30,000 per financial year — has been extended to domestic spirit producers.

This change will provide a boost to approximately 100 distilleries in Australia including many new whisky distillery start-ups in Tasmania.

ATO tools and calculators

Small businesses are time-poor, which is why the ATO has a number of tools and calculators to help small businesses make payments and plans simpler.

The ATO app makes it easy to manage tax and super on the go, with a range of different tools and calculators. For example, the ATO recently expanded myDeductions in the free app to allow sole traders with simple tax affairs to record business income and expenses as they happen. It's a quick and easy way to get into good record-keeping habits and to avoid the hassle of lost and faded receipts at tax time.

Sole traders who prepare and lodge their own tax return can now use myTax.

There is also an improved tool which makes it easier to claim and calculate fuel tax credits.

The ATO has developed a Personal Services Income (PSI) decision tool to provide certainty and to help people in small business to understand and correctly report their personal services income in their tax return. The tool is available on **www.ato.gov.au** and sole traders can use the tool in myTax.

ATO Online Services is an online service sole traders can use to manage activity statements and PAYG instalments, view income tax account and lodgement history, and make payment arrangements.

Information and help from the ATO

We know many businesses cannot call during business hours — that's why the **ATO afterhours call back service** accommodates busy small business owners by offering a call back facility between 6pm and 9pm, Monday to Thursday.

The ATO also offers small business live chat support. These services are available online at **www.ato.gov.au/sba**, between 3pm and 9pm Monday to Friday, and from 10am to 4pm Saturday.

The ATO's voice authentication service saves small business owners time by connecting them directly to ATO advice without the need for a lengthy identity process each time they contact the ATO.

Small businesses now have access to the ATO's virtual assistant 'Alex'. Alex is available 24/7 to help small businesses with their tax and super queries. They can ask questions about tax as if they were talking to a person, reducing the need to call the ATO.

Manage ABN Connections

Small business owners and their authorised representatives can now connect an ABN to their personal myGov account and use their myGov log in details to access a number of government online business services which currently require an AUSkey. Business can be conducted anytime, anywhere because the service is compatible with all browsers and devices.

Small Business Newsroom

To keep up-to-date with tax and super news and changes, small business owners can subscribe to the ATO's Small business newsroom email service. Regular and reliable information will be delivered directly into your email inbox. To subscribe, visit **www.ato.gov.au/sbnews**.

Educational support

The ATO has interactive webinars and face-to-face education sessions, workshops and business events to help small business understand and be able to meet their tax and superannuation commitments. For example, record-keeping and tax essentials workshops are available.

Cash flow management education

To support small business, the ATO is working with Accountants, Bookkeepers and Business Advisors to provide practical, easy to use tools that assist small business to understand and identify actions they can take to improve their cash flow and meet their financial commitments.

CUTTING RED TAPE AND SAVING YOU TIME

Cutting red tape

Reducing red tape and regulations will enhance competition, decrease business costs and give business owners more time to run and grow their business.

The Government set a target of reducing red tape by $1 billion per year, but has already removed $5.8 billion between 2013 and 2016.

However, States and Territories continue to impose a wide range of regulatory restrictions that unnecessarily prevent small businesses from growing and creating jobs. Through its National Partnership on Regulatory Reform, **the Government will provide up to $300 million over two years** to States that reduce necessary regulatory restrictions on competition and small businesses.

Better and more accessible digital services

Australians love technology and are keen to embrace it in every part of life. The growing trend towards technology means Australians expect to access world-class services on the go through their mobile service.

The Government is investing in digital technology to improve the quality and accessibility of government services. We know small business owners are time poor. That's why our vision is that it should be simple and fast to get things done with government.

Examples include easier tax compliance through a number of new ATO digital initiatives such as: allowing sole traders to prepare their own tax return using MyTax; an online calculator for salary-sacrificed meal entertainment expenses; a new tool to claim fuel credits; and a new ATO app to make it easy to manage tax and superannuation on the go.

In the next year, employers with 19 or fewer employees will be able to choose to streamline the way they report payroll and superannuation information to the ATO through Single Touch Payroll.

The business.gov.au Grant Finder makes it easier for small businesses to find and apply for grants. Starting a new business will never be easier with the streamlined online business registration, which allows businesses to make a number of key registrations in one website.

For more information on the Government's digital transformation agenda, visit **www.dta.gov.au.**

Fixing small business problems across government

Small Business Fix-It Squads are projects where small business owners, all levels of government and intermediaries work together to fix problems and make dealing with government simpler.

The fix-it squad develops recommendations to fix the problem and Government agencies then work together to implement the recommendations as quickly as possible.

To date, the fix-it squads have delivered new and improved tools which make it easier for small business when:

- hiring an employee;
- starting a small business;
- completing the business activity statement (BAS);
- restructuring from a sole trader to a company; and
- selling or closing their business.

Further products are under development which will:

- help people earning income through task-based sharing economy platforms (such as Airtasker) to better understand the government regulations that apply to them; and
- help small businesses in the building and construction industry to recognise the signs of business failure and take action to avoid it.

Recommendations designed to make it easier for drought-affected farmers and their communities to find information about available government assistance are also under consideration.

You can find out more about the Small Business Fix-It Squads by visiting **www.ato.gov.au/fixitsquads**

National Business Simplification Initiative

To make it easier to set up a small business and deal with government, governments have agreed to work together to make it simpler to do business in Australia.

The National Business Simplification Initiative, will help existing businesses grow and remove barriers to new business creation, which will help innovation flourish and create more jobs.

It will improve the business environment through two key focus areas. Firstly, it will tackle the burden of unnecessary red tape — particularly duplication across different levels of government. Secondly, it will help small business deal with government more simply by improving access to government information and providing enhanced digital services.

Work is already underway on several projects which will see the Government working with State, Territory and Local Governments to simplify regulation and streamline services. These projects are sensible, flexible, time-limited and focused on delivering value to business quickly.

Further projects will continue to be developed to form a pipeline of business simplification efforts and streamline regulation.

More information can be found at
www.business.gov.au/news/were-simplifying-business-in-australia

Business Registration Service

To make it easier registering your business online, the Government has developed a single online business registration service. Hosted on business.gov.au, it allows users to apply for multiple business and tax registrations in the one place, meaning businesses will no longer need to contact multiple agencies to register.

Transforming Government procurement

The Government wants to tap into the cutting-edge thinking of Australia's SMEs to find the most innovative and practical solutions to policies and Government services. To achieve this, the Government announced the Business Research and Innovation initiative in August 2016.

For more information visit **www.business.gov.au/assistance/business-research-and-innovation-initiative**.

To make it easier for smaller businesses to compete for the Government's $9 billion procurement of ICT, the Digital Marketplace is leveling the playing field for start-ups and SMEs in competing for government spending on digital services. By simplifying the procurement process for government buyers, the Digital Marketplace is encouraging buyers to open their procurement to more sellers of digital services, which is increasing competition and providing more opportunities for small businesses. By equally simplifying the process for those sellers, the Digital Marketplace is making it faster and less resource-intensive to compete for government business

For more information visit **marketplace.service.gov.au**

To simplify Government procurement, the Government has developed the Commonwealth Contracting Suite. This will streamline and simplify procurements under $1 million, creating one system across Commonwealth contracts.

The Government also understands small business is not a bank. That's why the Supplier Pay On-Time or Pay Interest Policy requires Government agencies to pay invoices for contracts valued up to $1 million no later than 30 days. If this timeframe is not met, interest must be paid to the supplier if more than $100 interest has accrued.

As consumers and businesses rely more on EFTPOS, the Government has introduced a policy that credit card is the preferred method to pay suppliers for eligible payments below $10,000. This facilitates timely payment to suppliers, assists with their cash flow and reduces the cost to business in supplying to the Commonwealth.

For more information visit **www.sellingtogov.finance.gov.au**

GETTING THE INFORMATION YOU NEED

Business | business.gov.au 13 28 46 Delivered by AusIndustry™

business.gov.au is a one-stop-shop for business to access Government information, programmes and support.

business.gov.au

Business.gov.au supports small businesses to find information. The business.gov.au contact centre (13 28 46, email and webchat) enables small businesses to access essential information and services. Business.gov.au is there to help with starting, running and growing a business. The contact centre has a dedicated team of advisers with extensive experience in small business and independent contracting. They advise on a wide range of issues, including finance and accounting, marketing, advertising, small business counselling and information technology. Support through phone, email or webchat is available from 8am to 8pm AEST nationally.

Australian Small Business Advisory Services Programme

The Australian Small Business Advisory Services (ASBAS) programme provides low-cost advisory and information services to small businesses and potential future small businesses on:

- funding avenues and financial analysis;
- building your business;
- making the most of your talent and team;
- management capabilities; and
- digital engagement implementation.

More information on ASBAS can be found at **www.business.gov.au/asbasfactsheet**.

New-to-business essentials

The ATO is working with the Department of Industry, Innovation and Science to provide timely and relevant information to those who have just started their business through a series of emails. This provides them with useful information they may not otherwise know in their crucial first twelve months of business.

For more information visit **www.business.gov.au/new-to-business-essentials**.

AUSTRALIAN SMALL BUSINESS AND FAMILY ENTERPRISE OMBUDSMAN

Open for business

The office of the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) opened in March 2016, with Kate Carnell AO, a former small business owner herself, appointed to undertake the role.

The Ombudsman is an independent advocate for small business owners. The office has the legislative power needed to effectively influence law-makers, encouraging laws and rules to be put in place to help small businesses grow, as well as to help support the freedom to innovate, employ and thrive well into the future.

What does the Ombudsman do?

The role of the ASBFEO is to:

- advocate for small businesses and family enterprises;
- provide assistance to small businesses through access to dispute resolution services; and
- ensure government policies are small business friendly.

"In this role I will seek to bring together the many voices within the small business and family enterprise community in a way that promotes growth in this vital sector."

Kate Carnell, ASBFEO

How to get in touch?

There are a number of ways small businesses can get in touch with the ASBFEO office:

1300 650 460
info@asbfeo.gov.au
www.asbfeo.gov.au
@ASBFEO
@ASBFEO_AU
GPO Box 1791, Canberra ACT 2601

EMPLOYING AND TRAINING

Finding and retaining employees with the right skills is crucial for small business growth. Access to a highly-skilled workforce allows business to take advantage of new opportunities, and to grow and change in response to developments in technology.

Employment growth

When small businesses grow, there are more jobs for Australians. In 2016 around 100,000 new jobs were created, meaning more Australians are in work than ever before.

Small businesses are integral to the Government's jobs strategy, Australia's 3.2 million small businesses provide employment for 5.6 million Australians.

Training Product Development Programme

We understand small businesses need workers with the skills necessary for that business. That's why the Government is targeting the needs of Australian industry, so people looking for jobs develop the specific skills employers require.

This means employee training is better aligned with jobs in the modern economy and will help boost economic growth, business productivity and employment outcomes.

Further information can be found at **www.aisc.net.au**.

Wage subsidies

The Australian Government provides financial incentives of up to $10,000 (GST inclusive) to help employers hire new staff. Wage subsidies are delivered and managed by employment services providers and employers can receive a kickstart payment of up to 40 per cent four weeks after the job starts.

Jobs can be full-time, part-time or casual and need to be an average of at least 20 hours per week, over the six months of the wage subsidy agreement. Apprenticeships and traineeships are also eligible to attract a wage subsidy.

The new employee must be registered with an employment services provider which can be jobactive, Transition to Work, Disability Employment Services or the Community Development Programme.

Contact a provider today to find out more about wage subsidies **https://jobsearch.gov.au/find-the-right-fi**t and see **https://jobsearch.gov.au/employer-info/wage-subsidies**.

HELPING YOUNG PEOPLE FIND JOBS IN BUSINESS

As jobs are created across the economy, the Government wants to ensure young Australians are given a start in small business.

The Government is investing $855 million in the Youth Employment Package.

The key initiative in the package, the Youth Jobs PaTH (Prepare, Trial Hire), assists eligible young people under 25 years of age to:

- Prepare — intensive pre-employment training endorsed by industry to help young job seekers better meet the needs of employers;
- Trial — voluntary internship placements of 4 to 12 weeks, to help young job seekers gain valuable work experiences in businesses. It will allow businesses to trial a young person and see if they are the right fit for their business. Businesses receive a $1000 payment to host an internship and the young person receives a $200 incentive payment on top of their fortnightly income support payments; and
- Hire — enhanced wage subsidies of up to $10,000 for employers who hire an eligible young job seeker.

More information can be found at **www.employment.gov.au/youth.**

Fair Work Ombudsman

Small Business Helpline (13 13 94)

Not sure of your employment obligations? The Fair Work Ombudsman's small business helpline is there to provide small business people with a priority service to help with quick, easy and targeted employment advice. Since its launch in December 2013, the Small Business Helpline has answered more than 380,000 calls.

Pay and Conditions Tool (PACT)

This mobile-friendly tool provides simple, accurate, real time wage information to help small business owners understand their employment obligations and ensure their employees receive the correct pay. The tool has had more than 8 million visits since it was launched in May 2015 and can be accessed at **www.calculate.fairwork.gov.au**.

Hiring New Employees Guide

The Fair Work Ombudsman's 'A guide to hiring new employees' helps small business people find the right employee for their workplace and gets them started on the right track. The guide can be downloaded at **www.fairwork.gov.au/hiring**.

Online training

The Fair Work Ombudsman has online training courses available for both employers and employees for dealing with issues in the workplace.

The courses for employers and managers focus on how to maintain good performance from employees, how to attract the most suitable candidates and how to conduct interviews and inductions.

These courses are free and only take around 20-40 minutes to complete. The courses can be found on the Fair Work Ombudsman's online learning centre at **www.fairwork.gov.au/learning**.

Visit **www.fairwork.gov.au/smallbusiness** for more small business employment information and help.

Supporting apprenticeships

Many new jobs in small businesses are apprenticeships. For small business people and apprentices, giving a young person a start with on-the-job training can help a small business expand and create more local jobs.

The $395 million Australian Apprenticeships Incentives Programme, administered by the Australian Apprenticeship Support Network, provides targeted support services to around 280,000 apprentices and trainees and more than 50,000 employers currently engaged in Australian apprenticeships.

This new approach reduces paperwork, streamlines payment incentives and ensures the 'right fit' by matching apprentices with employers' individual needs — from the pre-commencement phase through to completion.

More information can be found at **www.australianapprenticeships.gov.au/employers.**

Help to get the right employees

jobactive connects job seekers with employers and is delivered by a network of jobactive providers in more than 1,700 locations across Australia. It has recorded placements of approximately half a million jobs since July 2015. The Government has also introduced greater flexibility to wage subsidies.

HELPING SMALL BUSINESSES COMPETE

Competition and productivity reforms

To help small businesses compete on their merits, we need to get competition law right. The independent Competition Policy Review was the first comprehensive review of Australia's competition framework in more than 20 years and delivers on a key election commitment. The Government announced its response in November 2015, highlighting our commitment to reinvigorating competition reform and harnessing the benefits it brings for the economy, small business and all Australians.

Section 46 — misuse of market power

That's why we are fixing the competition law. The Government's proposed amendment to section 46 of the *Competition and Consumer Act 2010* will prevent firms with market power engaging in behaviour which harms the competitive process. This change recognises all businesses — big and small — should compete on their merits and not be unfairly excluded by rivals.

Competitive markets help small business

Effective markets encourage businesses to improve and develop new products and services. This rewards the most innovative and dynamic businesses which provide the best services for the best value. Competition allows households and consumers to benefit by giving them more products and services to choose from and better value for money.

Competition Policy Review

Among the Government's first actions following its election was to ask Professor Ian Harper to chair a panel to conduct an independent 'root and branch' review of competition policy.

The Competition Policy Review made 56 recommendations to revitalise competition policy at both the Commonwealth and state level, reshape competition institutions, and modernise and simplify Australia's competition laws. The goal is to ensure markets work in the long term interests of Australians.

For more information about the recommendations of this review and the Government's response, please visit **www.competitionpolicyreview.gov.au**.

Benefits for small business

The Government is taking real action to support competitive small businesses.

Access to remedies
The Government supports the Australian Competition and Consumer Commission (ACCC) improving communication with small business and more actively connecting small business to alternative dispute resolution schemes.

Improved collective bargaining
Small business will have more flexibility and increased information, to help improve their bargaining position under competition law.

Enabling business to compete with government
In industries where the Government operates as a business, we are ensuring there is a level playing field against competitors — the competitive neutrality rules — so Government business activities do not unfairly impact on small businesses.

Removing unnecessary barriers
The Government is undertaking a competition regulation review to remove unnecessary barriers to businesses wanting to compete in markets.

Extending unfair contract terms protections

While every small business person is busy working in their business to create jobs and provide services for Australians, not all are trained in the law. That's why the Government has extended protections and simplified small business contracts.

Thanks to changes in effect from 12 November 2016, small businesses have the unfair contract term protections previously only available to consumers. This means small businesses, like consumers, are no longer vulnerable to the inclusion of unfair terms in standard form contracts.

Small businesses are now able to have an unfair term declared void if, at the time of agreeing to a standard form contract, it had fewer than 20 employees and the value of the contract did not exceed $300,000 or $1 million for contracts longer than 12 months. Guidance material for businesses can be found online at **www.accc.gov.au/uct**.

Industry Codes

The Government continues to work with industry to improve transparency and ensure a fair go for small business participants.

The new Franchising Code of Conduct, introduced in 2015, strengthens protections for franchisees during their unique relationship with franchisors.

The Food and Grocery Code of Conduct ensures that supermarkets covered by the Code deal with their suppliers in good faith, which builds trust and respect in Australia's grocery sector.

More information about these Codes can be found at **www.accc.gov.au**.

ACCC online education

The ACCC provides online education for small businesses to help understand their rights and responsibilities under Australian Competition and Consumer Law. More information can be found by visiting **www.accc.gov.au** and searching for Small Business or calling the Small Business Helpline on 1300 302 021.

Supporting innovative finance solutions

Financial technology — or FinTech — is changing how businesses and consumers interact. It drives new products and services which enhance competition and create new jobs right across the economy. This is why the Government is supporting FinTech as part of our innovation future.

Through the development of new credit models and access to a wider range of data, FinTech is opening the doors to new forms of financing — such as marketplace lending, crowd-sourced funding, and invoice and online supply chain finance. These provide opportunities for small enterprises seeking finance.

Regulatory Sandbox

FinTech businesses need a licence to operate in Australia. But the Government understands businesses need to test a new product to ensure it meets consumers' needs. That's why the Australian Securities and Investments Commission (ASIC) has developed the Regulatory Sandbox, which provides a world-class waiver to eligible FinTech companies to test certain specified services for up to 12 months without a licence. We understand there is a need for flexible laws which respond to changes in the market and this is what the Regulatory Sandbox delivers.

CONNECTING BUSINESSES TO CUSTOMERS

The National Broadband Network

Faster internet means better small businesses. The Government understands this and is investing $29.5 billion in the National Broadband Network (NBN).

The NBN will enable more Australians to access a fast and reliable internet service – and run a small business – from almost anywhere. The NBN aims to foster productivity and provide a platform for innovation to deliver economic and social benefits for all Australians.

The Government is committed to completing the NBN and ensuring all Australians have access to very fast broadband as soon as possible, at affordable prices.

NBN Co Ltd (nbn), the company delivering this commitment, will do this through a multi-technology mix, which matches the right technology to the right location and makes use of existing infrastructure where possible. nbn plans to complete the network by 2020 to enable all Australian homes and businesses to order a high speed broadband connection.

More than 4.5 million Australian homes and businesses can already order a service on the NBN, with more than 2.0 million already connected.

Businesses with an active connection to the network will be able to enjoy the benefits of fast broadband. These include operating with greater speed, with more sophisticated technologies, enabling enhanced connectivity and collaboration. It also has the benefit of providing businesses with greater flexibility and increased access to global markets.

For more information, visit **www.nbnco.com.au/connect-home-or-business/information-for-business.html**.

Supporting the Digital Economy

Economic growth and prosperity in the 21st Century is driven by digital technology. The Government wants Australian small businesses to innovate, provide new services and create new jobs to help our economic prosperity.

Along with Australia's free trade agreements, the internet has broken down barriers to entry, making it easier than ever before for our businesses to access new markets. As more of the world's population becomes connected, a far larger market becomes accessible to Australians. This is good news for our economy. It provides many opportunities for businesses across every sector, from agriculture to tech start-ups right across Australia.

To support Australian businesses embrace the challenges of the evolving business environment and seize new opportunities, the Government is creating a supportive business environment. Through reducing red tape, improving business connectivity, investment in the NBN, and boosting innovation through the National Innovation and Science Agenda. The Government is also working with partner countries and international organisations, to ensure the framework for global e-commerce supports the interests of Australian firms and consumers.

Advancing Australia's Cybersecurity

In a world of increasing business activity online, small businesses need to invest in cyber security to keep themselves and their businesses safe. That's why the Government has released the Cyber Security Small Business Programme, to help small businesses by offering a grant to test their cyber security.

The Programme also provides a grant to the Council of Registered Ethical Security Testers (CREST) Australia and New Zealand to expand its range of cyber security services to include small businesses. From 2018–19, applications for co-funded grants of up to $2,100 will open for small businesses to access cyber securitytesting by a CREST-approved provider. This programme is delivered under the Government's Cyber Security Strategy.

More information on the Cyber Security Strategy can be found at **https://cybersecuritystrategy.dpmc.gov.au**.

Information on the program can be found at **www.business.gov.au/assistance/cyber-security-smallbusiness-program**.

Transport infrastructure

To help businesses grow and make the most of new markets, the Government knows freight must move efficiently from paddock or pallet to port.

We are committing over $70 billion from 2013-14 to 2020-21 to transport infrastructure across Australia, using a combination of grant funding, loans and equity investments, to improve long-term productivity, increase and spread Australia's economic growth, and deliver higher incomes for Australians..

There are currently more than 1,000 bridge, road, and rail projects under construction around Australia.

The Government is establishing a $10 billion transformational National Rail Program. This program will fund rail projects that improve urban and regional rail services to better connect our communities.

In the 2017-18 Budget the Government committed up to $5.3 billion in equity to establish WSA Co to build Western Sydney Airport. Works will commence by late 2018 and airport operations by 2026.

More information can be found at **www.infrastructure.gov.au.**

Inland Rail

The Melbourne to Brisbane Inland Rail will transform the way we move freight around Australia and into global export markets..

In the 2017-18 Budget, the Government committed $8.4 billion in equity funding to the Australian Rail Track Corporation to enable full delivery of the project. This is in addition to $893.7 million already committed for pre-construction activities in previous budgets.

This 1,700km freight rail line will complete the spine of the national freight rail network, providing a reliable road competitive service which will see freight delivered from Melbourne to Brisbane, via regional Victoria, New South Wales and Queensland, in less than 24 hours.

Inland Rail will enable businesses to better access to domestic and international markets and enhance their competitiveness by lowering the cost of moving freight.

ENTREPRENEURS AND START-UPS

Entrepreneurs' Programme

The Entrepreneurs' Programme offers assistance and tailored support to entrepreneurs and small and medium businesses to improve their capability and competitiveness. Eligible businesses can receive support in business management, innovation connections, incubator support and accelerating commercialisation.

The programme uses a national network of more than 130 experienced private sector advisers and facilitators. Further information is available at **www.business.gov.au/assistance/entrepreneurs-programme-summary**.

New Enterprise Incentive Scheme

The Government is supporting job seekers to pursue entrepreneurship and self-employment as an alternative pathway to employment. The New Enterprise Incentive Scheme (NEIS) supports up to 8,600 job-seekers start their own business each year. NEIS provides eligible job seekers with small business training and business mentoring for up to 52 weeks.

The Government has also appointed Entrepreneurship Facilitators in Cairns, the Hunter (including Newcastle), Launceston and North-East Tasmania to assist individuals interested in establishing a small business, particularly young people. Further information is available at **www.employment.gov.au/entrepreneurship-facilitators**

Additionally, a new online hub — SelfStart — has also been launched to provide more information to individuals thinking about self-employment. **http://jobactive.gov.au/selfstart**

Further information can be found at **www.employment.gov.au/self-employment-new-enterprise-incentive-scheme-neis.**

Women in STEM and Entrepreneurship Programme

Research shows businesses with greater diversity in staff and management do better. To ensure Australia's science and engineering sector takes advantage of the scope of Australians' skills, the Government launched the Women in Science, Technology, Engineering and Mathematics (STEM) and Entrepreneurship Programme in August 2016.

The Government is investing more than $13 million to encourage more women to embark on and remain in STEM-related careers, as well as the start-up and entrepreneurial sectors.

This will drive cultural change and help to overcome the gender gap in engineering, maths, science and entrepreneurship. Our STEM-educated and entrepreneurial workforce will drive our competitiveness, innovation and jobs of the future.

For more information on the Women in STEM and Entrepreneurship programme, including how to apply, visit **www.business.gov.au/assistance/women-in-stem-and-entrepreneurship**.

Landing Pad initiative

The Government will support Australian start-ups and innovators through the $13.6 million Landing Pad initiative. Five international Landing Pads provide market-ready start-ups and innovators with a short-term operational base in global innovation hot spots to help their commercialisation process and their efforts to tackle global markets.

Landing Pads have been established in global innovation hubs including San Francisco, Tel Aviv, Shanghai, Berlin and Singapore. Information can be found at **www.australiaunlimited.com/landingpads**.

Finance for entrepreneurs

Tax Incentive for Early Stage Investors

To make a success of start-ups, small business needs investment. The Government provides tax incentives to encourage early-stage investment in innovative start-ups to boost capital in new enterprises and promote new business ideas.

Eligible investors in qualifying early-stage innovation companies can claim a 20 per cent carry-forward, non-refundable tax offset for their investment. This is capped at a total offset amount of $200,000 per investor per year, and there is a 10 year capital gains tax exemption on their investment, provided eligible investments are held for at least 12 months.

For more information visit **www.ato.gov.au/Business/Tax-incentives-for-innovation**.

New arrangements for Venture Capital Limited Partnerships

Changes to the tax treatment of Early Stage Venture Capital Limited Partnerships (ESVCLPs) will make them more internationally-competitive and attract greater levels of venture capital investment.

Thanks to changes brought in on 1 July 2016, eligible investors can claim a 10 per cent carry-forward, non-refundable tax offset for capital invested in new ESVCLPs. The maximum fund size for new and existing ESVCLPs increased from $100 million to $200 million, and ESVCLPs are no longer required to divest a company when its value exceeds $250 million.

Eligibility and investment requirements for ESVCLPs and VCLPs have been relaxed to enable a greater number and scope of investors to participate.

For more information visit **www.ato.gov.au/Business/Tax-incentives-for-innovation**.

Crowd-sourced equity funding

When a start-up has an idea, the pitch is the most important part. With a plan to ensure our start-up sector remains competitive with the rest of the world, the Government is helping provide more options to help small business access finance. Our crowd-sourced equity funding (CSEF) policy will allow smaller, unlisted public companies to raise up to $5 million in equity in any 12 month period. The Government has announced it will extend the CSEF framework to proprietary companies and is developing legislation.

For more information visit **www.innovation.gov.au/page/access-crowd-sourced-equityfunding.**

Employee Share Schemes

Giving employees a greater stake in your business through shares helps reward those who back your dream and keep teams invested in a small business' future and share in your success.

The Government's changes to Employee Share Schemes (ESS), which came into effect in 2015, have made setting up an ESS more attractive by deferring the taxing point for all businesses, and providing an additional concession for eligible start-up businesses.

The ATO has also made available a standard template and instructional material to help small businesses implement their own ESS. For more information visit **www.ato.gov.au/general/employee-share-schemes.**

To make it easier for start-ups which wish to implement an ESS, the Government passed legislation to limit the requirement for ESS disclosure documents lodged with ASIC to be made available to the public. These reforms will enable start-ups to offer share schemes to employees without having to publicly disclose potentially commercially-sensitive information when lodging disclosure documents with ASIC.

Case study — Innovation Connections

After 35 years working as a provider of large-scale horticultural services, Leon Whitehead and his company UrbanVirons saw the need to innovate to remain competitive.

Through the Entrepreneurs' Programme, Leon has been able to access invaluable assistance and advice. He was helped to forge formal connections with the University of Melbourne. This led to Leon successfully accessing a grant and he is now seeing his ideas being developed.

"The problem is about effectiveness and cost efficiency," Leon says, "If I was able to say we could treat the majority of urban weeds economically and without synthetic herbicides, then there wouldn't be anybody who wouldn't want to come on board. It's a no-brainer. Clean and green."

It's not the first time Leon has had a good business idea, but it is the first time he has had support to start turning it into a reality, thanks to the Entrepreneurs' Programme.

Changes to insolvency

Easing personal bankruptcy restrictions

Encouraging entrepreneurs to 'have a go' and attempt new business ventures will drive an entrepreneurial culture. To encourage this, the Government is reducing the current default bankruptcy period from three years to one year to help remove the stigma of bankruptcy.

A reduced exclusion period will also allow those who declare bankruptcy to get back on track with their finances quickly.

Safe harbour for directors

The Government is introducing a safe harbour from the insolvency provisions which will allow Directors to remain in control of a company while attempting a restructure. This will give Directors the confidence to ask for - and the capacity to act on – advice to help turn around a company in financial difficulty. This will help prevent viable companies closing prematurely.

Changes to 'ipso facto' clauses

Preventing the unnecessary closure of a business where it can be restructured will also encourage an entrepreneurial culture.

The Government has announced changes which stop 'ipso facto' clauses from allowing contracts to be terminated or altered solely due to an insolvency event, if a company is undertaking a restructure.

This will prevent the unnecessary destruction of a business in circumstances where it can be restructured.

For example, if a company is viable in the long term but has a short-term lack of cash (which might be deemed as insolvency under the law), an 'ipso facto' clause might allow a major supplier to cancel their contract, depriving the business of the chance to continue to trade while they restructure. The Government's reforms mean that business will be given another opportunity.

Connecting business and research

Cooperative Research Centres Programmes

Improving collaboration between researchers and industry is vital to cultivating a more innovative and entrepreneurial economy.

The Government's $710 million Cooperative Research Centre (CRC) Programme is building on our strengths in high-quality research to improve the competitiveness, productivity and sustainability of Australian industries.

SMEs can participate in both CRCs and CRC Projects. Both streams are aimed at industry-led collaborative research with CRC outcomes expected over the medium to long term and CRC Project outcomes in the shorter term.

Global Connections Fund

To make the most of advancements in research and technology overseas, the Government is providing $4.9 million under the Global Connections Fund (GCF). This is an initiative of the National Innovation and Science Agenda (NISA) Global Innovation Strategy. It supports collaborations between researchers and SMEs, where one entity is Australian and the other an overseas partner, to seize opportunities in innovation, science and commercialisation.

The GCF comprises two types of grants:

- Priming Grants of $7,000 for Australian SMEs and researchers to meet and collaborate with international partners to further develop their idea; and
- Bridging Grants of up to $50,000 designed as seed funding to enable viable projects to grow and test commercialisation.

Information can be found at **www.globalconnectionsfund.org.au**.

Global Innovation Linkages programme

The Government is providing $18 million under the Global Innovation Linkages (GIL) programme, an initiative of NISA's Global Innovation Strategy. The GIL programme helps existing businesses to grow by allowing Australian businesses and researchers to collaborate with global partners on strategically focused, leading-edge research and development projects. This collaboration assists Australian businesses to leverage entrepreneurial expertise and gain a competitive edge in the global market.

Grants of up to $1 million over a maximum period of four years are available. Information can be found at **www.business.gov.au/gil**.

INNOVATION

National Innovation and Science Agenda (NISA)

Some of the world's most successful small businesses are in industries not thought possible just a few years ago. As technology transforms the world's economy and small business sector, the Government has invested to make sure Australia plays a leading part.

The NISA is helping to ensure Australia grasps the opportunities created by technological disruption through strengthening culture and capital, talent and skills, and collaboration with government.

The Government is focused on start-ups and small and medium-sized enterprises (SMEs). The NISA is designed to bring together all the different parts of our economy to drive jobs and growth, and strengthen the Australian economy.

Research and Development (R&D) Tax Incentive

In this period of digital disruption, research and development is critical. The Government's R&D Tax Incentive encourages additional industry investment by lowering the cost to industry of conducting R&D.

Eligible SMEs with less than $20 million turnover can receive a 43.5 per cent refundable tax offset for eligible R&D expenditure up to $100 million.

In 2014–15, there were just under 12,000 claimants of the R&D Tax Incentive, of which approximately 10,000 claimed the refundable R&D tax offset. It is estimated that the amount of this support provided in 2014–15 was around $2.8 billion worth of cash payments and tax relief, of which 70 per cent was provided to SMEs.

The Government committed to undertaking a review of the R&D Tax Incentive when launching the NISA on 7 December 2015.

The Government is considering the review's recommendations and how to complement the investment in R&D to drive jobs and growth through innovation across Australia.

Intangible asset depreciation

Subject to the passage of legislation the tax effective life of intangible assets with a statutory tax depreciation life (such as intellectual property) will be able to be self-assessed, in line with the tax treatment for tangible assets. This can lead to a faster depreciation of these intangible assets, which decreases the cost of investment in these assets and enables smaller innovative companies to better market their intellectual property and attract investment.

Industry Growth Centres

To encourage growth in several key industries for the Australian economy, the Government has invested $250 million establishing the Industry Growth Centres Initiative.

Working across six sectors of competitive strength and strategic priority, the investment targets:

- advanced manufacturing;
- cyber security;
- food and agribusiness;
- medical technologies and pharmaceuticals;
- mining equipment, technology and services (METS); and
- oil, gas and energy resources.

The Growth Centres are implementing 10 year strategies to improve the productivity and international competitiveness of businesses within their sectors.

For more information please visit **www.industry.gov.au** and search for Industry Growth Centres.

Open data

www.data.gov.au is an Australian Government initiative to support the discovery and publishing of public sector information for public access, to support openness and transparency, and encourage innovative use of Government data for economic development. This creates new opportunities for small businesses and start-ups.

For more information on initiatives to assist start-ups and entrepreneurs please visit **www.innovation.gov.au/audience/startups-and-entrepreneurs**.

SUPPORTING SMALL BUSINESSES IN OUR REGIONS

Small business drives regional and local economies

Around a quarter of Australia's small businesses are outside the capital cities. With around half a million small businesses providing locals jobs and services across rural and regional Australia, small business is central to building vibrant communities in the bush.

The Government has taken significant steps to secure the prosperity of Australia's regions. Unprecedented investment in infrastructure, new trade agreements, delivering the Developing Northern Australia and Agricultural Competitiveness White Papers, and the National Innovation and Science Agenda are just some of the Government's initiatives targeted at growing regional economies, connecting communities and creating more local jobs across Australia.

Building Better Regions Fund

The nearly $500 million Building Better Regions Fund (BBRF) will create jobs, drive economic growth and support strong regional communities across Australia by funding infrastructure and community investment projects.

The BBRF invests in eligible projects in regional and remote Australia, outside the major capital cities of Sydney, Melbourne, Brisbane, Perth, Adelaide, and Canberra.

Grant funding is available through two funding streams:

- The Infrastructure Projects Stream supports projects that involve construction of new infrastructure, or the upgrade or extension of existing infrastructure.
- The Community Investments Stream funds community development activities including, but not limited to, new or expanded local events, strategic regional plans, leadership and capability building activities.

For more information please visit **www.infrastructure.gov.au/bbrf**.

Regional Jobs and Investment Packages

Every region has different needs. That's why the Government has a targeted Regional Jobs and Investment Packages (RJIP), a $220 million initiative which will invest in ten regional areas across the country. The packages help diversify local economies, stimulate long term growth and deliver sustainable employment.

Each package will be community led, with local planning committees established in each region to help communities assess their region's economic opportunities and competitive advantages to develop a Local Investment Plan.

Once the Local Investment Plan has been published in each region, funding will be available through three streams:

- Business innovation— to enable businesses to invest in new technology or improved business services, products or goods.
- Local infrastructure— to enable local communities to invest in new or upgraded infrastructure projects.
- Skills and training— to support the training and upskilling of the regional workforce to meet regional priorities.

Further information can be found at **www.regional.gov.au/regional/regional-jobs-investment-package**.

Mobile Black Spot Program

Better mobile coverage is not just important for safety, it is a vital tool for doing business in bush. That is why the Government has committed $220 million to the Mobile Black Spot Program to build telecommunications infrastructure and improve mobile coverage along major regional transport routes, in small communities and in locations prone to natural disasters.

This is the largest one-time increase in mobile network coverage delivered by a single program in the history of mobile communications in Australia.

Including co-contributions from mobile carriers and state/local governments, the first two rounds will deliver almost $600 million in new investment towards improving mobile coverage in regional and remote Australia. This investment will result in 765 new or upgraded mobile base stations across the country, providing better coverage to 86,300 square kilometres of regional Australia.

A competitive process to allocate funding for base stations and coverage in round 3 is expected to commence in 2017.

For more information please visit **www.communications.gov.au** and search for Mobile Black Spot Program.

Northern Australia Tourism Initiative

Opening up Australia's north will drive jobs, investment and confidence in a vital region for tourism and export small businesses.

The Northern Australia Tourism Initiative provides targeted and tailored advisory support to tourism businesses, ensuring they can take advantage of increasing tourism in Northern Australia.

More information can be found at **www.business.gov.au/assistance/northern-australia-tourism-initiative**.

Case study — Using the NBN on the farm

For Australians who live in remote locations, the Sky Muster satellite service helps to unlock the benefits of the digital economy and better connectivity. For businesses in regional Australia, this helps them get their work done more efficiently.

Sky Muster access means a more efficient cattle muster for the Barton family. Simon Barton and his father John own and run the 4,500 acre Glen Oak farm in the New South Wales Central West.

"Technology - it's as important for a rural business I think, and maybe even more so than a city business because of our distances out here," Mr Barton said.

The family used to endure a slow satellite connection and would spend hours in the office waiting to download or upload. Sometimes they would even have to drive 30 minutes into the city to get a good internet connection, just to do business banking.

Since connecting to the Sky Muster service, the family can carry out their day-to-day business activities quickly. They spend less time in the office and more time on the farm doing what they love.

Now they use an online selling system and are able to regularly upload videos and photos of livestock allowing them to sell the livestock without having to physically take them out of the farm until they are sold.

According to Mr Barton, the satellite will help them "roll into the future rather than stay in the past."

AGRICULTURE

Agricultural White Paper

A strong agricultural sector means vibrant country towns, more jobs, more exports and a strong economic balance sheet. With Australia's economy recently boasting its largest trade surplus since records began, agriculture is front and centre to our economic growth.

With farms making up almost a quarter of regional small businesses, the Government backs a brighter future for farmers and their communities.

The Agricultural Competitiveness White Paper is a $4 billion investment in our farmers. The initiatives in the paper are helping farm businesses to achieve better farm-gate returns with export deals, better regulation and an improved tax system.

Increasing access to premium agricultural markets through Free Trade Agreements

Australia's agriculture and food exports continue to go from strength to strength. To make the most of our high-quality produce and demand from premium Asian markets, the Government has brought into force free trade agreements with three of our biggest trading partners — China, Japan and South Korea. These deals are already increasing agricultural exports for many of the products where tariffs have been cut.

The Government will continue to pursue an ambitious trade agenda to grow and diversify our agricultural exports.

Agricultural Trade and Market Access Cooperation programme

To help exporters access new markets, the Government has invested $3.1 million in projects which help to open, improve and maintain access to overseas markets for Australian agricultural products.

The Agricultural Trade and Market Access Cooperation programme builds stronger relationships with trading partners, neighbouring countries and international organisations. This will result in real gains in market access, providing additional returns to Australian farmers and food producers.

Growing markets

The Food and Agribusiness Growth Centre is boosting industry productivity and competitiveness, and helping businesses in the sector to take advantage of the benefits of Australia's free trade agreements.

Removing technical barriers to trade

To ensure our new trade agreements turn into increased exports, the Government is also investing $31 million to break down technical barriers to trade. This includes five more counsellors in existing and emerging markets to help address trade concerns.

Accelerated depreciation for primary producers

Fodder storage and fences often need replacing around the farm. That is why the Government accelerated the depreciation on these assets for farmers in 2015.

Thanks to changes announced in the 2015–16 Budget, primary producers can immediately deduct the cost of fencing and water facilities (such as dams, tanks and pumps), and depreciate over three years the cost of fodder storage assets (such as silos and tanks used to store grain and other animal feed).

More information can be found at **www.ato.gov.au/general/new-legislation/in-detail/direct-taxes/income-tax-for-businesses/accelerated-depreciation-for-primary-producers**.

A better tax system for farm businesses

In addition to doubling the maximum deposit limit to $800,000, farmers can also have early access to their Farm Management Deposits (FMDs) in times of drought as well as the option of offsetting FMDs against their primary production business loans.

More information can be found at **www.ato.gov.au/business/primary-producers/in-detail/farm-management-deposits-scheme**.

Other changes to tax arrangements also allow farmers who chose to opt out of tax averaging previously to now re-enter the system 10 years after the year in which they opted out instead of a permanent lock out. These changes give farmers the flexibility to better manage risk and drought.

More information can be found at **www.ato.gov.au/business/primary-producers/in-detail/tax-averaging-for-primary-producers**.

Supporting innovative agriculture

Some of Australia's best innovation stories are on our farms. Through better innovation and connectivity, farming small businesses can access new markets, manage risk and assets remotely and explore new crop or commodity investments.

The Government is boosting funding through the $180.5 million Rural Research and Development Programme to deliver research for farmers. The programme funds projects that deliver practical and accessible results for farmers, including better control of major weeds, new technologies to measure meat quality, better use of nitrogen to improve soil quality and improving emergency animal disease responses in our livestock industries.

The programme is helping to ensure that Australia's agriculture sector is at the cutting edge of innovation and able to adopt advanced technologies and research to improve farm efficiency.

Skills and labour

When sowing or harvest time comes, farmers need access to skilled labour to get the job done.

The Government recognises domestic workers with the right skills and experience can sometimes be in short supply. Regardless of the staff situation, fruit needs to be picked and crops need to be sown. That is why working holiday (417) visa holders – backpackers – are able to extend their visa by 12 months if they work for three months in regional areas in selected industries, including agriculture. This privilege also applies to work and holiday (462) visa holders who work for three months in agriculture in Northern Australia.

From 1 January 2017, the income taxation rate for backpackers is 15 per cent from the first dollar up to $37,000, with ordinary marginal tax rates applying after that. We have also made it easier to hire under the Seasonal Worker Programme by broadening access to all agricultural areas and removing the annual cap on worker numbers.

Harvest Labour Services

Labour shortages have a particular impact on Australia's horticulture industries, with fruit simply rotting if staff are not available.

The Government is making it easier for horticultural growers and other related employers in harvesting areas to find harvest workers by providing a fully subsidised screening and matching service via jobactive Harvest Labour Services. Harvest workers are also mobilised by the Government's investment in the National Harvest Labour Information Service and the Harvest Trail jobs board. These services promote the location, timing and crop of seasonal work to both foreign and domestic workers.

More information on this service can be found by visiting **www.employment.gov.au** and searching for Harvest Labour Services.

Case study — Ryan the dairy farmer

Ryan has run a dairy farm for three years. He has been struggling with pasture growth, particularly in the drier periods.

Ryan heard about the Rural R&D for Profit Programme by a fellow farmer who visited an irrigation field day.

Ryan contacted researchers from the Smarter Irrigation for Profit project, who then used his farm for a pivot and data collection system trial.

By analysing the moisture data from the probes from the pivot trial site, Ryan was able to effectively schedule irrigation to ensure adequate water in the root zone. This saw pasture growth dramatically improve in the dry seasons.

Ryan can now run his farm more efficiently and easily identify how much water is needed to be applied across the farm at any given time.

This has proved invaluable for Ryan's farm and profit margin. This is just one example of how the Rural R&D for Profit Programme can positively impact farmers.

EASIER EXPORTING AND IMPORTING

Better access to global markets

More exports of Australian product and services means more Aussie jobs and a stronger economy for all of us. That is why the Government is delivering better access to export markets, so small business can benefit from new pathways to the global marketplace. There has never been a better time to start and grow a global business.

Free trade agreements

With three new trade agreements brought into force in the past three years, Australian small businesses are benefiting from greater access to Asian markets and an expanded consumer base. Through new agreements with China, Japan and South Korea, the Government's active approach to negotiating and implementing free trade agreements puts Australian business in the driver's seat.

Single window for international trade

Exporting products or services overseas can mean dealing with different rules and systems. The Australian Government is working towards a system which will allow businesses to lodge documentation once to fulfil Australian export and import regulatory requirements.

The Single Window will increase Australia's trade facilitation and international trade competitiveness. By reducing complexity, streamlining regulatory requirements and enhancing ease of access to relevant information for Australian businesses, giving exporters more time to focus on what they do best.

Simplifying trade for exporters

Trust is everything in business, particularly when dealing with people overseas. To ensure Australian businesses can obtain faster clearance and easier access to their goods at foreign ports, the Government increased the Australian Trusted Trader programme in 2016.

This programme enhances supply chain security, meaning fewer inspections and less red tape, reducing the cost of doing business for Australian exporters and making them more competitive.

Export Market Development Grants Scheme

The Export Market Development Grants (EMDG) scheme helps exporters create, develop and expand their markets overseas. The scheme helps small and medium-sized exporters cover the promotional costs of expanding into international markets at the critical early stages in their export journey.

EMDG scheme is a Government financial assistance scheme aimed at encouraging small-to-medium–sized, aspiring and growing export-ready businesses to increase international marketing and promotion. With reimbursement of up to 50 per cent of eligible expenditure, EMDG aims to achieve more sustainable export sales. Subject to available funds, the maximum grant for eligible applicants is $150,000.

More information can be found at **www.austrade.gov.au**.

Export Finance and Insurance Corporation (Efic)

Growing in the international market – especially with exports – needs finance. To help businesses access new markets, win business and find finance, Australia's export credit agency — provides access to a range of finance products. The Government has refocused Efic to better support SMEs which are seeking to capitalise on global trade opportunities.

Supporting manufacturers

Located in Hallam, Victoria, GAIA Skin Naturals is a family business launched in 2002 from the spare room of Simon and Michelle Vogrinec's home. Their organic skin care range was born after their son developed eczema when he was just 8 weeks old and Michelle couldn't find products suitable for Josh's skin. Their manufacturing business has thrived in Australia and with the introduction of the North Asia trade agreements, GAIA was quick to take advantage. They have hired more staff and moved to a 3500 square metre facility to cope with the increase in demand from the North Asia market.

"Where the FTAs have come through, what we've seen is about a 36 per cent increase. It's quite a significant growth for us just in those marketplaces. To still be experiencing double-digit growth this far into our journey I think is exceptional, which is great because it has enabled us and our supply chain to grow," said Simon Vogrinec, General Manager of GAIA Skin Naturals.

Prior to the China-Australia Free Trade Agreement the tariff for GAIA's body wash was 10 per cent. Under the agreement, the tariff has already been cut to 4 per cent, and it will be completely eliminated by 1 January 2019. Likewise, before the Korea-Australia Free Trade Agreement, the tariff for GAIA's body wash was 6.5%, which was eliminated on 1 January 2016.

"Being able to do business both locally and internationally, and seeing some of the retail giants that we do business with embrace what we do, we're very, very humble and very proud of what we've been able to achieve, and also what we've been able to do with the brand," Simon said.

EficDirect

Taking just 30 minutes to apply, EficDirect is an online portal which allows businesses with an annual turnover of up to $10 million to apply for small working capital loans to fund their exports. If successful, funds are available in as few as nine business days. The maximum loan size is $350,000 and tangible assets (such as property) are not required for security. More information can be found at **www.efic.gov.au**.

Free Trade Agreement Seminars

North Asia FTA information seminars provide small businesses across Australia with the practical information they need to start leveraging our landmark free trade deals with China, Japan and South Korea. The seminars are complemented by the Free Trade Agreements Training Provider Grants program, which funds eligible organisations to provide training to small and medium sized businesses on using the FTAs.

More information on FTAs can be found at **www.openforbusiness.gov.au** and **www.fta.gov.au**.

FTA portal

Want more information on how the North Asia trade agreements can benefit your business? The innovative FTA Portal provides tariff and other information on the North Asian FTAs and is being expanded to all in-force FTAs. It can be found at **ftaportal.dfat.gov.au**.

Tourism Research Australia

Tourism Research Australia (TRA) are administrators of Australia's International Visitor Survey and National Visitor Survey, and their data is widely used by industry to strengthen marketing and business decisions. Data ranges from demographics and visit purpose, to accommodation used and visitor spend, with results published quarterly.

TRA produce data and reports on regional tourism, economics and the tourism industry, and forecasts tourism activity. TRA Online is a paid subscription service that allows access to core survey data. And, for tourism stats on the go, you can download TRA Statistics from iTunes or Google Play!

More information available at **www.tra.gov.au**.

Austrade and the TradeStart Network

To take advantage of trade, Austrade and TradeStart offices across Australia and around the world assist small business exporters achieve long-term success overseas. In 2015–16, more than 6,000 businesses received support from expert advisers in areas ranging from market selection and entry to understanding overseas regulatory requirements. More information can be found at **www.austrade.gov.au**.

@AusGovFTA

@Austrade

HOW ARE AUSTRALIAN SMALL BUSINESSES BENEFITING FROM OUR FREE TRADE AGREEMENTS?

Supporting inventors

Ensitech is the inventor and manufacturer of the TIG Brush Stainless Steel Weld Cleaning System. Established in 2006, this Australian-owned company has won a number of Australia's most prestigious business awards, including an Australian Export Award, New South Wales Export Award, and two New South Wales Business Chamber Awards.

From its headquarters in Western Sydney, Ensitech manufactures and supplies TIG Brush products. It exports to 15 markets, employing 16 people in Australia and five in the United States.

While Europe was the company's first export market, it has concentrated primarily on growth in the US market. They have sold around 200 machines worth US$2 million, with plans to expand into Mexico, Chile, Peru and Brazil. In Asia, Ensitech has exported the TIG Brush and associated consumables to China, Malaysia, Singapore, Taiwan, Indonesia and Vietnam.

Since the North Asia FTAs came into force, Ensitech has seen a 500 per cent increase in enquiries and it is little wonder; with China-Australia Free Trade Agreement delivering a substantial tariff cut, already dropping the tariff from 9.5 per cent to 3.8 per cent and well on its way to elimination by 1 January 2019. Ensitech says the elimination of the 8 per cent tariff in South Korea has them looking at that market too.

Ensitech receives Export Market Development Grants and draws on other support from Austrade by working through their local Tradestart adviser based in Sydney.

Supporting food producers

North Asia FTAs deliver new export markets for Grove Juice

Having long quenched Australia's thirst with its fresh juice, Queensland's Grove Juice is now a fresh face in the Asian market. Attracted by the launch of the free trade agreements with China, Japan and South Korea, the successful grower and distributor is now entering North Asia for the first time.

"A combination of the launch of the FTAs, desire to export, lots of planning, market research, and discussions with Austrade as to where the opportunities were, led us to where we are now in Japan and Korea," said Andrew Ross, CEO, Grove Juice.

"The FTAs have made it a lot easier for us to get our products into Japan and South Korea and onto the shelf at competitive prices. We have to compete with a lot of other products in the market and up until now there have been significant duties. The reductions in tariffs have made a big difference."

Under our free trade agreement with Japan, the tariffs on apple juice of between 19.1 per cent and 34 per cent have already been cut four times, utilising a quota specifically reserved for Australia, and will be reduced on 1 April every year, until the tariffs are fully eliminated in 2024. In South Korea, the tariff on orange juice was as high as 54 per cent. Under our free trade agreement with South Korea, the tariff has been reduced every year since entry into force — and will be eliminated by 1 January 2018.

"Because of the increased exporting, we have had to hire extra staff in our processing production area — which is good for regional development," Mr Ross said.

Grove Juice says this is just the beginning and they intend to take full advantage of the FTAs.

"We're only in a small part of Japan and South Korea at the moment. The exciting part is that now we are in the door we have the opportunity to really expand in the market. Without the FTAs, we may never have had the opportunity."

"The more Australian businesses that jump on board and take advantage of the FTAs, the better. There will be more awareness and acceptance of Australian products, which in turn has the ability to be a very good part of everyone's business."

Supporting regional communities

Geraldton Fishermen's Co-operative cash in on North Asia FTAs

Founded in the 1950s by a small group of lobster fishermen, the Geraldton Fishermen's Co-operative in Western Australia is now the largest rock lobster exporter in the world with a membership of 200 fishermen. Although it has grown, with 350 employees and sales worth $450 million each year, its motto has stayed the same: "built by the fishermen for the fishermen".

Since the China-Australia Free Trade Agreement came into force in December 2015, the tariff for fresh rock lobster has been cut from 10 to 4 per cent, and will continue to drop two percentage points on 1 January each year until it reaches zero by 2019.

"The FTA is creating lots of business opportunity, as soon as it was ratified, we could see changes in the market. It opened the doors almost overnight, and will allow us to export directly into any of the ports in China, which was not previously possible due to high tariffs, so it frees up the trade routes" said Wayne Hosking, CEO, Geraldton Fishermen's Co-operative.

"With the help of the China-Australia Free Trade Agreement, we will generate considerably more value for our members. Unlike a lot of companies, our members own the resource from the fishing licence up, so you've got this unique opportunity to go end-to-end and own the whole value chain through to the consumer. This will directly benefit the fishermen, their families and the communities in small towns along the south-western coast of Australia."

The Geraldton Fishermen's Co-operative draws on the support of Austrade's services by working through their local TradeStart adviser based in Perth.

Supporting services firms

Leffler Simes Architects

Small and medium Australian services firms such as Leffler Simes Architects (LSA) are enjoying the benefits of the opportunities the China-Australia FTA has unlocked.

Established in the late 1960s, LSA was at the forefront of the dramatic expansion of the retail sector throughout Australia and designed many of the large shopping centres built at the time. The business has since evolved to encompass all sectors of the architectural industry, including retail, commercial, industrial, hospitality, education, medical, leisure and residential developments. LSA has well-established offices in Sydney, Melbourne and Brisbane.

Stephen Evans, Director of Leffler Simes Architects and Managing Director Chris Goodman, recently started the expansion of the LSA brand into China with the establishment of Leffler Architects Beijing Pty Ltd and they say the China-Australia FTA has been opening doors for them.

"The China-Australia FTA allows the Chinese Government to recognise our architectural services, experience and qualifications, which has allowed us to bid for larger projects more confidently. It is definitely opening doors for us."

"LSA have designed many IKEA stores in Australia and since the China-Australia FTA came into force, doors have opened with IKEA China".

"IKEA China had the confidence to offer us the opportunity to be the architects for one of their new projects. A fantastic result and hopefully the first IKEA of many for us in China."

"This commission has given us the confidence to employ more staff here in Australia, in addition to opening a small office in Shanghai." Stephen said.

The China-Australia FTA improves access to the China market for firms like LSA and includes a framework to advance recognition of services qualifications for Australian architectural and urban planning firms.

WHERE CAN I GO FOR FURTHER INFORMATION?

Business Assistance and Programs

business.gov.au

13 28 46

Tax

ATO Business Phone Service

13 28 66

ATO Call Back Service

www.sba.ato.gov.au (enter “call back” in *How can we* help text box)

ATO Small Business Newsroom

www.ato.gov.au/newsroom/smallbusiness

ATO Small Business Assist

www.sba.ato.gov.au

www.ato.gov.au/Business/Small-business-entity-concessions

Advocacy and Dispute Resolution

Australian Small Business and Family Enterprise Ombudsman

www.asbfeo.gov.au

1300 650 460

Trading Internationally

Austrade Programs and Services

www.austrade.gov.au/australian/export

Free Trade Agreements

ftaportal.dfat.gov.au

02 6261 1888

Competition and Consumer Issues

Australian Competition and Consumer Commission

www.accc.gov.au/about-us/information-for/small-business

1300 302 021

Companies and Business Names

Australian Securities and Investments Commission

www.asic.gov.au/for-business/your-business/small-business

Workplace Relations

Fair Work Ombudsman

www.fairwork.gov.au/smallbusiness

Small Business Helpline

13 13 94

Backing small business

For more information:

http://mfm.ministers.treasury.gov.au
www.facebook.com/business.gov.au
@Treasury_AU

business.gov.au
www.business.gov.au
13 28 46
@business_gov_au

Australian Small Business and Family Enterprise Ombudsman
www.asbfeo.gov.au
1300 650 460