



3 May, 2016

## GOVERNMENT CONTINUES TO RECOGNISE SMALL BUSINESS IS TOO BIG TO IGNORE

Small and medium businesses across NSW have been given the opportunity to grow, innovate and employ more staff as a result of a supportive 2016-17 Federal Budget released by the Turnbull Government, according to the state's peak business group, the NSW Business Chamber.

"For some time we have been articulating the need to extend the threshold at which a small business pays the lower company tax rate, and the Government has responded with very clear support for the small business sector," said NSW Business Chamber CEO Stephen Cartwright.

"From 1 July, the small business company tax rate will reduce to 27.5%, but more importantly, the turnover threshold increases substantially from an annual figure \$2 million to \$10 million.

"The threshold extends each year up to \$100 million by 2019-20, meaning that more businesses will benefit from the reduced company tax rate and more importantly, a company won't be penalised for their ongoing successes.

"Australia is primarily a small and medium business economy but it has taken time for that to be fully recognised by our political decision makers.

"The Federal Government has rightly identified that sustainable jobs growth is going to be driven by the small business sector, and by providing a company tax rate cut this immediately provides small business owners the opportunity to employ those extra few staff members or take on an apprentice.

"There are, of course, multiple benefits to the national economy by giving a young person their first job or providing extra shifts for existing staff members.

"This will be particularly welcomed in regional NSW where there are traditionally fewer opportunities for business owners to make changes to their business operations.

"These changes, that have a direct and positive impact on small and medium business owners, and their employees, reinforces the success of the national Chamber movement's 2013 **Small Business: Too Big to Ignore** campaign, where the small business sector challenged political leadership of all persuasions who had, for far too long, taken them for granted.

"I think it is fair to claim that, on the strength of the last two Federal Budgets, the message was heard loudly and clearly by the Federal Government, and they have responded with practical measures that will support small business expansion and sustainability.





“The flow on benefits from these changes also mean that more businesses are eligible for simplified depreciation rules, FBT exemptions and a trial of simplified BAS reporting, thereby reducing red tape compliance which is the number one bugbear of business owners.

“The NSW Business Chamber also applauds a firm commitment to solving the youth unemployment crisis and welcomes the three tiered approach of Prepare, Trial and Hire. “For too long, youth unemployment has been tinkered with around the edges, and no political party seemed prepared to single it out as an issue that needs specific attention. However, it’s going to take time to get right. There is no overnight solution.

“The Turnbull Government seems to understand that reducing youth unemployment is a two way street – not only do young job seekers need tangible support, but business owners require incentives to take on young and often inexperienced staff members.

“The three staged approach involves preparing young job seekers to enter the workforce, an internship programme enabling those job seekers to gain real work experience and at the same time receive additional funding from the Government with businesses receiving an upfront payment of \$1000, while the final stage sees further bonuses eligible for businesses who ultimately hire these new staff. This could be the circuit breaker that business and community groups have been hoping for.

“The NSW Business Chamber also welcomes new measures to counter tax avoidance with the establishment of a tax avoidance taskforce, however it is important that a balance is established to ensure that those doing the right thing aren’t forced into a new world of red tape and paperwork to simply prove compliance, which will limit their ability to spend time working on their business.

“An additional \$115 million commitment to the Western Sydney airport is further proof that the airport is a priority of the Government. The NSW Business Chamber has long argued that the Western Sydney Airport will be a job generator for this growing region for many years into the future.

“Obviously, with the national finances no longer able to propped up by the mining boom as a ‘magic pudding’, expense management needs to be the number one priority of this and future Governments.

“This Budget attempts to address that, however it does remain a concern that the Government is forecasting to spend \$37 billion more than it expects to earn in the next financial year – any business owner will tell you that this is simply not a sustainable long term proposition, and eventually someone has to pay the bill,” Mr Cartwright said.

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