



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

BILLS

**Treasury Laws Amendment
(Accelerated Depreciation For
Small Business Entities) Bill 2017**

Second Reading

SPEECH

Wednesday, 31 May 2017

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

<p>Date Wednesday, 31 May 2017 Page 34 Questioner Speaker O'Brien, Ted, MP</p>	<p>Source House Proof Yes Responder Question No.</p>
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Mr TED O'BRIEN (Fairfax) (12:59): Why is it that whenever members opposite, members of the Labor Party, rise to make statements like we have just heard, that Labor is the party for small business and competition policy, they can only ever refer to the Hawke-Keating era? I think they are purposely ignoring the fact that they did go through that disastrous Rudd-Gillard-Rudd era, an era that they now wish to wash away from modern history, despite the fact that ever since that era, right through until today, the Labor Party has continued to be a party for the union movement only, and certainly not for small business. It is a party that has sought to stand in the way of reforms to competition policy that will level the playing field.

Let me come to Hawke and Keating in a few moments. I rise today in support of the Treasury Laws Amendment (Accelerated Depreciation For Small Business Entities) Bill 2017. There is little doubt that in the broad sweep of Australian politics it is the coalition that truly respects and understands the vital role that some 3.2 million small businesses, businesses employing 5.6 million people, play in our national economy. In the now distant past, during that Hawke-Keating golden age of reform to which the previous member referred, Labor did offer a very uncharacteristic glimpse of understanding of the small business sector. For a short while they supported the crucial role of that sector as the engine room of jobs and growth in the Australian economy. They did so, I probably should add, with support from the coalition, then the opposition.

However, such glimpses of hope from Labor are rare, and all too often it has fallen to the coalition, and the coalition alone, to restore and repatriate the confidence of small-business operators to a point where they again look to expand, to pursue new ideas by investing in themselves and creating jobs. In fact, helping small business, can I say, is part of our DNA. For generations the great Liberal Party, together with our coalition partners the Nationals and the old Country Party before them, have worked to support and give voice to millions of hardworking small business people and professionals, not to mention the millions of people they employ. These were Menzies's forgotten people, vividly brought to life only last week at Old Parliament House on the occasion of the 75th anniversary of Sir Robert's landmark broadcast of 22 May 1942.

Mr Brian Mitchell interjecting—

Mr TED O'BRIEN: I note that the members opposite who are calling out are very regretful that they were unable to attend at last week's event, for indeed they have listened to its recording since and they have taken some notes. There is no doubt that it is never too late for the Labor Party to learn from the great Robert Menzies, and I am delighted that members opposite clearly agree with that sentiment today.

But we are a long way from 1942, when Menzies made that wonderful speech. Or are we? Certainly we still have the lifters and leaners. We still have radical trade unions in the form of today's CFMEU and others. There is no heckling when I make that statement, so let me repeat it for the members opposite: we still do have those radical trade unions in the form of today's CFMEU and others. I note their heads are now buried in their chairs. Such groups are committed to workplace disruption and extortion, often backed up by the threat of violence, with no respect for the rule of law whatever. The new ACTU secretary is an obvious case in point. We still have big business, which today is even bigger business—vast multinationals—many acting as good corporate citizens while a powerful minority seek to siphon off huge fortunes in undeclared Australian tax dollars to low-tax jurisdictions elsewhere. And we still have the forgotten people, which include approximately 3.2 million small businesses, and their largely non-unionised staff—businesses that include the builders, the IT technicians, the bakers and heaven knows how many cafe owners. These are all members of today's forgotten people.

But they are not forgotten by the coalition, and certainly not forgotten by the Turnbull government. While Labor threatens to unpick the government's Enterprise Tax Plan at every opportunity and turns its back on small businesses, the Turnbull government is getting on with the business of delivering, of helping businesses to invest in the opportunities they need to grow and, most importantly, the opportunities that will help them generate jobs. By any measure, the government's instant asset write-off, or its accelerated depreciation treatment, which

offers an immediate tax deduction with a threshold of \$20,000 for newly acquired assets, has been an outstanding success. By extending this instant asset write-off for a further 12 months to 30 June 2018 while also providing broad incentives to cut red tape and changing the definition of small businesses to include those enterprises that have an annual turnover of up to \$10 million, the coalition is delivering for today's forgotten people.

When first introduced in the 2015-16 tax year, the temporary increase in the instant asset write-off threshold, from \$1,000 to \$20,000, delivered an almost 30 per cent increase in the number of taxpaying entities claiming the deduction, while the dollar value claimed increased by some 140 per cent. And keep in mind that this was when it was limited to only \$2 million businesses. With the recent change in definition of a small business from one with just up to a \$2 million turnover to one with a \$10 million turnover, the Turnbull government has yet again demonstrated how seriously it wants to deliver for this sector.

That reform of changing the definition will give access to the instant asset write-off for the forthcoming tax year to approximately 90,000 additional small businesses across Australia. To the mums and dads who own their own business, to the young entrepreneurs wanting to catch a break and to those who need a job or just more hours, this is very good news. While the extension of the instant asset write-off to 30 June 2018 is estimated to cost the budget \$650 million over the forward estimates, and while the government holds budget repair as a key priority, this temporary measure to improve cash flow and capital investment for small business will not only create jobs but also boost productivity across the sector.

Small businesses, by their very nature, are generally more vulnerable and exposed to sudden adverse trading conditions. Such heightened trading risk and volatility, together with major capital expenditures early in the life of the new business, puts a significant strain on cash flow. This proves fatal for many fledgling enterprises. The opportunity for immediate deductibility will on most occasions improve cash flow for small businesses by allowing an instant deduction, in full, of up to \$20,000 per item in the year the cost was incurred up to 30 June 2018. The small business sector is saying, 'Alleluia!'

A meaningful reduction in compliance costs, long the bane of small businesses, is a further but by no means insignificant benefit. There is a significant regulatory saving for small businesses not needing to maintain a depreciation schedule for assets up to the \$20,000 threshold mark. No wonder this measure is popular, including with those opposite in the chamber today, who wish for this measure to go on for eternity. Although we would like to see that happen, we make this commitment time bound, because we on this side of the House understand the ongoing importance of fiscal discipline and the critical need to repair a budget that was so woefully damaged by those opposite when they were on the Treasury benches. James Pearson, CEO of the Australian Chamber of Commerce and Industry, said:

Small businesses are particularly pleased to see the highly successful instant asset write-off extended to June 2018 ...

Innes Willox, CEO of the Ai Group, said following the Treasurer's speech:

... the Budget provides a substantial boost for smaller businesses by lowering tax burdens, extending asset write-off eligibility and cutting red tape.

Andrew Conway, CEO of the Institute of Public Accountants, said:

We welcome this Budget for Australia's small businesses. This Budget provides small businesses with further confidence to employ, invest and grow.

The quotes from authoritative and respected business leaders are endless, but I will not go on, for they all reinforce the same point—that is, a uniform and glowing praise for this initiative and, moreover, for a federal budget that is poised to deliver so much for all Australians.

The temporary extension to June 2018 of the instant asset write-off of up to \$20,000 for small businesses forms part of a broader, more comprehensive platform of targeted incentives under the government's 2017 budget that will help small businesses grow and deliver more jobs. Other key measures include small business tax cuts, reducing to 27½ per cent from 1 July this year; increasing the eligibility for small business tax concessions; a simpler BAS mechanism; the small business restructure rollover, removing the tax burden for small businesses

that seek to transfer active assets; the scrapping of \$5.8 billion in red tape; the easing of raising capital via crowdfunding changes; the clamping down on tax avoidance by large multinationals; and helping to create a level playing field for small businesses by taking action to prevent the misuse of market power. These reforms, taken together, show how serious the Turnbull coalition government is about helping small businesses and the millions of hardworking Australians they employ.

This is truly a coalition government cast in the image of Robert Menzies, that great leader of our nation, one with an unchangeable resolve—to always represent and fight for the 'Forgotten People'. It is for that reason that I wholeheartedly commend this bill to the House.

The DEPUTY SPEAKER (Mr Vasta): The question is that this bill be now read a second time. I call the honourable member for Parramatta and I want to compliment her on her coat of many colours.