



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**PROOF**

**BILLS**

**Treasury Laws Amendment  
(Accelerated Depreciation for  
Small Business Entities) Bill 2018**

**Second Reading**

**SPEECH**

**Tuesday, 19 June 2018**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

<p><b>Date</b> Tuesday, 19 June 2018  <b>Page</b> 49  <b>Questioner</b>  <b>Speaker</b> O'Brien, Ted, MP</p>	<p><b>Source</b> House  <b>Proof</b> Yes  <b>Responder</b>  <b>Question No.</b></p>
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**Mr TED O'BRIEN** (Fairfax) (16:38): Wasn't that speech from the member for Kingsford Smith a typical Labor speech? Of course, there were some wonderful lies in there—typical Labor lies—suggesting that the government is cutting funding for hospitals and schools when they know full well hospital and school funding are at record highs under the Turnbull government. But that won't hold them back. They shall lie, because Labor tells lies very well.

Something else Labor does well is raise taxes. Despite the member for Kingsford Smith's long speech about their—as they call it—alternative economic plan, the Australian public know full well that the Labor Party has a plan for an additional \$200 billion of new taxes. I want to say to every mum and dad out there: vote Labor and you will be poorer. Vote Labor and you will have less money in your pocket. They know that if they are owners of homes they will have to pay more, and they know that they will be able to save less.

As for retirees, they are absolutely in the sights of the Labor Party. They have a model—as we worked out this week—and they have totally botched it; it's a \$10 billion black hole. But the Labor Party are absolutely going hard after retirees, because they love taxing. They love to tax. This is why I'm so happy today, because I sensed in the member for Kingsford Smith's speech that they actually support at least instant asset write-offs, accelerated depreciation. That's good news. It's a hallelujah moment. The Labor Party has had a come-to-Jesus on this one. They have realised that we actually can reduce the impact on business, and we can help businesses out. We need to capitalise on that and move forward. It's once in a lifetime that we see the Labor Party actually wanting to help small and medium businesses.

So I am happy to rise today to support the Treasury Laws Amendment (Accelerated Depreciation for Small Business Entities) Bill 2018. I do so with my electorate of Fairfax sitting smack-bang in the middle of one of the fastest-growing regions in Australia. I constantly hear two things from small businesses in my electorate. No. 1 is that they want to keep creating jobs for Australians. No. 2 is that they want to see government continue to support small business. Indeed, this is what the Turnbull government is doing. We know we are delivering for small businesses, because we have seen more than 1,000 jobs being created every single day. That's over one million jobs created since the coalition was elected in 2013.

The Turnbull government is supporting Australian businesses to capitalise on an economy that is now in its 27th year of consecutive growth. We are supporting Australian businesses to grow and to capitalise on growth beyond our own borders, with global growth now at its fastest in six years. There's a reason the Australian economy's GDP growth is looking so strong, why the last quarter of national accounts showed a one per cent increase in our GDP, why we're now looking at a 12-month improvement of 3.1 per cent. It is because this Turnbull government wants to empower and is empowering small and medium businesses, and all businesses alike. It is fundamental in our DNA to empower people to achieve their best. That is precisely what we are doing with our tax regime. That is why we are supporting tax cuts for businesses. It is why we have already delivered tax cuts for small business and it is why we are also cutting bureaucracy to make their lives easier. In fact, the latest regulatory reform report shows the bureaucratic burden on business was cut by more than \$800 million a year between 1 January 2016 and 30 June 2017.

We know that this bill before us today is a popular one. I believe that, despite the comments from the member for Kingsford Smith, it has widespread support among people in this chamber.

It also has extensive support from business and industry. That's because it's good policy. We know good policy when it works, and this policy has been proven to work. Extending the \$20,000 instant asset write-off to 30 June 2019 supports small businesses to invest in their own core assets. This extension is for all small business entities, even those who have previously opted out of the accelerated depreciation rules. As for assets over \$20,000, these

can continue to be pooled and depreciated at a 15 per cent rate in the first year and 30 per cent each subsequent year.

Our accelerated depreciation measure, coupled with the Turnbull government's 2017 initiative to change the threshold that defines a small business from a turnover of \$2 million up to a turnover of \$10 million, is having a broad and positive impact on the small business sector right across the Australian economy. In my region of the Sunshine Coast, in Queensland, more than 5½ thousand small businesses have already taken advantage of the instant asset write-off. That is, 5½ thousand businesses have already used this measure, and what they're seeing as a result is more money put in their pockets. What they are typically doing with that money is investing in their business and employing more locals on the Sunshine Coast. It is giving them confidence to invest and grow. It is giving them the confidence they need to create more jobs. As early as March this year, more than 12,700 new jobs had already been secured by Sunshine Coast residents. This number would have no doubt doubled by now, as we're heading towards the end of June.

These are real, tangible outcomes resulting from a highly practical set of measures adopted by this government to help small businesses grow and be successful. As sure as night follows day, it also leads to the employment of more Australians. I know this because I used to own and run my own small business. While I'm no longer in business myself, I speak regularly with business owners right across the Sunshine Coast, and they're singing praises for this measure.

I have been fortunate enough to have visits to my electorate of Fairfax recently from the Hon. Craig Laundy, Minister for Small and Family Business, the Workplace and Deregulation, and Senator Zed Seselja, the Assistant Minister for Science, Jobs and Innovation, and last year from the Hon. Michael McCormack in his then capacity as the Minister for Small Business. These visits allowed me to introduce the ministers to many small-business owners and visit their workplaces, like the printing business in Maroochydore that employs 10 locals. The instant asset write-off tax concession helped them purchase a new finishing machine for their printing press. Also, the self-employed photographer who purchased a much-needed drone to expand his business into aerial photography. These are just two simple examples of the Sunshine Coast's 40,000 small businesses investing into their businesses because of measures such as the instant asset write-off.

Those around the chamber may not know that the business environment is quite unique on the Sunshine Coast. In fact, according to the Chief Economist of Australia, the Sunshine Coast is one of Australia's only non-urban regions fostering innovative entrepreneurship, comprising a unique clustering of R&D expenditure, IP generation and entrepreneurship attributes. That may have something to do with our burgeoning medicinal cannabis industry, or maybe even our 13 craft breweries. I'll admit I felt a warm glow at budget time, when the Turnbull government took the popular decision to lower the keg tax for craft breweries while increasing the alcohol excise refund cap to \$100,000. Even though some have joked about the keg tax, these measures are producing tangible outcomes—delivering for small businesses, increasing their production, helping them invest in quality improvements, and, more than anything, helping them hire more staff.

We know that small businesses are vulnerable to sudden adverse business conditions. They can put a strain particularly on a company's cash flow, and the smaller a business is, the more that strain on cash flow hurts. That is precisely why incentive measures such as the instant asset write-off are so important. Further, and quite deliberately, it is the temporary nature of the measure through to 30 June 2019 that the government hopes will encourage small businesses to bring their capital investments forward to help feed business confidence and drive economic activity at the local level. Continuing the support for immediate deductibility for businesses with an annual turnover of less than \$10 million by allowing an instant deduction in the year the cost was incurred for depreciating assets of less than \$20,000, while also offering the potential to leverage a small business asset pool for other depreciating assets that cost \$20,000 or more, is excellent news. It's excellent news for the more than 3.3 million small-business owners across the country and the 40,000 small businesses on the Sunshine Coast. It's for those reasons that I'm more than happy to commend the bill to the House.