

## **We thank you 2016 and welcome 2017 with hope and some fear.**

There is no doubt 2016, an election year, was a year of outcomes for the small business people in Australia. It also threw up some new issues that we need to confront, particularly around the rights of the self-employed.

In 2016 the government continued its good work of 2015 and focused on growth for the economy through small business people with the key themes on “Jobs and Growth” as well as “Innovation and Agility”. The Council of Small Business of Australia and its members can celebrate our role in gaining this focus and in converting our policy needs into outcomes.

As a result our economy is now better placed to build on the [innovation statement](#) and support the people who do the innovation, employ others and add to productivity.

It will take several years to turn the budget deficit into a surplus but that has a better chance of happening with small business people free to start up, innovate and grow. There will always be other hurdles and we will continue the good fight, but we should also celebrate success.

This focus on our sector certainly does not mean all small businesses are well off but it does provide motivation to develop new products and processes.

Michael McCormack as the new minister responsible for small business, has started well and we look forward to 2017 with confidence. The fact that he is not in cabinet is a big disappointment and means his job will be harder. We will fight to have the small business portfolio back in cabinet as a stand alone ministers role.

On the less positive side the election certainly went on too long and created more uncertainty but we have dealt with a hung parliament and complexity before and we have no choice but to do so again.

More concerning and a disappointing end to the year was the court decision against the ACCC in their action against Woolworths and their appalling grab of other businesses’ profits to cover their own shortcomings. There is still a major war happening around competition and 2017 will see an escalation of that war. A handful of dominant big businesses have become true parasites on society and we will confront them.

We will also hound businesses that do not embrace professional and ethical behaviours whether that be in following the workplace relations regulations or paying their bills on time.

## What was achieved in 2016

A summary of outcomes from this year includes:

- The 2016 was branded “**The Small Business Budget II – the sequel**” following its continued focus on our needs and issues. The details of the budget are listed below. Some people called this the second COSBOA budget and our board and members should be pleased with this outcome.
- The root and branch review of competition policy, also known as the [Harper Review](#), continued to be a great battleground between the well-resourced supporters of Coles, Woolworths and few others on the big business side of the battlefield supported by the Retail Union (The SDA) from their Labor allies against the rest of the business community and common sense. It appeared that commonsense may have beaten vested interests for the first time in a debate on competition policy but the legislation that has now been put to Parliament contains information on mandated behaviour that would create a lawyers picnic. This has obviously been put in the legislation at the behest of the big businesses mentioned above and we will ensure its removal.
- We launched a campaign with the AICD and the AI Group on getting businesses in Australia to [pay on time](#). We are also working with the SBFEO as mentioned below on this issue. Australia has become probably the worst country in the world for paying B2B invoices – below Mexico – so we will fix this.
- The position of [Small Business and Family Business Ombudsman](#), was filled early in 2016. The creation of this position has been an aim of COSBOA’s since our creation in 1977. The news has been even better as Kate Carnell was appointed to the role and has focused on some very important issues including the Road Safety Remuneration Tribunal (RSRT) fiasco, an inquiry into business lending from banks and in conjunction with COSBOA an inquiry into business payment strategies in Australia. Nice work.
- [Unfair contract term protections](#) for small business people were passed through parliament and came into force on 12 November 2017; another long-term aim of COSBOA achieved. There is more to be done here but this is a very good start.
- The government has started a process to have better management of **insolvency and bankruptcy practices**. This has been yet another long-term aim of COSBOA as we seek to have better processes for businesses experiencing difficulty. This is of particular interest to our Chairman Paul Nielsen who raised this as an important issue with Malcolm Turnbull at a recent meeting. Currently a firm can be bankrupted quickly by debtors such as banks and landlords but better legislation would give more opportunity to trade through difficulties or at least learn from the experience and still be able to start another business. We also need much stronger legislation to find and punish “phoenix business’ operators who add to the pain of too many businesses in Australia.
- We continued the focus with beyondblue around the **mental health** of the self-employed and through our mental health ambassador Leanne Faulkner we have kept the issue in people’s minds..
- We were instrumental in forming the [Australian Digital Business Council](#) which will initially focus on E-invoicing which will streamline B2B financial activities as well as government communications with business. This council has bought together a

myriad of stakeholders all keen to get our B2B communications more seamless and efficient. Australia is seen as a world leader on this issue and our CEO will be attending an international symposium as an invited keynote speaker at Orlando USA in April 2017.

- We started the process of empowering local business communities to influence the economy through a **national program of local economic development**. We have met with various ministers and the Prime Minister to discuss this need, the outcomes of elections and votes across the world shows that centralised decision making and poor communications with communities creates fear and concern. We have the answer and just need some of the old school ideologues to get out of the way to a new era of empowerment for community and better awareness and management of change and change management.
- The President of the Fair Work Commission continues the campaign for [using plain language in industrial awards](#). Well done, as well, to the Pharmacy Guild for promoting this important change.
- We have resisted calls for [Domestic Violence Leave](#) for workers as discriminatory against the self employed who are given responsibility for others crises but are not considered when it comes to potential crises for them. There are better ways to deal with this scourge on our community that normalising it through workplace relations, that would be a huge mistake.
- On that point we have put the [rights of the self employed](#) front and centre during 2016 and will continue to do so in 2017.
- We joined the good fight with various members to stop the very destructive [Road safety Remuneration Tribunal \(RSRT\)](#). What should have been a simple task to get safety on our roads turned into a concerted attack on owners drivers and did sadly cause insolvency with too many small transport businesses.
- We welcomed Pam Price as a new Director on our [Board](#) and thanked Teresa Mitchell a lot, as the retiring Director.
- We held a very successful **National Small Business Summit** in Brisbane and have announced the date for the 2017 summit which is 23-25 August in Melbourne – **SAVE THAT DATE NOW!**
- The [COSBOA Ambassadors program](#) (members only) was introduced by our Chairman and gives us even more resources and power to do our job.

## The 2016 “Small Business” budget - again

The 2016 budget was once again focused on small business people and it was universally welcomed in our community. The budget was comprehensive and consisted of various measures including:

- The headline item – increase the definition of a small business from a turnover of \$2m to a Turnover of \$10m. This provides access to tax breaks and other support for a large number of businesses that all employ and all want to grow.

- continued tax deductibility on [every asset costing less than \\$20,000](#) purchased from the 2015 budget until the end of June 2017.
- A [cut to company tax rates](#) by 1.5% to 28.5% for incorporated small businesses with a turnover of under \$10 million.

The increase to the threshold for definition was a welcome surprise. There is much resistance to the company tax cut from some parts of the community and it is up to COSBOA, as a credible voice, to get the message across that a company tax cut is a good thing and will increase investment not increase any individual's income.

## **Mental health for the self-employed**

We have developed a partnership with beyondblue to help focus on the [mental health of small business people](#). For too long the focus in this area has been solely on the employees of businesses and the employer's needs as a person have been ignored. So have the needs of over 1 million people who are self-employed but do not employ other people. We have contracted Leanne Faulkner, a great advocate for mental health for our sector, to work on the project. This is also a first as very rarely have health issues for the self-employed been considered or discussed. There will be more on this in 2016.

## **COSBOA members to take a bow**

The achievements this year are a credit to the government, after all they make the decisions. It is also a credit to the COSBOA board and our members without whom we could not have campaigned for the changes and fought and won many battles for fairness and respect. An organisation is only as strong as its membership. Our underpinning campaign to have the owners of small business recognised as people has brought results.

These outcomes achieved all in one year are also a credit to past supporters of COSBOA, people who have been involved for many years. This includes our previous long serving chief executive Rob Bastion and Tony Steven as well as many supporters such as Bob Stanton and the late Peter Judkins in particular. There are many more people, too many to name, you know who you are - well done.

The fight will never be over but we have progressed a long way in the last year.

There of course was an election in 2017 and we targeted marginal seats highlighting the policies of COSBOA and comparing that to the policies offered by the major parties. We need the business community to understand what policies are being presented by the parties and how that compares to COSBOA's needs.

We enjoy telling anyone who will listen "big business has power, resources and influence but they don't."

Finally we showed that communications is a vital part of advocacy and that the big business community needs to become better at community with, not pompously lecturing, the average Australian citizen.

## What will 2017 bring and what do we want?

There is no doubt the focus in 2017 will be on vocational education and training, competition policy, productivity, workplace relations, “paying on time” and business finance including insolvency management

We will continue to push for a national program of local economic development to empower business communities to break free of the shackles of dominant businesses and red tape. Our aim is to get innovation and productivity happening in the small economies right across Australia.

COSBOA, with our increased membership and continued close engagement with government; Nick Xenophon and his team; The Greens; and Pauline Hanson and One Nation expects more to be achieved in 2017 for those people who give and add so much to our economy, to our culture and to diversity. We will build closer ties to Labor but remain concerned that their policies are pro big unions who are in partnership with some big business. These partnerships are more akin to cartels and hold the economy back for the majority of business and for workers. Wages and profits won't increase while only a few businesses (unions are businesses) control the policies of any political party.

Given the way people have voted around the world there is an obvious mistrust with traditional government. We believe that the word ‘empowerment’ should become the word of 2017 as those who wish to govern learn that people want to not just be told they have a say but know they do.

We will work as well with all media to help get messages out there in everyday language about what is going on and what we think is good, not so good or just plain awful. There is a tendency from the big end of town and from too many economists to be pompous and all-knowing and to look down on those who disagree as lesser people who need rescuing from themselves. We will fight the pompous and confront their false ideas and processes particularly the laissez-faire who believe that doing nothing is the way to a better future, foolish people.

Certainly the company tax cuts are important to growth and we need to communicate the benefits to the Australian community. It is quite reasonable for people to see the words ‘tax cuts’ and think some rich person is getting more money. We need to respect that view and show respectfully that is not so. It is harder to do that as those against the cuts are very well resourced and are not embarrassed about twisting facts or ignoring reality to get their point across.

We will continue to review our [policy framework](#) which is available on our website.

Thanks