



The Hon John Howard MP
Prime Minister

Guide to the Government's small business statement – *More Time for Business*



The Hon Geoff Prosser MP
Minister for Small Business
& Consumer Affairs

Helping small business to grow, employ, export and invest in Australia's future has been a top priority for the Government since its first day in office.

We are committed to creating an environment in which small business can achieve its investment and expansion potential.

Our economic and industrial relations policies are central to our agenda for the growth and development of the small business sector. We have already delivered significant gains for small business including the reform of unfair dismissal laws, low inflation and lower interest rates. But we are also committed to tackling the impediments to small business imposed by unnecessary government regulation and paperwork.

More Time for Business is a watershed in reforming the regulatory culture impeding small business efficiency. It outlines an ambitious but achievable agenda to significantly reduce the paperwork and compliance burden for small business.

For small business, these initiatives will:

- simplify taxation compliance;
- provide easier access to government information and compliance requirements;

- make regulation setting processes more transparent and accountable;
- reduce the complexity, duplication and delays in business approvals and registration processes;
- ease access to finance for small business;
- put in place client service standards for the public service;
- accelerate Commonwealth, State and Territory reform of rules and regulations; and
- provide mechanisms to make sure these changes happen.

We look forward to working with small business and the States, Territories and Local Government to implement these reforms.

We urge you to take maximum advantage of these reforms. In doing so, we believe that you will have *more time for business*.

JOHN HOWARD

GEOFF PROSSER



A commitment to small business

The Government's Statement *More Time for Business* transforms the regulatory culture in Australia.

Small business is providing the new jobs in Australia and is increasingly contributing to our export performance.

The Government has put in place policies for strong economic growth.

- Official interest rates have fallen by 1.5 percentage points since March 1996.
- The economic outlook is good. The economy is expected to grow by 3.5 per cent in 1996-97.
- The Government has introduced a more flexible industrial relations system to assist small business and reformed the job-destroying unfair dismissals laws.
- The provisional tax uplift factor has been reduced from 8 per cent to 6 per cent.
- Announced capital gains tax rollover relief for small business owners who sell assets to buy another business.

More Time for Business responds to the 62 recommendations of the Small Business Deregulation Task Force. It builds on our commitment to create opportunities for small business to achieve its full potential.

The Government is promoting a challenging reform agenda for small business. This comprehensive package of initiatives will deliver to small business the necessary incentives to prosper and grow.

KEY INITIATIVES

A less taxing time

Small businesses with one or two employees spend on average 120 hours a year on tax matters. This rises to about 250 hours for businesses with more than 10 employees.

Tax compliance affects every small business operator. Small business wants certainty and simplicity in the reporting and compliance arrangements. The Government has delivered a comprehensive programme aimed at addressing these issues.

The Government knows that many small businesses have problems with the taxation system and has already:

- introduced capital gains tax rollover relief;
- provided capital gains tax exemption on the sale of a small business for retirement;
- reduced the provisional tax uplift factor from 8 per cent to 6 per cent; and
- agreed to set up a new Small Taxation Claims Tribunal.

More Time for Business:

- exempts employers from FBT record keeping, if they submit an FBT return in a base year with taxable benefits of \$5000 or less and thereafter do not significantly alter the amount of benefits provided;
- exempts from FBT car parking provided by small business on their premises;
- extends the exemption for employee taxi travel to a taxi trip arriving at or leaving the place of work at any time of the day;



- removes the provisions that deny deductability for car parking for self employed persons, where FBT would have applied to car parking for employees;
- extends the amount of time in which small companies can lodge their returns and pay liabilities;
- allows eligibility for CGT roll over relief either where taxpayers sell their business assets or shares in the company operating the business and the proceeds are reinvested in upgrading the existing business or in another small business;
- extends the CGT exemption on the sale of a small business for retirement to also cover people who operate their small businesses through a private company or a trust;
- introduces a **capital gains tax asset register** to eliminate the need to keep capital gains source documents beyond five years;
- aims to simplify reporting arrangements including a single reconciliation statement for some withholding obligations;
- allows **voluntary payments** to be credited at any time against potential tax liabilities;
- introduces more flexibility in the **group certificate** arrangements; and
- requires the Australian Taxation Office to give better and clearer information to small business.

These initiatives provide significant relief for small business from the complexity, compliance and paperwork associated with taxation.

When will the reforms be delivered?

- FBT carparking on small business premises - 1 April 1997

- FBT carparking for self employed persons - 1 July 1997
- FBT on taxi travel to and from work - 1 April 1997
- Voluntary payments - 1 July 1997
- Time extensions for returns and payments 1996-97 income year
- CGT rollover relief on sale of small business - 1 July 1997
- Capital gains tax asset register - 1 January 1998
- Group certificates - from the 1997-98 financial year

What are the benefits?

- Reduced FBT record keeping
- FBT removed for certain carparking arrangements
- FBT removed for taxi travel to and from work at any time of the day
- Greater time for small companies to lodge returns and pay liabilities
- CGT rollover relief extended on sale of business assets or shares
- **Capital gains tax asset register** - reduced record keeping costs
- **Voluntary payments** - better cash flow management
- No unnecessary production of **group certificates**
- Plain English comprehensible tax information
- Simplified reporting arrangements

To find out more about how these initiatives can help you, contact the Australian Taxation Office inquiry line 133328



Helping small business employers

On average, small business spends 38 hours a year on superannuation guarantee, workers' compensation and occupational health and safety matters.

More than 360,000 small business operators employ staff and must deal every day with the difficulties and complexities of being an employer. Industrial relations issues in the past contributed significantly to small business reluctance to employ, grow and invest.

The Government has improved the industrial relations system for small business by providing unfair dismissal arrangements based on a fair go all round.

More Time for Business delivers the following initiatives:

- **exclusions** from Federal **unfair dismissal** laws of new employees of small businesses with 15 or less employees until they have one year's continuous service
- require improvements to the industrial relations system for parties in terms of **when and where industrial matters** are dealt with
- working with the States and Territories on practical **occupational health and safety** arrangements for small business;
- a **plain English guide** to employment definitions and employment obligations for all tax and employment legislation;
- monitoring the new **unfair dismissal** arrangements to ensure that they operate as the Government intended for small business;

- assessing the costs and benefits of moving to a single objective definition of "employee" for all legislation;
- exploring with the States and Territories potential improvements to **workers' compensation** arrangements involving:
 - consistency in the definition of employee;
 - consistency in earnings bases and premium structures; and
 - opportunities for mutual recognition including self insurance and self management; and
- working with the Australian Industrial Relations Commission on small business concerns about processes, including the complexity of logs of claims.

When will the reforms be delivered?

- Plain English employers' guide by **May 1997**
- Review of unfair dismissal arrangements by **30 June 1998**
- Progress report on occupational health and safety to heads of government by **30 June 1997**
- Progress report on workers' compensation to heads of government by **30 June 1997**

What are the benefits ?

- More flexible and less legalistic unfair dismissal laws
- Place and timing of industrial relations hearings more attuned to small business needs
- Greater flexibility for small business in employment relations



- Better coordinated occupational health and safety and workers' compensation arrangements
- Better information on industrial relations matters for small business

To find out more about how these initiatives can help you, contact Lynne Stevenson, Commonwealth Department of Industrial Relations on telephone 06 243 7928

Making it easier to deal with government

The Government will implement a programme to significantly improve the way it deals with business. *More Time for Business* will deliver a single entry point and provide a quick and easy approach to getting information from government.

A single entry point

Small business completes numerous forms and returns for business registration, licensing, taxation, superannuation and statistical surveys. This involves dealing with more than one government agency requiring the same information.

To ease frustration and the time required to deal with numerous agencies on business registration, licensing, taxation, superannuation and statistical returns, the Commonwealth Government will:

- develop a single entry point to cover the registration requirements of the Australian Taxation Office, Australian Securities Commission, Insurance and Superannuation Commission and the Australian Bureau of Statistics.

When will the reforms be delivered ?

- Single entry point by 1 July 1998

To find out more about how these initiatives can help you, contact Sean Innis at the Department of Industry, Science and Tourism on 06 213 6183

In addition, a strategy will be developed by September 1997 to expand the "single entry" concept to other agencies' information requirements.

Getting information from government- a quick and easy approach

Governments have already demonstrated that the existing Business Licensing Information Service (BLIS) can be used to dramatically reduce compliance costs. BLIS provides valuable information on business licensing requirements. The Commonwealth's Bizlink service also provides information to small business. An improved national business information service will bring further benefits more quickly to small business.

- Commonwealth, State and Territory governments, over the next four years, will be reducing a range of licences into common licences.
- Licence and approvals processes will be simplified and shortened for key business activities in all States and Territories.
- All levels of government licensing requirements will now be available from the one place. Information covering codes of



practice and other quasi-regulatory requirements will also be included.

- All government regulatory information and requirements will be easily accessible to small business through an enhanced easy-to-use mechanism.
- For the first time, expanded information packages for particular business activities will be available from one place bringing together previously separate and uncoordinated material. Priority will be given to tax information and employer obligations such as superannuation, industrial relations, workers' compensation and occupational, health and safety.
- A single national phone hotline for information on how to resolve regulatory difficulties and problems will be established.

A pilot study in Queensland is developing a single licence to replace the six most commonly required licences: three State government licences - business name registration, business workplace registration and workers' compensation, and three Commonwealth licences from the Australian Taxation Office - group employer, tax file number and superannuation guarantee registration forms. Similar projects are commencing in all States and Territories.

A pilot project was undertaken in South Australia to streamline aquaculture project licence and approval processes. It used to take over fifteen separate agencies

anything up to four years to approve a project. Now, a single lead agency guarantees decisions within three months.

When will the reforms be delivered ?

- An enhanced business information service will be developed by June 1998
- Local government licence information progressively onto BLIS in all states and territories in 1997/98
- Codes of practice - quasi-regulation information onto BLIS by December 1997
- Expanded information packages will be available June 1997 - June 1998
- Streamlined licence and approval processes for particular business activities will be introduced by June 1998 (eg. food and tourism sectors in Victoria by June 1998)
- national phone hotline by December 1997

What are the benefits ?

- Fewer government forms, single point of entry and reduced compliance costs
- Easier access to government information
- Reduction in business approval times
- Tax information package now available
- Single common business licences
- National regulation hotline to help resolve regulatory difficulties

To find out more about how these initiatives can help you, contact Phillip Steven, AusIndustry on telephone 06 213 7320.



Easier access to finance

Small businesses are constrained in their development and growth by lack of access to appropriate sources of finance. This is especially the case for small technology based firms. Evidence suggests that this problem is particularly severe in the investment range of \$0.5 to \$2 million.

The Government recognises that efficient provision of finance to small business is critical to the innovative business culture Australian firms need to realise their full potential.

Small business needs a wider range of equity finance options suitable for early stage innovative firms and providing smaller amounts of equity, with lower transaction costs. The Government has already implemented a number of measures to address these concerns including:

- allowing banks and other lending institutions to make equity investments in businesses, including small business;
- changing the tax treatment of equity investments in SMEs by financial intermediaries by allowing smaller investments to be subject to capital gains tax rather than income tax;
- facilitating investment through informal networks of investors and small business by sponsoring a number of private matching services through the Business Equity Information Service; and
- proposing changes to the Corporations Law to allow matching services to make offers and invitations to invest in companies seeking to raise capital.

More Time for Business delivers an initiative to support the provision of early-stage capital to small, new technology-based firms.

The Government will allocate \$130 million from the R&D Start programme to the establishment of a **Small Business Innovation Fund**:

- all investment decisions would be taken by private sector fund managers with the Government matching private sector capital raised on a \$2 for every \$1 of private capital raised. Under this arrangement, up to \$200m in public and private money should become available over 4 to 5 years.
- up to six early-stage capital funds will be established investing in more than 100 small technology firms over five years.
 - Individual funds would be in the \$30-\$50 million size range to give sufficient risk spread and ensure fund viability.
 - Funds would normally have a 10 year life span.
 - Funds would be required to invest at least 50 per cent of their capital in early-stage activities (eg seed, start-up and first-round funding).
 - Investments would be restricted to companies with an annual revenue of \$4 million or less, averaged over the previous two years.

This proposal will enhance funding in small businesses through the use of market based mechanisms and will be a source of long term patient equity capital for firms involved in commercialising research and development.

Small technology businesses can be very fast growing and rapidly generate new jobs.



By encouraging world class small businesses, and helping to finance them, the Government will help launch a succession of highly competitive small businesses onto the international marketplace.

To find out more about how the Small Business Innovation Fund can help you, contact either Keith Besgrove on 06 213 7350 Or 0419 603 171, or Peter Robins on 213 7393, Office of AusIndustry.

Reducing the cost of completing statistical forms

Small business is critical of the number of government surveys, the duplication of requests for information and the lack of relevant statistical information.

New measures to reduce the statistical burden on small business include:

- improving the information, timing and design of statistical collections;
- developing a code of conduct to cover organisations surveying business to minimise the burden on small business;
- developing a clearing process for statistical collections to avoid duplication in the information sought by the various government agencies;
- appointing an additional small business representative to the Australian Statistics Advisory Council; and

- the Australian Bureau of Statistics consulting small business to improve feedback on statistical surveys.

The Prime Minister announced in April 1996 that the Australian Bureau of Statistics would reduce small business compliance costs for statistical returns by 20 per cent. These initiatives will further reduce the burden of statistical collections on small business without affecting the usefulness of the information. Small business will have a greater say in how these collections are done, and receive better statistical information.

When will the reforms be delivered ?

- 20 per cent reduction in reporting load during 1996-97
- Code of conduct for surveying organisations by July 1997
- Central clearance process - progressively from 1 July 1997
- Small business representative on the Australian Statistics Advisory Council - Implemented

What are the benefits ?

- Less time spent in filling Australian Bureau of Statistics surveys
- Reduced compliance costs
- Better coordination of statistical collections by different organisations
- Improved testing, design and relevance to small business



To find out more about how these initiatives can help you, contact Peter Harper, Assistant Statistician, Policy Secretariat Branch, Australian Bureau of Statistics on telephone 06 252 6646

Streamlining government processes

The Industry Commission has estimated that savings of \$350 million a year could be made from more efficient building regulations and a further \$750 million from improved planning and approval processes.

Chasing government rules and regulations can be a time consuming and frustrating experience for small business. It is time that could be better spent pursuing business opportunities.

All governments have agreed on a broad ranging agenda to reform areas, such as food and agricultural and veterinary chemicals, and to accelerate existing reforms for building and the environment.

These reforms will streamline regulatory processes; reduce delays in approval processes; and increase consistency in regulation. Importantly, all governments will look at the impact of the current regulatory arrangements on small business and identify ways to address problems.

Governments have agreed to:

- reduce inconsistent technical requirements between States and Territories;
- introduce private certification of building approvals;
- reform building referral and concurrence procedures;
- review Commonwealth, State and Territory roles and responsibilities for the environment;
- undertake a comprehensive review of the regulatory burden on the food industry;
- inquire into the most efficient and effective way to regulate industrial, agricultural and veterinary chemicals; and
- introduce on-line electronic, claim lodgement and payment processing for the Pharmaceutical Benefits Scheme.

Experience to date shows that:

- leadtimes for certifying building products and systems have been reduced from up to 2 years to around 6 months under the new national building products certification scheme which commenced on 1 January 1997; and
- private certification can reduce approval processes from one month to a week.

When will the reforms be delivered ?

- Reports on progress of these reforms will be made to the heads of government:
- private certification of building approvals
- June 1997
- building referral and concurrence
- June 1997



- consumer protection for building industry - June 1997
- environmental regulation - June 1997
- review of food regulation - mid 1997 and final report by 31 December 1997
- review of industrial, agricultural and veterinary chemicals by December 1997 and final report by 31 October 1998
- On-line claim lodgement progressing during 1997 - 98

What are the benefits ?

- Reduced waiting periods for building approvals
- Reduced costs due to improved building approval turnarounds
- Mutual recognition of environmental impact statements
- Reduced costs and time in processing pharmaceutical benefits payments

To find out more about how these initiatives can help you, contact Dusanka Sabic, Office of Small Business on telephone 06 213 6181

Improving regulatory quality

Small business frequently calls on government to change the overall culture of regulators. A culture of over-regulation will undermine any specific reform proposals. A culture that focuses on non-regulatory solutions will ease the compliance burden on small business, even where regulation is necessary.

To make this happen, the Government will:

- introduce Regulation Impact Statements that will be mandatory for all primary legislation affecting business or restricting competition;
- require Regulation Impact Statements to be tabled in Parliament;
- make subordinate legislation subject to sunset arrangements;
- require agencies to develop performance indicators to measure the impact of their regulatory activities on small business;
- support the Office of Regulation Review to train public servants on best practice regulation and prepare a *Guide to Regulation*; and
- give the Assistant Treasurer personal responsibility for ensuring that the new arrangements are applied rigorously and consistently.

The new arrangements will accelerate the pace of regulatory reform. They will remove redundant regulation and continue specific reforms in areas such as tax and corporations law.



What is a Regulation Impact Statement?

Regulation Impact Statements will outline:

- the objective of the proposed regulation;
- the perceived problem;
- alternative approaches to dealing with the problem;
- the expected benefits and costs to the community of the various alternatives, often including a breakdown of these impacts on Government, business, consumers and other groups;
- the process and results of consultation; and
- enforcement and review mechanisms.

- Small business views will be taken into consideration when making regulations
- Stops problems of over-regulation re-emerging in coming years

To find out more about how these initiatives can help you, contact the Office of Regulation Review on telephone 06 240 3290

When will the reforms be delivered ?

- Regulation Impact Statements will take effect immediately
- Publication of *A Guide to Regulation* by 30 June 1997
- A progress report on the development of performance indicators for regulatory review and reform by 30 April 1997

A client service culture

Small business complains that government departments, agencies and particularly regulatory authorities lack a client service culture. Administrative decisions are often perceived to be made in isolation from commercial experience.

Government departments and agencies which deal with the public will be required to develop service charters in consultation with small business and the community they serve.

Service charters will make the public service focus on the needs of its clients first.

What are the benefits ?

- Proposed regulations will undergo a transparent and accountable process to measure their costs and benefits

When will the reforms be delivered ?

- Time table for the implementation of service charters by 30 June 1997
- Implementation of charters during 1997-98



What are the benefits ?

- Client focussed and accountable public sector
- Accessible complaints mechanisms
- Annual reports on service delivery

To find out more about how these initiatives can help you, contact Carolyn Jenkins, Small Business and Consumer Affairs Division on telephone 06 250 6617

Monitoring our performance

If long lasting gains are to be made, the Government's commitment to regulation reform needs to be as strong in two years time as it is today. We will monitor our performance carefully to ensure that our initiatives deliver real benefits to small business. We will also invite small business to tell us about our progress in helping you and to tell us your priorities for change.

The Government will receive regular reports on its performance, and will undertake a benchmarking study by 1999 to measure changes in the compliance burden over the Government's first term. With the cooperation of the States and Territories we will publish nationally comparable performance indicators to help monitor our progress.

The Government is listening to small business

The Government is listening more to small business. It has set up the Micro-Business Consultative Group and the Small Business Forum. The Government will increase small business representation on a number of important bodies and reviews and it will be consulting with small business on priorities for further change.

More Time for Business

The Government is committed to improving the environment for small business. *More Time for Business* demonstrates that the Government means business. Its impact will be significant for the growth and development of small business.

More Time for Business is available on Internet at <http://www.dist.gov.au>

For more information on AusIndustry business information and programme assistance, you can call the AusIndustry Hotline on 13 2846.