

Supporting Tasmanian Small Business



A MAJORITY LIBERAL GOVERNMENT WILL:

- Establish a Small Business Advocate
- Formalise the partnership between government, small business and Tasmanian industry
- Link Government policies to industry and business goals
- Deliver payroll tax relief



Deliver a stronger economy and more jobs

There is no greater supporter of small business in Tasmania than the Hodgman Liberals.

With 36,000 small businesses in the State, employing 110,000 Tasmanians, small business is rightly described as the engine room of our economy.

The Hodgman Liberals understand the importance of the private sector when it comes to generating economic growth and creating jobs for all Tasmanians.

Last year, the Tasmanian Government was named "Australia's most popular government" in the 2017 Sensis Business Index.

We understand the importance of the private sector and that the role of the Government is to put in place the economic levers which support business growth.

Small Business Advocate

A re-elected Hodgman majority Liberal Government will establish a Small Business Advocate for Tasmania.

The Small Business Advocate will work to create a more level playing field and assist small businesses in trying to resolve disputes with larger businesses, State Government bodies and local councils.

The Advocate will be a central point of contact for small business and an adviser for the sector.

The Advocate's role will be established within the Office of the Coordinator General.

Our Targets

#1: Reduce the unemployment rate to the best state in the country by 2022

#2: Reduce the youth unemployment rate to at or below the national average by 2022

#3: A 40% increase in apprentices and trainees in the private sector by 2025

#9: An 85% clear-up rate on reported red tape by 2022

#10: 90% of all Government contracts to be awarded to Tasmanian-based businesses by 2022

#11: A 10% increase in small business employment by 2022

Why Tasmania Needs This

The success of Tasmanian business and industry is critical to the State's economic future.

A re-elected Hodgman majority Liberal Government will work with the private sector to build Tasmania's future.

The Tasmanian Liberals' Plan



Deliver a stronger economy and more jobs

B21 – Business Growth Strategy

The single most important action any government can take to support small, medium and large businesses and industry is to put in place an economic environment that gives the private sector the confidence to invest, grow and create jobs.

In the past four years a lot has been achieved, including resolving 78% of red tape issues raised by business and consumers, introducing a Statewide Planning Scheme, ending expensive water and sewerage headwork charges, and implementing our Buy Local policy that is seeing more Government work go to Tasmanian-based businesses.

Our budget is back in balance, there have been 18 consecutive months of retail trade growth and more than 10,900 new jobs have been created.

But we know there is more we can do. We also know governments do not have all the answers, which is why it's important to work in partnership with business and industry to establish a growth strategy.

A re-elected Hodgman majority Liberal Government will establish B21 (Business 21st Century), a strategic partnership with business and industry representatives through the Tasmanian Chamber of Commerce and Industry and the Tasmanian Small Business Council, with input from local chambers of commerce, industry peak bodies and other relevant organisations.

B21 will be similar to the tourism industry's T21 partnership agreement.

The T21 strategy describes how the Tasmanian Government, in partnership with Tasmania's tourism industry, is working to achieve our vision to grow annual visitor numbers to Tasmania to 1.5 million by 2020.

B21 will ensure government policies are aligned with business and industry goals and targets.

The Tasmanian Liberals understand the role of the Government is to work with business to put in place an environment that allows business to get on with the job it does best, without unnecessary hurdles and restraints.

Key Facts

Since being slammed into recession in 2012-13 under Labor and the Greens, the Tasmanian economy has grown by around 5%.

In 2016-17, Gross State Product grew by 1.1% compared to the previous year.

Tasmania's export sector continues to perform strongly. In the 12 months to November 2017, the total value of exports was approximately \$3.2 billion with more than \$900 million in exports to China alone.

In November 2017, retail trade was above the half-billion dollar mark and has been for 18 consecutive months. Turnover was 2.8% higher than the year before – 3rd best among all states and territories and ahead of the national average of 1.7%. The level of retail trade in November 2017 was 13.6% above the level at the last election.

Compared to the year before, in the September 2017 quarter, business investment in new capital was more than 20% higher. Compared to when we were elected in March 2014, the level of total capital investment is 31% higher.

Just this month (February 2018), The Sensis Business Index found Tasmania recorded the strongest confidence among small and medium businesses in the nation in a decade.

The release of the December 2017 results show that Small and Medium sized Tasmanian Business (SMBs) confidence is up a strong 10 points from the previous month to +60.



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Linking Government policies with business goals

B21 will establish a Business Growth Strategy 2018-2023 and formalise the partnership with a Heads of Agreement (HoA).

As with T21, Business 21 will bring Government and the broader business sector together to develop strategies to reach the targets we have set for Tasmania, and others identified by the business sector.

It will identify priority areas, such as:

- skills and training
- supply chain and logistics
- infrastructure
- business sustainability
- ongoing red and Green tape reduction
- streamlining government procurement and getting more Tasmanian based businesses to share work in larger projects
- incentivising
- compliance
- community engagement

A re-elected Hodgman majority Liberal Government will continue to work closely with business and industry to build the economic momentum already being experienced in Tasmania.

The B21 vision will ensure Tasmania has a vibrant business environment that supports strong and sustainable business and jobs growth.

Key facts

The number of dwelling approvals in November 2017 was 3.2% higher compared to the previous month and 31.1% higher than the number in March 2014.

Tasmania had the strongest new housing growth of any state in the last year – the number of dwellings approved in November 2017 was 48.6% higher than November 2016, compared to the national average of 8.1%.

Annual growth in new motor vehicle sales in the year to December 2017 was the strongest in the nation at 10.9% - well above the national average (2.8%) and the highest monthly level of sales on record.

Supporting small business

A re-elected Liberal Government will provide \$2.5 million annually for a Small Business Grants for Apprentices and Trainees Program. This will provide up to \$5000 for each new apprentice or trainee taken on by small business in an area of identified skills demand such as building and construction, tourism and hospitality and advanced manufacturing.

We will also cut payroll tax for businesses establishing in regional areas, extend our successful Payroll Tax Rebate Scheme for apprentices and trainees to 30 June 2021, and change the way payroll tax is levied so small and medium businesses pay less.



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Supporting Small Business to Employ Apprentices and Trainees

In the 2017-18 Budget, the Hodgman majority Liberal Government announced a \$5 million pilot scheme over two years to support more apprenticeships and traineeships with small business.

This pilot scheme has been highly successful and is well on its way to supporting 1,250 new apprentices and trainees with Tasmanian small businesses.

We recognise the valuable investment that small business makes in training the next generation of Tasmanians and want to make sure the sector is confident and prepared to take on more workers.

A re-elected Liberal Government would provide \$2.5 million annually for a Small Business Grants for Apprentices and Trainees Program.

This funding would provide a grant of up to \$5,000 for each new apprentice or trainee taken on by a small business in an area of identified skills demand.

Grants would be available for qualifications in the growth sectors of our economy such as building and construction, tourism and hospitality and advanced manufacturing.

This would support 500 new apprenticeships and traineeships each year and ensure local small business can access the skilled workers they need to grow.

Payroll tax cuts

The Hodgman Liberal Government has balanced the budget, made record investments in essential services and demonstrated what a stable majority government can achieve. This strong fiscal position provides the opportunity to further reduce payroll tax for businesses.

A re-elected majority Hodgman Liberal Government will change the way payroll tax is levied, to lower how much tax small and medium sized businesses pay, by introducing a lower tax rate and higher threshold.

Under the current arrangements, businesses pay 6.1 per cent payroll tax on all wages over the tax-free threshold of \$1.25 million.



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The new arrangements introduce an additional threshold and a lower tax rate, such that:

- Businesses with total wages of less than \$1.25 million will continue to pay no tax;
- Businesses with total wages of between \$1.25 million and \$2.0 million will pay tax at a rate of 4.0 per cent; and
- Businesses will pay tax at a rate of 6.1 per cent on wages above \$2.0 million.

This means that all businesses will save tax and small to medium businesses with wages bills between \$1.25 million and \$2.0 million will see substantial savings in their payroll tax liability with savings of up to \$15,750 per year. This represents up to a 34 per cent tax cut for these businesses.

In total with our previously announced measures for apprentices and trainees this policy provides more than \$50 million in payroll tax cuts until 2020-21 including those in the 2017-18 budget. This is extra money that will enable these businesses to invest and expand, and importantly employ more people.

There are approximately 2,650 businesses that pay payroll tax. Businesses tell us that payroll tax is an impediment to employing more people and therefore if just 25% of these businesses were to create one extra job as a result of this measure, around 650 new jobs would be created.

In conjunction with our previously announced payroll tax measures to support apprentices, trainees and regional businesses, this new measure is expected to lift the total jobs supported to around 11,000 over this period.

Furthermore, for Tasmanian businesses with a payroll up to \$4million, Tasmania will have the most competitive payroll tax arrangements of any State.

The Tasmanian Liberals' Plan



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Heads of Agreement

Business 21st Century (B21) is a partnership between the Parliamentary Liberal Party, the business community and industry sectors.

B21 demonstrates a shared vision and commitment to continue to support and grow the Tasmanian economy.

Tasmania has a vibrant business community, with an environment that supports strong and sustainable business growth.

The B21 Heads of Agreement (HoA) brings the Parliamentary Liberal Party, business and industry sectors together to develop strategies to reach relevant targets, including those in the Building Your Future Plan.

At the heart of the HoA is an understanding of the importance of the private sector when it comes to generating economic growth and creating jobs for all Tasmanians.

B21 will be the forum ensuring private sector goals and Government policies are aligned and strategic economic levers allow business and industry to build the economic momentum already being experienced in Tasmania.

Cost

The Small Business Advocate will be established within the Office of the Coordinator-General, within current budget.

The change to Tasmania's payroll tax system is expected to reduce payroll tax revenues by around \$8 million per annum.

Labor Green Record

The March 2014 Sensis Business Index found that business support for the former Labor-Green government was the lowest in the country. In fact 66% businesses believed Labor and the Greens were working against them.

Tasmania's unemployment rate was more than 8% on average and 10,400 jobs were lost between February 2011 and October 2013, youth unemployment rate in the last year of the Labor Green government reached 17.2% and young Tasmanians were leaving the state in droves.

Private new capital expenditure fell 30% as business and industry recoiled from Labor's recession.