

# Draft Labor Party small business policy, December 2011

## Putting innovation at the heart of smaller firms

**99** Labor recognises the vital contribution made by small business to the Australian economy. We strongly support Australians who choose to pursue a career as independent contractors or small business operators. They are vital contributors to the prosperity of the nation and its people. Labor acknowledges that smaller businesses face unique barriers to innovation, in addition to the daily demands of effective business management. We will work with firms to help them invest in themselves. This commitment includes a new R&D Tax incentive that is available for R&D expenditure on or after 1 July 2011, that will effectively double support to small business compared to the previous tax concession. Labor supports competition in the business sector. Where market failure creates anti-competitive conditions Labor will legislate to promote competition. In particular, Labor will legislate effective protections against monopolistic pricing, collusive behaviour, abuse of market power, predatory pricing and unconscionable conduct.

**100** Labor recognises the difficulties faced by small businesses in recruiting and retaining suitable staff and, through its policies to ease skill shortages and wider labour shortages, will assist small businesses in overcoming these difficulties.

**101** Labor believes cooperative relationships between small business operators and employees can create the conditions for higher profitability, higher productivity, higher wages and better working conditions.

**102** Labor recognises that collective bargaining can benefit the public by allowing small businesses and independent contractors to address imbalances in bargaining power with larger businesses. Labor believes small businesses and independent contractors should have choice as to who represents them in collective bargaining. Labor will remove the restriction on trade unions representing independent contractors through the collective bargaining provisions of trade practices law.

**103** Labor acknowledges that small businesses are less well equipped than larger businesses to bear the compliance burden of government regulation.

**104** Labor will continue to advance its agenda of building a seamless national economy and removing excessive red tape and overlapping regulation, in particular through the national reform agenda of the Council of Australian Governments.

**105** In recognition of the risks and heavier compliance burden borne by small business, Labor supports simplifying the tax system for small business and, where fiscally prudent, reducing the tax burden on small business. This includes a commitment to cut the company tax for incorporated business in 2012–13 and depreciation changes for cars and assets that will improve cash flow for small business.

**106** Labor recognises the imperative of small businesses and independent contractors having access to low-cost, timely and informal dispute resolution procedures in respect of their employment and commercial disputes and will ensure that such avenues are available. Dispute resolution procedures will be able to deal with claims of unfair contracts.

**107** Labor acknowledges that small business owners and managers need ready access to low-cost advice when seeking to start new businesses or expand existing operations and will facilitate the provision of such advice.

**108** Labor recognises the value of high-speed broadband in boosting the viability of small businesses and independent contractors and will ensure the provision of high-speed broadband through the NBN.

**109** Labor recognises the important and growing role of women in establishing small businesses, including home-based micro-businesses. Labor will ensure that its small business advisory services are tailored to the needs of women.

**110** Labor recognises, as a general principle, that genuine independent contractors are governed by commercial law, while employees are governed by employment law.

**111** Labor recognises that for large numbers of vulnerable independent contractors their protections were watered down by the Howard Government's enactment of the Independent Contractors Act. Labor will move to strengthen protections available to independent contractors by conducting a review of the effectiveness of the Independent Contractors Act.

**112** Labor opposes sham contractor arrangements, where employees are re-classified as contractors by employers to avoid obligations such as superannuation guarantee payments, workers' compensation coverage and the payment of annual leave and sick leave entitlements. Labor will ensure that, as far as practicable, ambiguity and uncertainty regarding the nature of the contractual relationship is minimised.

**113** Labor supports the principles behind the alienation of personal services income tax rules and will apply these principles with consistency and transparency.

**114** Labor recognises that TCF workers and owner-drivers are among the most vulnerable groups of workers and accordingly commits itself to the maintenance and enhancement of existing protections for these workers.