

BusinessPlus+ Newsletter



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Federal Budget Edition – OCTOBER 2022 “No Headline Support for SMEs”

Federal Budget Overview

This edition of the Business Plus+ newsletter is a commentary on the Australian government’s 2022/23 budget which was delivered by the Federal Treasurer, Jim Chalmers, last night with particular emphasis on items which relate to SMEs.

Please note that the Government’s budget will now be debated in the House of Representatives and the Senate must approve the budget items before any of these items become law.

If you would like to discuss with us any of the matters that were included in the Government’s budget, please do not hesitate to contact the accountant in our organisation with whom you normally deal.

Budget In Review

- ✚ Interest is the biggest costs in the budget - \$120 billion. The Treasurer indicated that the government is committed to reducing the debt.
- ✚ Productivity is at a sixty year low.

Gross Domestic Product

2022/23:	3.5%
2023/24:	1.5%
2024/25:	2.25%
2025/26:	2.5%

Inflation

2022/23:	5.75%**
2023/24:	3.5%
2024/25:	2.5%
2025/26:	2.5%

**Inflation expected to be 7.75% by 31 December 2022



✚ **Wages Growth**

2022/23: 3.75%
2023/24: 3.75%
2024/25: 3.25%
2025/26: 3.5%

✚ **Unemployment**

2022/23: 3.75%
2023/24: 4.5%***
2024/25: 4.5%
2025/26: 4.25%

*** Extra unemployment 140,000

Budget Summary

Budget Inclusions Relative to Small Business

- ✚ Energy efficiency grants to reduce energy use and lower bills
The funding will support studies, planning, equipment and facility upgrade projects that will improve energy efficiency, reduce emissions or improve the management of power demand – budget \$62.6 million over three years.
- ✚ New Access for Small Business Owners Mental Health Support Program operated by Beyond Blue
This program offers free one-on-one telehealth sessions on strategies for managing stress – \$10.9 million in extra funding.
- ✚ Small Business Debt Helpline
Operated by Financial Counselling Australia offering free, independent, confidential and impartial phone base support to small business owners – \$4 million in extra funding.
- ✚ Support for the education and compliance associated with introducing the “respect@work” on duty on employers – \$5.8 million over four years.
- ✚ One stop shop for workplace sexual harassment information
Includes support service referrals and employer responsibilities – \$2.1 million over four years.
- ✚ The development and delivery of education, technical advice and support services targeting the needs of small businesses employers to support the implementation of ten days of paid family and domestic violence leave – \$3.4 million over four years.
- ✚ Funding for the Fair Work Commission to support uptake of enterprise bargaining for small business – \$7.9 million over four years.
- ✚ Establishment of the Start-Up Year Program to deliver HELP loans to graduates, postgraduate and final year undergrads students. This program will encourage innovation and support Australia’s start-up community – \$15.4 million over four years.
- ✚ Digital solutions grants for advisory service providers to help small businesses wanting to get online to access high-quality, independent advice at low cost – \$18.6 million



Wins That Could Benefit SMEs

- ✚ The government intends to provide cheaper childcare for 1.26 million families which should create a pool of potential employees for businesses.
- ✚ Caravan parks to be upgraded as part of the Domestic Tourism Package.
- ✚ Skilled migrants – permanent migration program expanded to 195,000 places a year.
- ✚ Great Barrier Reef Authority to receive additional funding for reef maintenance - \$1.2 billion to 2030 to protect, manage and restore the reef.

- ✚ The government has announced new infrastructure funding of \$9.6 billion.
- ✚ Pensioners can return to the workforce and earn up to \$12,000 per annum without these earnings affecting their pension.
- ✚ The establishment of the National Reconstruction Fund which aims to reshape the economy through co-investments in advanced manufacturing, clean energy, and emerging technologies – budget allocation \$15 billion.

In the election the Labour Party identified the priority areas for this fund as being:

- Resources, agriculture, forestry and fisheries, transport, medical science, renewables and low emission technologies, defence capability and enabling capabilities including critical technologies.

Losses That Could Affect Small Business

- ✚ Electricity costs forecast to increase by 20% in 2022/23 and 30% in 2023/24.
- ✚ Gas costs forecast to increase by 20% in 2022/23 and 20% in 2023/24.
- ✚ The government has announced that by 2026 parental leave will have expanded to 26 weeks – this could cause problems in small businesses finding replacement staff.
- ✚ Projects initiated by the previous government totalling \$22 billion shelved.

Problem Area For Government Which Will Affect Some Small Businesses

NDIS – the Treasurer indicated that there was a “cost blowout” with costs expected to reach \$50 billion in 2025/26. The government’s latest cost estimate is \$166 billion over the next four years. The Treasurer indicated that over ten years NDIS will cost “hundreds of billions of dollars”.

The Treasurer indicated that an in-depth enquiry into the operations of the NDIS is currently underway and that the government will act on that report when it is received.

Many of the NDIS service providers are small businesses so any reduction in the budget allocation for NDIS will have an impact on many small business operators.

Energy

The government has established a \$20 billion fund for energy transmission of which \$800 million will go to cutting taxes on electric cars, building an electric vehicle charging network and hydrogen refuelling stations on highways and solar battery storage for up to 100,000 homes.

Housing

Announcements made by the Treasurer indicate significant investments into the housing / construction industry which should be a benefit to many SMEs:

- ✚ \$350 million to deliver 10,000 affordable homes over 5 years from 2024.

The government is hopeful of coordinating the construction of 1 million extra homes over the next four years by coordinating state governments and private enterprise into a massive investment into the construction of new homes. This will be a significant benefit to SMEs involved in the building industry and to businesses supplying equipment, furniture and fittings to new houses.



Natural Disasters

The Disaster Ready Fund will receive up to \$200 million per year.

The government has provided an additional \$3 billion for the recent floods.

Skills Development

- ✚ 480,000 fee free TAFE places will be created.
- ✚ The government will invest \$50 million in a TAFE Technology Fund to modernise the institutions.
- ✚ 20,000 new places in Universities.

Australian Taxation Office

- ✚ Has received a huge increase in funding for the crackdown on the “shadow economy” and compliance (\$240 million) as well as additional funding for the Tax Avoidance Task Force (\$1.1 billion).
- ✚ The government expects to reap over \$2.1 billion over the next four years from the monitoring of shadow economy activities, and \$5.5 billion in revenue from Tax Avoidance Task Force Activities.
- ✚ The ATO has received additional funding for the clampdown on multinationals that is expected to generate additional revenue of nearly \$1 billion.
- ✚ There was no announcement of any changes to the Stage 3 tax cuts.
- ✚ Bitcoin gains are now officially included in the taxation laws. Investors will pay Capital Gains Tax when they sell Crypto assets through an exchange and when they trade them.
- ✚ There will be no continuation of the fuel excise discount.



Entrepreneurs

The government has announced a Young Entrepreneurs Program. Up to 2,000 individual loans will be offered to students to participate in an accelerator program.

Climate Change

- ✚ The government has allocated \$1.9 billion to a “Powering the Regions Fund” to support regional industries in their transition to net zero.
- ✚ \$302 million has been allocated to “Climate Smart Sustainable Farming and Land Management”.

Superannuation

The eligible age to make “downsizer contributions” to superannuation will drop from 60 to 55.

An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.

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