Think Small First

A platform for Australian small business

> A collective voice for small business.

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Small business is not a mini corporate, and it should stop being regulated like one. Think Small First asks every government, of every party, to design tax, workplace and compliance rules with small business in mind from the start, and then scale them up for big business.

Today a five-person cafe lives under much the same rules as a supermarket chain, but the cost of following them doesn't scale down. A big firm's compliance team spreads the cost across thousands of staff. A small owner pays for it out of their own evenings, or out of their own wage.

> "We don't want handouts, we want a fair go! Keep pushing small businesses to breaking point and there'll be more closures, fewer jobs and fewer opportunities for future generations."
>
> Mechanical business owner, NSW

The platform has three asks:

1. **A small business test on every new rule.** No new law, levy or reporting rule goes ahead without showing what it costs a typical small business, and offering a simpler path when that cost is out of proportion.

2. **A fair go at the ATO.** A named contact for larger debts, PAYG instalments that follow current trading without a penalty for getting the estimate wrong in good faith, and an end to interest charged on interest for owners who keep to a payment plan.

3. **Help to employ.** A tax discount for small businesses that employ staff, which grows as they hire and tapers off gradually as they grow, so there's never a reason to stop hiring. The rate is set after independent modelling and after owners have had their say. Alongside it, a tax-free threshold that works across every job a worker holds, and plain-English award guides for small employers.

Behind them sits a plan to help small business train its people and use new technology, including artificial intelligence, built on programs the government already runs.

Why I'm doing this. I'm a chef and small business owner in Bowral, NSW. Think Small First is run by me personally.

The principle

Most rules are written with big organisations in mind and then applied to everyone. Small business gets the same rulebook with smaller numbers, and carries a heavier load for every dollar it earns.

Think Small First reverses the order: start with the cafe, the tradie and the family winery, make the rule work for them, then add what big business needs on top. The European Union put "Think Small First" at the centre of its Small Business Act in 2008. Australia already requires impact analysis for significant regulation, but the cost to small business is one factor among many, not a test a rule has to pass.

In practice that means three things:

- **Design for small first.** Every tax, workplace and compliance rule has a version a small owner can follow without an accountant on call.
- **A simpler path where a rule doesn't fit.** Where a rule is built for corporate scale, small businesses get a simpler version, a higher threshold or an exemption.
- **Fairness for owners who keep paying.** Owners who fall behind but stick to an agreement get time and a person to talk to, not charges piled on top of charges. Owners who pay on time are never worse off.

The three asks in detail

1. A small business test on every new rule

The problem. Rules pile up one at a time, each reasonable on its own. Together they cost small owners money in accountants, software, licences and time. 55% of the owners who completed our form named red tape and compliance as one of their biggest pressures.

The fix.

- Every new federal and state law, levy and reporting rule publishes, before it passes, its expected cost to a typical small business in the sectors it touches most.
- If that cost is out of proportion, the rule gets a simpler small business version, a higher threshold or an exemption, or the government explains publicly why not.
- The Productivity Commission reports each year on whether the test was applied and what it found. The Australian Small Business and Family Enterprise Ombudsman can refer rules for review.

Cost to government: low. It changes how rules are written, using impact analysis that already exists.

> "Red tape and compliance is money down the drain."
>
> Small manufacturer, NSW

2. A fair go at the ATO

The problem. For many owners the tax bill is the one that tips them over, because it falls due after staff, suppliers and rent are paid. PAYG instalments are set on last year's figures even when trading has dropped. Old debts keep growing because interest is charged on interest. Tax and the ATO was the pressure owners named most often, by 74% of those who completed our form.

The fix.

- **A named contact.** Small businesses with larger debts get a named ATO case officer instead of a call queue.
- **A missed payment starts a conversation.** A single missed instalment triggers a call from the case officer, not an automatic default of the plan.
- **PAYG that follows current trading.** Owners can already change their instalments, but they can be charged interest if the new estimate turns out too low. Give small businesses a safe harbour: no penalty when the estimate is made in good faith from their current figures.
- **No interest on interest for owners who keep their word.** When a small business has kept to an ATO payment plan for 12 months, the ATO remits the interest that was charged on earlier interest. The tax owed and the interest on that tax are still paid in full. If the owner stops keeping to the plan, the relief stops too.

Why this is fair to owners who pay on time. No tax is forgiven. Relief is earned only by keeping to a plan, so it never becomes cheaper to fall behind than to pay on time. The aim is to keep viable businesses trading and paying, not to reward debt.

Cost to government: the case officers and the PAYG safe harbour are an administrative cost. The interest relief gives up revenue and needs independent costing. At 30 June 2025 the ATO's collectable debt was about $54 billion, and around two-thirds of it was owed by small business.

> "Because PAYG is based on last year's figures, in order to pay my current ATO bill, I have not been able to pay myself this month."
>
> Psychologist, sole practitioner, NSW

> "In the last 5 years we have worked extremely hard to get everything back to zero with no debt to the ATO and all BAS and PAYG now paid on time. ... So now they are charging NEW daily interest on OLD interest charges from 10 years ago."
>
> Roofing business, WA

3. Help to employ

The problem. Owners want their staff paid fairly. But wages, super and penalty rates have risen together, and many owners now pay themselves little or nothing so their staff can be paid. 74% of the owners who completed our form named wages, awards and penalty rates. Yet the tax system treats a ten-person business with a big wage bill the same as a business of the same size that employs no one. Hospitality feels this most: it is labour-heavy, open on weekends and public holidays, and works on thin margins.

The pressure is about to grow. As AI and automation get cheaper, every small business will face the same choice: keep a person on, or replace the job with software. If nothing changes, employing staff will become a luxury that only big firms can afford, and small business, which trains most young Australians in their first jobs, will stop hiring. Awards are also long and hard to follow, and a small employer who gets one wrong by mistake is treated much like a large one who does it on purpose.

The fix.

- **A tax discount for small businesses that employ staff.** Small businesses with employees, up to the equivalent of 15 full-time staff, pay less tax on their business income than businesses that employ no one. It would work for every structure: a lower rate for companies, and a larger small business income tax offset

for sole traders, partnerships and trusts. Counting staff as full-time equivalents stops businesses being split up or staff being moved onto contracts to qualify. Wages and conditions don't change. The business keeps more of what it earns, to reinvest, take on staff, or pay its owners.

- **A taper, not a cliff.** A discount that simply stops at 15 staff would tell owners to stay at 14. So the discount is built to reward growth at every step:
  - **It grows as you hire.** The discount rises with each full-time equivalent employee, so taking on another person always brings more of it.
  - **It phases out gradually.** Above 15 full-time equivalents, the discount reduces a little with each extra employee until it reaches zero at a larger size, to be set by the modelling. Nothing is lost all at once.
  - **The golden rule: hiring one more person never leaves a business paying more tax overall.** Each step down the taper is kept smaller than the tax saved by deducting the new employee's wages, so taking someone on never pushes a business's tax bill up.
  - **Time to adjust.** A business that grows past the taper keeps its discount for one more year, so a good year is never punished.
- **The rate is set with owners, not for them.** We don't name a rate in this paper. We ask the Parliamentary Budget Office to model a range of discounts and taper points, and we'll ask owners through Add Your Voice what rate they think is fair. The rate is then set from the modelling and from what owners tell us.
- **Let workers keep more of what they earn.** Many hospitality and casual workers piece together a living from two or three jobs: waiting tables at one place, a bar shift at another, catering on weekends. Today a worker can generally only claim the $18,200 tax-free threshold from one employer at a time, so every other job has tax taken out at a higher rate. They wait until tax time to get the overpaid tax back, money they need week to week. We support:
  - **A tax-free threshold that works across every job.** Workers can split their threshold across all their employers, or the ATO sets the right withholding for each job automatically using the payroll data it already gets through Single Touch Payroll.
  - **Longer-term goal: a much higher tax-free threshold**, somewhere between $40,000 and $60,000. A worker earning $40,000 a year would pay no income tax, which makes a casual or part-time job worth taking and lets small employers attract staff without lifting wages they can't afford. Because it would cut tax for nearly every worker, we put it forward as a direction for future tax reform, to be modelled and phased in over time, not as an ask for the next budget.
- **A plain-English short guide to each award** for small employers, written by the Fair Work Ombudsman. Following it in good faith counts in the employer's favour if something goes wrong.

Cost to government: the award guides cost little. Splitting the tax-free threshold across jobs changes when tax is collected rather than how much, so it mainly costs systems work. Raising the tax-free threshold would be a very large cost, which is why it is a longer-term goal. The tax discount gives up revenue, which is why we ask for modelling before a rate is proposed. Against that cost sit the income tax and super paid by every worker who keeps a job.

> "All of my staff are paid more than myself and my husband as the owners and yet we wear the entire risk and responsibility."
>
> **Restaurant owner, regional VIC**

Skills and new technology: training, AI and automation

Small business can't cut its way out of rising costs. It has to get more done in the same hours. That means skilled people, and tools that take the back-office load off owners who now do the books at midnight. Artificial intelligence and automation are arriving quickly. Big firms have teams to work out how to use them. A small owner has no one, and no time. If small business is left behind on AI, the gap between the chain and the corner shop will only grow.

The government has already set the direction. Its National AI Plan, released in December 2025, aims to spread the benefits of AI across the economy, including by scaling up adoption, training workers, and backing small and medium businesses through the AI Adopt Program. The 2026–27 Budget made the $20,000 instant asset write-off permanent from 1 July 2026, and kept apprenticeship employer incentives for small and medium employers from 1 January 2027. Think Small First asks the government to make sure these programs reach the cafe, the tradie and the family winery, not only businesses with an IT manager.

Training

The problem. Training is how a small business lifts its standards, keeps good staff and grows. But every hour a staff member spends training is an hour the owner pays for and covers, and small employers have no training department. In hospitality, the skills shortage in kitchens and front of house is longstanding, and most cooks, chefs and front-of-house staff learn on the job in small venues.

The fix.

- **Bring back a training bonus deduction for small business.** The Small Business Skills and Training Boost gave businesses with turnover under $50 million an extra 20% deduction for external training of their staff, until June 2024. Bring it back permanently, with digital and AI skills included.
- **Make apprenticeships work for small employers.** Build on the move to keep apprenticeship incentives for small and medium employers: simpler paperwork, and help through Group Training Organisations so a small kitchen or workshop can take on an apprentice without becoming an HR department.
- **Short, practical courses in AI and digital tools** through TAFE and industry associations, designed for owners and staff of small businesses, delivered online and outside trading hours, and free or low-cost.

Using AI and automation in the back office

The problem. Owners spend their evenings and weekends on bookkeeping, payroll, rosters, BAS and compliance paperwork. Much of that work can now be helped by AI and automation: reading receipts and invoices, reconciling accounts, preparing BAS figures, writing rosters and answering routine enquiries. But owners don't know which tools to trust, can't afford to experiment, and worry about getting their tax or their customers' privacy wrong.

The fix.

- **Take the AI Adopt Program to small business.** Fund the National AI Centre's AI Adopt Program to reach micro and small businesses directly, including in regional areas, with free, hands-on help to set up AI for bookkeeping, payroll and administration.
- **A technology bonus deduction.** Alongside the permanent instant asset write-off, an extra deduction for small businesses that invest in digital and AI tools and subscriptions, like the Small Business Technology Investment Boost that ended in June 2023.
- **Clear guidance owners can trust.** The ATO and the National AI Centre publish plain-English guidance on using AI for bookkeeping and tax: what the owner is still responsible for, how to keep records, and how to

protect customer data.

- **Build small business into the National AI Plan.** A small business test for AI policy itself, so new AI rules and standards are workable for a five-person business, not only for big firms.

Cost to government: the guidance costs little, and the AI Adopt Program and apprenticeship changes are already funded. The two bonus deductions give up revenue and need costing, though both have been run before.

Further proposals

Owners raised these often. They sit behind the three asks, and some need more work or costing before they're put as firm proposals.

GST cash flow for small hospitality

Cafes and restaurants charge GST on almost every sale but claim little back, because most fresh food is GST-free. The GST is the customer's money, collected for the states, but it leaves the business in one lump each quarter, often when cash is shortest. Owners can already choose to report and pay GST monthly. We ask the Board of Taxation to look at the cash-flow problem for small hospitality, including GST payment arrangements without interest for owners who lodge on time. Some owners proposed that the smallest businesses keep part of the GST below a turnover threshold. That would need agreement from every state and would create a new threshold to grow past, so we put it forward for review rather than as an ask.

> "Cafe hospitality businesses like mine recover next to $0 GST for purchases, and pays GST for 100% of our sales. This is devastating to <$500k businesses."
>
> Cafe owner, WA

Payroll tax

Index state payroll tax thresholds to wages, so businesses don't cross the threshold just because wages rose. This mostly helps growing businesses with wage bills above about $1 million, not the smallest employers.

Fixed costs small business can't bargain down

- An ACCC inquiry into what small businesses pay for insurance and licence fees, including music licensing.
- Group buying of public liability insurance and energy through industry associations.
- Make sure small merchants get the full benefit of the Reserve Bank's card payment reforms, which ended surcharges and cut interchange caps from 1 October 2026, through lower fees.

> "Meanwhile Im paying 20K in public liability insurance, 10K in council rates and commercial rubbish removal, wages, Super merchant fees etc etc etc and they just flood Facebook with products at prices I can't compete with."
>
> Garden centre and landscape supplies, QLD

A level playing field

- Strengthen and report on the Commonwealth's existing targets for buying from small and medium businesses, with simpler tendering.
- Fairer retail and franchise leases through state retail leasing laws and the Franchising Code: limits on renewal increases and refit demands.
- Real enforcement against unlicensed operators, so following the rules isn't a disadvantage.

Owners are people too

- Expand Beyond Blue's free NewAccess program for small business owners so no one waits for help.
- Make the existing simplified liquidation and small business restructuring cheaper and easier to use, so owners can close or restructure without bankruptcy.
- Give small business commissioners stronger powers to mediate with landlords, banks and the ATO.

> "our dream is a nightmare and we will be ending our work life with a huge debt."
>
> Franchise cafe owners, QLD

What it costs

Most of this platform changes how rules are written and how agencies treat owners, not how much government spends. The proposals that cost real money are marked for independent costing before they're put as firm proposals.

Cost to government	Proposals
Low	Small business test on new rules · PAYG safe harbour · tax-free threshold split across jobs (systems work) · plain-English award guides · AI guidance for bookkeeping and tax · the charter
Some cost	ATO case officers · ACCC inquiry · enforcement against unlicensed operators · expanding NewAccess · simpler tendering · cheaper liquidation and restructuring · taking the AI Adopt Program to micro businesses · short AI and digital courses
Needs independent costing, could be large	Tax discount for small businesses that employ staff · no interest on interest for owners on plans · training and technology bonus deductions · GST payment arrangements · indexing payroll tax thresholds (state budgets)
Longer-term goal	Raising the tax-free threshold to between $40,000 and $60,000: a very large cost, to be modelled and phased in through future tax reform

How we campaign

Think Small First is for every member of every party. Add Your Voice stays as the way owners join in.

The Think Small First charter. One line that any MP or candidate, of any party, can sign:

> **I will think small first. Before I support any new law, tax or rule, I will ask what it costs a small business, and I will back a small business test on every new rule.**

We'll ask every member in the electorates owners have already written from, then every member in the country, and publish who has signed, electorate by electorate.

A quarterly pulse. Add Your Voice runs every quarter, with a wider reach each time through industry associations and regional chambers of commerce, so the evidence grows beyond our first respondents. The next pulse asks owners what tax discount they think is fair for businesses that employ staff.

Partners, not rivals. We bring owners' own voices to the groups already doing policy work: COSBOA, the Australian Small Business and Family Enterprise Ombudsman, state small business commissioners, and the hospitality, retail and trade associations.

Next steps, in order:

1. **Now:** share the briefing paper with the Small Business Minister, the Shadow Minister and crossbench members in the same week, and test the three asks with each.
2. **December:** launch Think Small First on the website, LinkedIn and Instagram, with the charter open for signing.
3. **January:** lodge a federal pre-budget submission built on this platform, and ask for Parliamentary Budget Office modelling, including a range of rates and taper points for the small employer tax discount.
4. **February sitting weeks:** take the charter and the latest pulse figures to Canberra.
5. **Before the May budget:** publish the charter signatures and the second quarterly pulse.

The evidence, and its limits

Over the last few months, hundreds of small business owners have told me their stories, in person, by phone, by email and on social media. In November 2026 I started Add Your Voice so they could put it on the record. The percentages in this paper come from the owners who completed the web form at davidleechef.com/voice between 17 and 22 November 2026. They came from 30 federal electorates in five states, held by every side of politics, and two in three are outside the capital cities. The other stories shaped the policies but aren't counted in the percentages.

These figures are not a random sample. Owners chose to respond, most heard about the form through my own networks and social media, and hospitality makes up about half of them. They show what is hurting the owners who spoke up, in their own words. They don't measure how common each problem is across all small businesses. The quarterly pulse is designed to widen that base.

Every owner quoted here agreed on the form to their story being shared, and each is labelled only by business type and state. No names or postcodes are used.

Sources

- Add Your Voice briefing paper: what small business owners told us, 24 November 2026
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- Australian National Audit Office, Australian Taxation Office's management of small business collectable debt, June 2026 (anao.gov.au)
- Reserve Bank of Australia, Review of Merchant Card Payment Costs and Surcharging: Conclusions Paper, March 2026 (rba.gov.au)

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