

BusinessPlus+ Newsletter

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Issue – April 2017

Crowd Sourced Funding Now Law!

The long-awaited amendments to the Corporations Code have finally been passed by the Australian Parliament with the legislation planned to commence operations from September 2017. This legislation, in conjunction with the Early-Stage Innovation Company Legislation, completes the commencement phase of the Australian government's Innovation Strategy announced in December 2015.

The legislation will enable virtually any company that is prepared to convert from a Pty Company to an Unlisted Public Company to be able to raise up to \$5 million every 12 months from the "crowd". There will be an investment limit of \$10,000 each 12 months for a retail investor. There is no limit for a sophisticated investor.

To be able to raise capital a company will need to produce "bankable documents" relating to:

- market research
- intellectual property ownership
- marketing plan
- business plan
- budgets and cashflow forecasts
- information memorandum

We are currently assembling information relative to the Crowd Funding Equity Raising Legislation and we will be conducting a seminar on the Crowd Funding Concept for raising capital for companies in the near future.

If you would like to have a conversation with us relative to the Crowd Sourced Funding Legislation, as it applies to your business, please do not hesitate to contact us.

Understanding Performance Management

Performance management is a continuous cycle which commences with:

- job design and then continues with
- leadership in planning all aspects of the delivery of outstanding performance
- recruitment and selection of an appropriate team
- learning and development training
- performance planning for the project or job
- coaching and mentoring of the team
- reward and recognition – built into agreements
- performance improvement – feedback
- career planning for team members based on ongoing learning and improvement in processes

Performance management is not a once year assignment but an ongoing process that is incorporated within each job to ensure that all aspects of the cycle have been appropriately attended to.

If you would like to discuss any aspects of setting performance management strategies for your business please do not hesitate to contact us.

Grants Update

There are hundreds of grants targeted at small/medium enterprises offered by the Australian, state and territory governments. The amount of the grant assistance varies but on average is around 50% of the cost of a particular project. Some of the grants, incentives and special loans that you might be interested in include:

- Industry Capability Network – this is a great way to get noticed! The network involves all of the Australian government's together with the New Zealand government and offers a unique opportunity for a business to complete a Capability Statement that is then incorporated into a very large network database that is brought to the attention of large developers and other businesses that might be looking for someone with a particular skill to undertake an assignment. There are potential benefits for virtually every business in Australia from being registered on this network.
- Business Export Loan – this is a loan for small businesses which are exporting that is available from the Export Finance Insurance Corporation. The loan is only available if your bank has declined to assist. The minimum loan is \$50,000 and a business that has exported at least once in the last two years and has annual revenues of \$250,000-\$10 million can apply. The grant is not available to sole traders and partnerships.
- GP Doctors and Specialists – to relocate to outer metropolitan areas, regional or remote areas. Grants up to a maximum of \$120,000 are available for relocation to very remote areas payable over two years.
- Business Growth Grant is available for businesses that operate in the "growth sector industries" as deemed by the Australian government including:
 - advanced manufacturing
 - oil, gas and energy resources
 - medical technologies and pharmaceuticals
 - mining equipment technology and services
 - food and agribusinesses; or
 - businesses working in the following industries that are working or proposing to work with businesses in the "growth sector":
 - professional services – mainly scientific areas
 - freight and logistics
 - infrastructure -related construction
 - information and communications technology
- Grants of up to \$20,000, on a 50% basis, are available to carry out projects which are anticipated will "enhance the business' performance". Applicants must be companies with a minimum turnover of \$1.5 million (in northern Australia \$750,000). Companies must have operated for a minimum of three years.

If you have any questions on any aspect of government grants that might be available for your business please do not hesitate to contact us.

Leadership Thoughts

"You can be appointed a ruler, governor, commander or a manager, but you are not a leader until your appointment has been ratified in the hearts and minds of those under you"... Prof John Adair.

The best leaders are also credible managers who are respected for their professional capabilities as well as their personal characteristics and behaviour.

Anyone responsible for the supervision of others needs to lead rather than just "manage" or "supervise" their work. Management comes from the head; Leadership comes from the heart.

Team members expect their leaders:

- to give the reasons for and the purpose of assignment tasks
- to give regular and adequate feedback and coaching, if necessary
- to openly discuss issues and listen to ideas and suggestions

Research and Development Registration Deadline

The deadline for registration of research and development projects that related to R & D expenditure in 2015/16 is **30th April 2017**.

If you undertook R & D expenditure and you haven't registered with AusIndustry, please contact us.

Workers and Health and Safety Issues

Under Health and Safety Legislation, workers must be made aware of all associated policies and procedures, as well as their obligation in maintaining these standards. Workers are classified as anyone who carries out work or a task for your business including:

- employees
- apprentices, trainees, or work experience students
- outworkers (someone working from home), contractors or subcontractors
- employees of a contractor or subcontractor
- employees of a labour hire company
- volunteers

When it comes to health and safety, workers' responsibilities include:

- taking reasonable care for their own health and safety
- ensuring their actions do not adversely affect the health and safety of others
- complying with any reasonable instruction given by the business
- adhering to the business' Health and Safety Policies and Procedures

As an employer, you are obligated to ensure all employees have an understanding of how to perform their tasks safely and report any health and safety issues, hazards, injuries, and illnesses. It is important to know that both you and your employees can be liable for any breach in policies and procedures¹.

Business Activity Statement Changes Coming

The Australian government has announced changes to Business Activity Statements (BAS) to operate from 1 July 2017. Business Activity Statements are being simplified for small businesses and will only require small businesses to report:

- GST on Sales
- GST on Purchases
- Total Sales

The effect is to reduce the number of labels to be completed by a small business on a Business Activity Statement from 7 items to 3 items for all businesses with sales of up to \$10 million.

This is a change in the right direction. Hopefully further changes will be made in the future which will reduce the time that small businesses have to spend in preparing forms for submission to the Australian Taxation Office.

If you want to discuss with us any aspect of this change, please do so.

Privacy Act - Part Two - Notifiable Data Breaches

The legislation relating to the "Notifiable Data Breaches Scheme" was passed by the Australian Parliament in February 2017.

The Office of the Australian Information Commissioner (OAIC) is developing guidance and organising events to help organisations understand their obligations and be prepared for the commencement of the Notifiable Data Breaches Scheme in 2018. The legislation establishes a mandatory data breach notification scheme. The legislation requires businesses, which are covered by the privacy act, to notify any individuals affected by a data breach that is likely to result in serious harm.

The scheme strengthens protection for everyone's personal information and will improve transparency in how the public and private sectors respond to serious data breaches. The legislation also gives individuals the opportunity to take steps to minimise the damage that can result in the unauthorised use of their personal information. An organisation must notify of a breach within 30 days of a breach.

The scheme applies to organisations governed by the Privacy Act which generally relates to businesses with a turnover of more than \$3 million. However some small/medium enterprises are required to comply with the Privacy Act.

The legislation refers to APP entities (Australian Privacy Principles). These include all private health providers and some small businesses that handle, use and manage personal information. APP entities can include an individual (including a sole trader) body corporate, partnership, unincorporated association and trust. Personal information is information, or an opinion, that identifies, or could reasonably identify, an individual. Some examples are name, address, telephone number, date of birth, medical records, bank account details and opinions.

The Privacy Act also regulates the handling of an individual's consumer credit information, including credit reports. Small businesses participating in the credit reporting system are required to comply with the legislation.

The Privacy Act also regulates the handling of an individual's tax file number information.

¹ Quote - *Employure*

The following is a brief summary of some questions you might ask yourself to determine whether a small business has to comply with the privacy act:

- Does your business handle personal information?
- Does your small business have an annual turnover of more than \$3 million?
- Does your small business trade in personal information?
- Does your small business only trade in personal information without the consent of the individual and without being required or authorised by law?
- Is your small business a health service provider?
- Is your small business related to a larger body corporate that is subject to the Privacy Act?
- Is your small business a Commonwealth contracted service provider?
- Are you a reporting entity or authorised agent of a reporting entity under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006?
- Does your small business operate a residential tenancy database?
- Does your small business carry on a credit reporting business?
- Is your small business a service provider that is required to comply with the data retention provisions in Part 5-1A of the Telecommunications (Interception and Access) Act 1979?

If you answered yes to any of these questions you probably are required to comply with the Privacy Act. Our recommendation is that you consult with your legal advisor on your legal responsibilities under this legislation. Small businesses can voluntarily opt into the Privacy Act. If you opt into the Privacy Act your business could experience a number of benefits including increased consumer confidence and trust in your business operations.

If you would like to discuss the ramifications of the Privacy Act please don't hesitate to contact us.

Using Sales Strategies

The keywords in developing a Professional Sales Strategy for your business are:

- Attention
 - Interest
 - Conviction
 - Desire
 - Close
-
- **Attention** - The purpose is to gain favourable attention of your prospect by making a thoughtful first presentation to the prospect.
 - **Interest** - The purpose is to get your prospect interested in hearing more about your product or service.
 - **Conviction** - the purpose is to convince your prospect that your product is of good quality, worth the investment and will do for them what they want done with the product or service in their business. You are trying to move them from "doubt to belief".
 - **Desire** - The purpose is to have your prospects see themselves in the enviable position of their problem being solved and having what they want whether its products or services.
 - **Close** - The purpose is to move the prospect from "fear to confidence" for the salesperson to get a decision in his or her favour and for the new customer to be very happy with their purchase.

Professional selling is all about being able to say the right things, under pressure, automatically, without conscious forethought or effort.

ATTENTION ACCOUNTANTS

Additional information on the articles contained within this issue of **Business Plus+** is available to ESS BIZTOOLS' subscribers after login at www.essbiztools.com.au.

- **Paper 014-015 - Industry Capability Network**
- **Paper 014-037 - Business Export Loan**
- **Paper 014-151 - GP Doctors Out of Metropolitan Areas Relocation Incentive**
- **Paper 014-154 - Rural Relocation Incentive Grant for Medical Practitioners**
- **Paper 014-170 - Business Growth Grant Program**

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