



BUSINESS | Issue No. 11 | *Is 2016 the year of the SME?*

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As we begin 2016, the focus is now on opportunities for growth available to the Small and Medium Enterprises (SMEs).

There are a number of significant factors that will influence the decision making process for business owners and operators this year.

In particular, the announcement of free-trade agreements with a variety of countries (namely the Trans Pacific Partnership) has been a focal point of our politicians, particularly in relation to the immense potential for industries such as services, agriculture, tourism and education to fill the void left by mining.

Worldwide prices for commodities are dictating that the mining industry will not be a major contributor to the Australian economy in the near to medium term future. The decline of the Australian dollar has greatly assisted the growth of the non-mining industries. The problem for those industries is they have been starved of access to cash (either capital or debt) which will impact how they will fund expansion in the future.

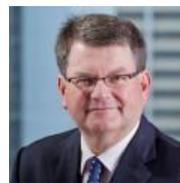
The Federal and State governments (NSW excepted) have indicated they will be disadvantaged in relation to providing a boost to the economy due to the excessive debt they are facing.

Therefore, there are limited levers governments of all persuasions will be able to use to manipulate the economy. Unfortunately, there is the perfect storm in the collapse of revenue (from taxes) and debt blow out.

The obvious remaining lever that governments can look to is to free up regulations and enable SME businesses to grow more rapidly in response to the increasing demand of export areas involving services, tourism, education and agricultural product.

The dark horse in this scenario is the increasing potential of the Innovation Package delivered last year. Whilst it is a start, this package needs to be progressively built to create a platform for confidence, as well as the enthusiasm for research and development. This is not dissimilar to how Israel has taken its economy to an entirely new level.

Interesting times ahead for 2016!



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