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Companies brace for the worst

AUSTRALIAN businesses fear the next three months will be their toughest quarter yet. They fear the financial crisis will keep driving down sales, profits and employment levels. A nationwide survey of 1200 companies from various sectors revealed more than half were preparing for a drop in sales, while 59 per cent expected lesser profits.

The last time the Dun & Bradstreet National Business Expectations Survey recorded such a bad reading was during the second quarter of 1990, when Australia was in recession. Some executives have indicated they will need to slash staff numbers and capital investment to survive the downturn.

A fifth of Australian business owners expect to have fewer staff in the March quarter than they did a year ago, while 10 per cent of firms will be putting capital investment plans on the back burner until the outlook improves. The majority (79 per cent) also plan to raise prices during the March quarter to protect their bottom line, with the index that measures this climbing to the highest level ever recorded by the survey.

However, almost 30 per cent of firms have also noticed a slowdown in consumer spending, which is unlikely to be helped by higher prices. (SOURCE/EXTRACT: *The Australian*, 6.1.09)

Bosses demand immediate rewrite of IR laws

KEVIN Rudd faces mounting employer pressure to substantially change his industrial relations laws, with leading employer groups calling for a rewrite if the Government is serious about avoiding job losses sparked by the global financial crisis.

Australian Chamber of Commerce and Industry chief executive Peter Anderson said yesterday the industrial relations

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changes were not suited to the current conditions and needed immediate and substantial amendment. He warned that, left unchanged, Labor's workplace laws would lead to more people losing their jobs than would otherwise be the case.

Under the more contentious sections of the new laws, which begin taking effect from July 1, "good-faith" bargaining rules will give workers the right to collective negotiations with an employer if a majority of workers want it. Fair Work Australia will gain the power to decide union claims for low-paid workers and impose wage settlements on employers who refuse to co-operate, or when strikes get out of control.

Mr Anderson's comments coincide with a nationwide survey of 1200 companies showing businesses fear the next three months will be their toughest quarter yet as the financial crisis keeps driving sales, profits and employment levels down. More than half of those surveyed were preparing for a drop in sales, while 59 per cent expected lesser profits, the worst result since the second quarter of 1990, when Australia was in recession. (SOURCE/EXTRACT: *The Australian*, 6.1.09)

IR changes pose risk to WA projects

The development and successful completion of Western Australian projects will be at risk under the federal government's proposed industrial relations changes, a state business lobby group says. The Chamber of Commerce and Industry WA said businesses are concerned that unions will be given the power to delay important projects under the proposed new industrial relations system.

The proposed system requires employers to notify every union that has a potential interest in the project to negotiate pay and conditions for a new workforce. (SOURCE/EXTRACT: *WA Business News*, Daily Business Alert, 24.12.08)

New laws 'will hit productivity'

Australia's 1.9 million independent contractors could become dictated to by enterprise agreements under the Rudd Government's proposed workplace laws, a move advocates say would be a disaster for productivity. The Master Builders Association said the Fair Work Bill before the Senate would bring back the practice of unions seeking to include provisions to govern contractors in agreements.

MBA national industrial relations director Richard Calver said loose wording in the Bill about what could be covered in an agreement was an unwelcome change. "One of the MBA's principal concerns is that the terms and conditions of independent contractors would be able to be regulated in agreements," Mi Calver said. "This is disastrous for productivity. "

He said the Bill would allow unions involved in negotiating agreements to limit the use of contractors. "For example, you could see reintroduced a provision whereby contractors would have to be employed on no less- favourable terms and conditions than those of permanent employees," he said. "We think that would be problematic for productivity, " (SOURCE/EXTRACT: *The West Australian*, 6.1.09)

COMMENT: *As a result of the above reports on Gillard's IR laws we amend our comments in the 'Broadcast' of 23.12.08 on how the Federal Government is "looking after" small business.*

The prognosis is bloody devastating, to say the least. Some small bickie offerings by the Minister for Small Business and Prime Minister effectively amount to cheap sugar-coating to give us the impression the Government is "looking after" us, whilst Gillard with her IR laws is delivering small business a massive kick in the guts.

The proposed IR laws of the Minister for Workplace Relations, Julia Gillard, are designed to put small business under the direct control of the unions which will be an unmitigated killer for small business. A reprehensible demonstration of the Government's duplicity, lies and deception.

Major Australian banks earn \$2 billion in fees and charges from their customers

BANK customers paid an extra \$2 billion in account fees and interest rates last financial year as banks hiked interest rates separately from Reserve Bank rate increases. New research published [on 23 December 2008] showed that in the year to June, banks accrued income from fees and commissions of \$22.6 billion, compared to \$20.48 billion the year before. The extra billions came as banks were lifting, of their own accord, rates on mortgages, credit cards and personal loans, *The Australian* reports.

The rate hikes started in January when each major bank increased interest rates independently of the Reserve Bank, blaming the global financial crisis for increasing costs. The round of higher interest rates occurred on top of the Reserve Bank's two upward movements in official rates in February and March.

The Australian Prudential Regulatory Authority data did not show the impact of the 300 basis points in cuts ordered by the Reserve Bank in the past four months. However, since then, some banks have still not passed on the full cuts to customers. (SOURCE/EXTRACT: *The Australian*, 24.12.08)

Banks pocketing rate cuts: business

Business has accused the banks of failing to play their part in combating the effects of the financial crisis, saying they had withheld almost half of the interest rate cuts made by the Reserve Bank and were partly to blame for confidence plunging to a record low.

The Australian Chamber of Commerce and Industry said yesterday the banks had passed on to small business little more than half of the three percentage point cut in official rates and that home borrowers were getting a better deal. "We think it's time the Australian banks played their part," ACCI economics director Greg Evans said.

"They've been given the benefit of official rate reductions. As financial market instability subsides - and we believe that is substantially happening - we would expect the full rate reductions are passed through. "That's almost happened with respect to housing borrowing, so we think it's now time for small business to obtain the same benefit. "Small businesses have not received the full official rate reduction and that's impeding economic expansion in Australia."

An ACCI survey revealed business confidence had hit record lows, with the global financial crisis dealing a blow to sales and profitability. Its index of business conditions found that confidence plummeted from 57.3 in September to 53.5 by December, the lowest level since the survey began and 10 points below the five-year average of 63.7. (SOURCE/EXTRACT: *The West Australian*, 7.1.09)

Small Business Representation

Further to our comments in the 'Broadcast' of 23.12.08 on how the State Government is "looking after" small business, in which we stated:

"State: Labor had dedicated Ministers for Small Business, who were readily accessible and responsive to small business, and although its union controlled political agenda took priority over its small business considerations, we can't be too ungrateful.

Notably, for their steadfast commitment to the role and function of the SBDC and SBCs, the Small Business Training Vouchers and the establishment of the WA West Coast Small Business Training Institute. A clear demonstration of how Labor, to some extent, "looked after" small business.

Conversely, the jury is out for the Liberals, too early to call, but it does not appear encouraging, with the Minister for Small Business embedded somewhere under the Minister's Minister Commerce (or Minister for Everything) portfolio, is that a clear demonstration of Liberal's leaning for the big end of town and how it will "look after" small business?"

A letter in response from Peter Collier concerning the absence of small business representation on the State Training Board (STB) (copy attached, see CORRESPONDENCE.pdf) is a clear demonstration of Liberal's leaning for the big end of town, in which Collier states, in part:

"The State Training Board plays a central and strategic role in providing advice to the Government on industry training needs and priorities. I am pleased that the small business sector is well represented among new Board appointees, including Mr Geoff Wdgle, Executive Director, Employment and Workplace Relations with the Chamber of Commerce and Industry in Western Australia [CCIWA] - an organisation whose members are predominantly (94%) small and medium sized enterprises. Mr Steven Peck has also joined the Board, with a long and successful small business background in the building industry."

Arising from Collier's letter are some important points:

- CoSBA's membership is 100% small business.
- CCIWA's Board is predominately of the big end of town, hence its policies are big business centric.

- CoSBA's Board is 100% small business.
- Was Mr Peck appointed to the STB because of his long past small business background? We think not.
- CoSBA did not seek or imply it was seeking membership of the STB, we were merely stating the fact that there was no small business representation on the STB.

From CoSBA's perspective CCIWA does not represent the interests, needs and aspirations of small business, a perspective publicly acknowledged by former WA Premiers Court and Gallop.

States' taxes throttle business

LABOR states must embrace business tax reform or risk strangling a faltering national economy, according to a new report that finds NSW is the worst offender for taxing business heavily.

According to a tax league table that ranks the states, NSW Premier Nathan Rees presides over the highest-taxing state in the nation, which is delivering a "severe blow to business". South Australia and Tasmania are not far behind, with Victoria also urged to lift its game to compete with the comparatively low-tax jurisdictions of Western Australia and Queensland. (SOURCE/EXTRACT: *The Australian*, 29.12.08)

WA warned low-taxing business status at risk

WA's position as the most lightly taxed State for businesses is under threat as other States aggressively slash taxes, a leading free market think tank has found. The Institute of Public Affairs has warned the Barnett Government it needs to keep reducing taxes or risk being passed by Victoria and Queensland, which have made a string of deep tax cuts in recent years.

The institute's study [. . .] compares the State government tax imposts facing businesses across Australia. Payroll tax, land tax, stamp duty and vehicle registration account for about 70 per cent of the States' tax revenue, which collectively raised \$52 billion in 2007-08. Despite its status as a low-tax State, WA collected the highest share of revenue, 91 per cent, from hitting business compared to the other States, which had a greater reliance on gaming revenue and other levies.

The report identified big differences between how the States taxed businesses. For example, the land tax burden is seven times lower in WA than in South Australia. WA's construction industry had the most favourable tax regime compared to other States, but transport, financial services and retail businesses paid less tax in Queensland. (SOURCE/EXTRACT: *The West Australian*, 29.12.08)

Turnbull in turnaround on Labor's IR reforms

The Federal Opposition is preparing to block key aspects of the Government's proposed industrial relations changes, saying they go much further than Labor promised before the election and could lift unemployment.

Opposition Leader Malcolm Turnbull, who has said that Labor had a mandate for industrial relations reform and the coalition was unlikely to oppose new laws, said [1 January 2009] he was aware of the angst among mining companies about the planned changes and expected to win some concessions from the Government in the Senate. Mr Turnbull also called on businesses to give evidence to the inquiry about how the laws would affect them. (SOURCE/EXTRACT: *The West Australian*, 2.1.09)

Businesses broaden battle on IR changes

Australian businesses have broadened their campaign against the Rudd Government's planned industrial relations regime, warning the changes could prove catastrophic for firms battling the global economic crisis. The warning comes after Malcolm Turnbull confirmed he would fight key sections of Labor's Fair Work Australia legislation in the Senate, complaining the laws would hand far too much power to militant unions.

Australian Chamber of Commerce and Industry chief executive Peter Anderson said the Senate had a "fundamental obligation" to change the legislation. He said business was anxious about new right of entry laws that would allow unions greater access to work sites and the ability to examine a company's books to study non-union workers' pay and employment details. "The deeper we look into the legislation, the more fundamental are a number of issues that are of critical need for amendments," he said.

"We have got concerns about matters in which the Government is imposing direct new costs on business that were not contemplated in the Government's policy and a range of regulatory requirements that the Government did not specifically outline in its pre-election policy and the right of entry is one of them." Mr Anderson said economists were predicting 2009 would be a challenging year for business and companies needed more flexibility to help them stay afloat. (SOURCE/EXTRACT: *The West Australian*, 3.1.09)



SBC UPCOMING COURSES

Breakfast Mentoring

Don't miss out!! **Register Now**. Please direct any queries to **Maxine Scott** on 9240 6337. Small Business Centre - Stirling (SBCS), 45 Delawney St, Balcatta WA 6021



SCC Enews 11th December 2008

Membership Drive

Any member who introduces or recruits more than 3 new members to the Swan Chamber of Commerce will **receive 1 years free Chamber membership** for the following financial year. Remember to put your name next to 'Recruited By' on the application form. Download the Membership Application Form now....[Membership Application Form 08/09](#)

Small Business Smart Business Training Vouchers

The West Australian Department of Education and Training, offers your business up to a \$200 Small Business Smart Business Training Voucher, to assist you with the cost of training to improve your business management skills. Download the SBSB Application Form..[SBSB Application Form](#)

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For advice on your business issues call 1300 40 60 80 or log onto www.smallbusinessolutions.wa.gov.au and set up an appointment with one of our Business Advisors now.

The West Coast Small Business Training Institute is a Western Australian Government initiative aimed at helping small business.

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