



**COMBINED SMALL  
BUSINESS ALLIANCE  
OF WESTERN AUSTRALIA INC.**

4 March 2010

The Hon Nick Sherry  
Assistant Treasurer  
Parliament House  
CANBERRA WA 2600

Dear Assistant Treasurer

**Re. SMALL CONTRACTORS/EMPLOYEES**

We refer to an article published on the *Business Spectator* web site of 3 March 2010 under the heading "One man can make Abbott PM", which states, in part:

"At the last election, Kevin Rudd might not have been elected had his party not guaranteed in writing to continue the same basic policy. And until now, Rudd and his people have honoured the ALP promise.

But in the background is a seething union movement that wants small contractors to be turned into employees so they can be put in their web.

In a nutshell, what happened was the Board of Taxation came up with a series of outrageous recommendations and Sherry - instead of saying that these recommendations were against ALP policy and that they would send small business into chaos - gave them his blessing and even thanked the unions for their input. Sherry has sent them off to the Henry Committee for review (*Full coverage: Henry tax review*)."

If the report is of substance, and we have no reason to believe otherwise, we wish to convey to you and your Government our utmost condemnation for your reprehensible kick in the guts for small business.

This odious proposition, if adopted, flies in the face of centuries of principles that attach to the common law of contract, as applied to small business contractors, and we seek an unequivocal undertaking that this outrageous proposal will not be adopted as Government policy.

Yours faithfully  
**Combined Small Business Alliance  
of Western Australia Inc. (CoSBA)**

**OLIVER MOON  
Chief Executive Officer**

cc Prime Minister, Minister for Small Business, Treasurer, Minister for Workplace Relations, Leader of the Opposition, Shadow Minister for Small Business, Shadow Treasurer, Shadow Minister for Workplace Relations



PARLIAMENT OF AUSTRALIA - THE SENATE

Senator the Hon

**Eric Abetz**

Deputy Leader of the Opposition in the Senate  
Shadow Minister for Employment and Workplace Relations  
Liberal Senator for Tasmania

Wednesday March 10<sup>th</sup>, 2010

Mr Oliver Moon  
Chief Executive Officer  
Combined Small Business Alliance of Western Australia Inc.  
PO BOX 253  
**JOONDALUP WA 6919**

Dear Mr Moon,

Thank you for your letter dated March 4<sup>th</sup> 2010.

I agree with your sentiments. A copy of the response you receive from the Government – especially Senator Sherry would be welcome by me.

All the best,

Yours sincerely

Eric Abetz  
**Deputy Leader of the Opposition in the Senate**  
**Shadow Minister for Employment and Workplace Relations**  
**Liberal Senator for Tasmania**

**...advancing Tasmania's interests.**

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**ASSISTANT TREASURER  
SENATOR THE HON NICK SHERRY**

28 APR 2010

Mr Oliver Moon  
Chief Executive Officer  
Combined Small Business Alliance of Western Australia Inc  
PO Box 253  
JOONDALUP WA 6919

Dear Mr Moon

Thank you for your letter of 4 March 2010 concerning the alienation of personal services income rules.

The tax law aims to ensure that taxpayers pay their fair share of tax regardless of whether they choose to enter into an employment or contracting arrangement. It is important that people do not choose to enter into contracting arrangements on the basis of a misunderstanding about the taxation arrangements which might apply to them.

The Board of Taxation's post-implementation review into the alienation of personal services income rules found that there was a degree of confusion about the taxation arrangements that apply to contractors. The Board recommended that rules should be improved to better achieve their intention and has suggested a number of possible options for strengthening and clarifying the taxation of personal services income.

As you are aware, the Rudd Government established an independent tax review in 2008 to review our tax and transfer system. The Board of Taxation's report was referred to the review for further consideration and analysis. The review delivered its final report to the Government at the end of 2009.

The Government is currently considering the review's recommendations and will release the report, and its initial response by the Budget.

For more information on the review please visit [www.taxreview.treasury.gov.au](http://www.taxreview.treasury.gov.au).

I trust this information will be of assistance to you.

Yours sincerely



NICK SHERRY

**Subject: SMALL CONTRACTORS/EMPLOYEES**

**Date:** Wednesday, 5 May 2010 8:24 AM

**From:** Oliver Moon <ocm@starwon.com.au>

**To:** SENATOR ABETZ <senator.abetz@aph.gov.au>

**Cc:** NICK SHERRY <assistant.treasurer@aph.gov.au>

SENATOR: Further to our letter to the Assistant Treasurer of 4 March 2010, copied to you, and your response of to us of 10 March 2010, please find a response we have received from the Assistant Treasurer.

In our attempt to make sense of the bureaucratic weasel-words in his response, we deduce what the Assistant Treasurer said is that the Government intends to proceed with its proposition to tax small contractors as employees, as reflected in the 'Business Spectator' article of 3 March 2010.

However, the Government's response to the Henry Report released this week makes, in our understanding, does not indicate any intention by the Government to implement the proposition. Notwithstanding, CoSBA is concerned that the Government may well implement its proposition by underhanded and devious means, e.g. through covert disguise in the legislation, Regulations or other mechanisms available to it.

OLIVER MOON  
Chief Executive Officer  
Combined Small Business Alliance of WA Inc.  
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