



## COSBOA Policies for the 2010 Election and beyond

*Small businesses are owned and run by an individual or a couple*

*Small business are an integral part of the Australian Economy*

### Summary

There are over 2 million individuals who run a small business. These people cannot be expected to have the same knowledge, skills, experience and resources as experts from medium to large businesses. A small business owner cannot possibly meet all the requirements asked from government nor compete on an equal level with big businesses.

All political parties and most bureaucrats acknowledge the role played by small business in the economy but over the last twenty years they have not shown that they understand that a small business is different from big business and must have different policy responses and different processes and rules.

COSBOA believes that we must give small business owners the same treatment and protection that we give consumers. For example we must not automatically view negotiations between experts from large business and the owner of small business as equal.

We can only expect small business owners to act like the individuals they are and not to act like all the experts from a larger business such as a paymasters, accountants, OH&S experts, tax experts, apprenticeship and training experts and an expert on local rules and legislation. Each small business owner will have some or many of these skills but not all of these skills. And, importantly, a small business owner has a family and a life outside work and does not have the infrastructure to support them during life crisis or stressful events outside the business.

Therefore the policies of government and the actions and requests from government must reflect the individual nature of small business.

**In our campaign to make life fairer for people in their own business the main aims of COSBOA are to:**

- have governments treat small business as individuals and not expect them to have the same skills, knowledge, resources and capacity of big business;
- decrease red tape and compliance costs on small business owners;
- create a fairer market place for the owners of small business; and
- provide support to small business owners who are in crisis or who are ready to grow.

Specifically COSBOA wants all political parties to commit to:

- removing employers involvement in the collection of superannuation funds for their employees, this can be achieved by better use of the taxation system;
- having a dedicated small business minister in the federal cabinet;
- having a dedicated small business Ombudsman or small business commissioner operating in the federal bureaucracy. This is to ensure a fair go for small business and provide a person to whom a small business owner, or family, can go to when they believe they have been treated harshly;
- developing a workplace relations system that acknowledges that a small business is run by an individual who cannot be expected to have the same ability and understanding as the paymaster of a large company;
- giving small business owners the same protection from unfair contracts and unscrupulous behaviour by big business as provided to the consumer;
- conducting a small business impact statement when any new significant retail development occurs in a town or community and ensure that the developer compensates the family of any business that is unfairly affected by the development;
- completing an independent small business impact statement on any new policy proposal or any new legislation from the federal bureaucracy or parliament.
- developing healthier workplaces that also consider the health of the small business operator/s to be important.

Detailed policies follow.

## **COSBOA Small Business Policy Proposals for the 2010 Federal Election**

Small Business is the engine room of Australia's economy. This is a statement based upon research and a fact recognised by the major political parties.

With more than 2.4 million small businesses in Australia (ATO figures) and some 798,000 independent contractors (Productivity Commission figures) the small business community is the major private sector employer in our country. Thus through PAYG tax collections small business is one of the greatest contributors to Commonwealth revenue. Equally, through the personal expenditures of a huge number of employees small business is also a major contributor to the GST revenue that drives state budgets.

In the context of the 2010 Federal Election small business is not asking for a hand out or a hand up, but simply a fair go to get on with business with the minimum impediment and an equitable market place in which to operate.

The small business community in Australia urges all parties and candidates to adopt the following policy proposals as a positive contribution to the economic wealth and the social appreciation of all Australians.

---

### **Policy Proposal: That the Prime Minister appoints a Small Business Minister to Cabinet and supports the role by establishing a Small Business Ombudsman**

#### **Rationale**

Government policies and bureaucratic red tape should fit the need. Their application should relate to the size and operation of the class of business to which they will apply.

There needs to be a process that enables the relevant level to be determined early, and not after policy proposals have ministerial approval. By then it is difficult if not impossible to achieve any effective change.

Thinking about solving this very real problem and the attendant costs for both government and small business leads COSBOA to suggest the merits of establishing a "Small Business Ombudsman"

The "Small Business Ombudsman" could add value by achieving cost economies for government as well as help to control the unnecessary bureaucratic intervention into the small business world.

The Small Business Ombudsman could have the roles of:

- Providing government with an "internal advocate" for small business by gathering data, facilitating consultation and most importantly provide a pre approval voice in the room to avoid potential new or changed policies having a deleterious impact on the nations productivity.
- Provide a reference point for bureaucrats to gain informed (and confidential) feedback on their proposals.
- Provide a single point of reference or signpost office to enable small business to communicate effectively with government.

- Accept the reciprocal role of ensuring that government policies are effectively and efficiently communicated to the small business community where the majority of private sector employees work.

The obvious question is one of cost. And the answer lies in the substantial savings that will be made by both government and consumers with every bureaucratic and wasteful regulation that can be withdrawn.

---

**Policy proposal: That the government collaborate with the Council of Small Business Organisations of Australia (COSBOA) to research and determine the numbers and nature of small business in Australia. Such research also to determine:**

- **Small business employment and economic contributions in both urban and regional areas**
- **Any widely applicable inhibitors to the growth and success of small enterprises**
- **Possible opportunities to enhance the growth and success of small businesses**

#### **Rationale**

Research to determine a consistent definition of small business will be necessary to implement the potential preferred taxation treatment of “Small Business” Accompanying enquiry will achieve recognition by government in its policies that the circumstances, strengths and weaknesses of small business are different from those of medium and large firms. Policies that recognise these differences can promote economic efficiency and growth.

---

**Policy proposal: That small business is given the same rights in law as that provided to other individuals in the community.**

#### **Rationale**

In the end Small and Micro businesses are people and they suffer from undue pressure or poorly written contracts as any other individual. The current situation where it is assumed that a business owner has the same negotiating capacity and the same ability to understand a contract as the experts of large companies and organisations is not tenable. These people should be given the same protection as consumers.

---

**Policy proposal: That a small business impact statement is developed when any new significant retail or office development occurs in a town or community and that the developer compensates the family of any business that is unfairly affected by the development.**

#### **Rationale**

Over the last two decades large shopping centre developments have emerged across Australian communities. This has often resulted in closure of businesses outside the shopping centre. The closures have often resulted from rearrangement of streets and bus stops and closure of car parks outside the shopping centre. This has removed the capacity of consumers to access the existing shops and caused their closure. We consider this to be unconscionable and demand compensation to business owners for loss of business.

---

**Policy proposal: That an independent and public small business impact statement is developed when any new policy or legislation is introduced, this includes any new process in key areas of small business activity.**

**Rationale**

Currently government departments are asked to develop a small business impact statement on new policies but this is not compulsory and is often completed by people with no real idea of the needs of small business. An independent person, such as the Ombudsman, should review new policy and provide a public assessment of its impact on small business.

---

**Policy proposal: That government commit to the retention of the existing Personal Services Income Tax Laws ensuring the most appropriate tax outcome for independent contractors.**

**Rationale**

The commercial world and governments are driving the trend towards greater contracting to individuals. The personal service incomes tax laws should support these types of commercial practices. Stopping individuals from entering into contracts on terms that meet their personal situation inhibits natural business behaviour and is unfair in the terms and conditions it forces on micro contractors.

---

**Policy proposal: That the health of small business owners are considered as important as the health of other people in the community.**

**Rationale**

When healthy workplaces are being discussed the health of employees is considered the main concern. This covers CEOs and highly paid executives as well as the lowest paid worker and casuals and temporary staff. The business owner is asked to consider the health of the employees but the health of the business owner is not considered in any way and this must change.

---

**Policy proposal: That small business is not required to provide free services on behalf of governments.**

**Rationale**

Small and micro businesses are neither resourced nor administratively equipped to provide free services on behalf of government. This includes GST collection; Superannuation collection and distribution; and paymaster for Paid Parental Leave. The added burden and costs are counter productive to good business practices and could lead to administrative errors and false accusations of fraud.

---

**Policy proposal: That government regulation is written to reflect the capacity of small businesses to realistically achieve the necessary outcome.**

**Rationale**

Business policy should aim to achieve efficiency by recognising that apparently uniform regulations can impose very different burdens on different types of businesses.

Where the application of uniform business regulations is likely to result in significantly and demonstrably higher proportionate costs for some business than for others, differing approaches to achieving compliance may be appropriate. In addition, the benefits to government in administering those regulations should be well in excess of cost, including costs of business compliance.

---

**Policy proposal: That the Government work with COSBOA and commit to a process to gather knowledge from, and communicate with, the small business community**

It is proposed that the government fund an annual small business consultation and ensure that the representatives of the small business sector are sufficiently resourced to undertake the necessary research. This will facilitate good policy development and enable the small business community to make the maximum contribution to the Australia's economic growth.

**Rationale**

Knowledge is critical, and current knowledge is vital if government is to make informed decisions. There is no present process by which government can effectively interact with the small business community. Support funding to enhance two-way communications through trade associations to and from their membership is essential. Such a process can ensure that the government can access timely and accurate advice.

---

**Policy proposal: That the Government commit to support flexible business skills training for enterprise owners and managers**

It is proposed that the Commonwealth make training incentives available for employers and enterprise owners where they enrol and complete Cert IV in Small Business Management on the same basis as these incentives are available to their staff.

Such training to include the provision of increased opportunities to provide skills acquisition for employers and enterprise owners in the most significant non technical business responsibilities including industrial relations and occupational health and safety, human recourse management, book keeping and internet technology along with small business marketing and management.

**Rationale**

Skilled managers know the value of skilled and adequately trained staff however the present Australian Government training policies specifically exclude the same levels of financial support for the “owners, managers and partners” of business enterprises as is available to support skills acquisition for their employees. An example would be that the marriage partner

of a business owner who is also the accountant/book keeper is excluded from training support if she/he is a partner in the enterprise. This is inequitable and counterproductive.

---

**Policy proposal: That the Government commit to supporting and enhancing the funded Enterprise Centre Network around Australia**

**Rationale**

The states successful Business Enterprise Centre Network is providing critical advice and support to thousands of small business owners and new business intenders each year. It is respected, economical, and being locally based is connected with its community.

Its value is amply demonstrated by the strong role played in assisting the survival of many small enterprises during the depth of the global financial crisis. (It is estimated that the total cost to the community of a single small business failure is to the order of \$750,000)

This network provides a low cost, connected and well informed additional service to many small business owners who often require no more than the opportunity to discuss their issues and potential opportunities with an informed and experienced third party in a confidential setting.

---

**Policy proposal: That the Government adopt and promote the concept of “*Think Local First*”**

Two significant opportunities exist to build on the goals and objectives of the small business sector to retain wealth in their local communities. These are the advancement of the *Think Local First*” concepts now proving to be successful in many regions across the world and the related encouragement and support for those activities that lead to successful import replacement.

Just as it is appropriate to encourage Australians to holiday at home it is equally relevant to encourage our community to consider the option of purchasing locally made goods and services.

- **Local business purchase**  
Supply contracts issued by all government departments and agencies (including local government) should mandate recognition of the economic multiplier which follows from local purchase of goods and services when considering “best value” for the community they serve. (The work of the USA based Business Alliance for Local Living Economies (BALLE) as espoused by Michael Shuman during his visit to Australia in 2009 and the UK based New Economics Foundation amply demonstrate both the success of such philosophies and that they do not compromise international free trade agreements)
- **Import replacement**  
Encouraging Australian enterprise to seek opportunities to replace imported goods with items of local manufacture and services which provide local employment and

that the Government provide encouragement and support for enterprises wishing to provide goods and services which would otherwise be imported.

### **Rationale**

Substantial data is available to demonstrate that the economic multiplier (wealth circulated, generated and retained in local communities to create jobs and income) resulting from local purchase is up to four times greater than that resulting from purchase of the same goods and services from non local sources.

As regards to import replacement it is clear that Australia's balance of payments and resulting economic wealth will benefit at around \$2 for every one dollar of import replacement that is achieved. Such a policy will also assist local firms to strengthen their competitive opportunities in national and international markets.

---

### **Policy proposal: That the Government focus on improving the literacy and numeracy of graduating school students to ensure that they reach levels sufficient to become employable.**

The Government needs to ensure provision of the necessary resources to reverse the current situation where four out of every six applicants for apprenticeships are unemployable because they would be a danger to themselves and others in their workplaces. Australian Bureau of Statistics research is showing that 53% of 15 to 19 year olds in Australia are functionally illiterate and 57% of the same cohort is functionally innumerate. A lack of basic literacy resulting from the failure of the compulsory education should not lead to unemployment and social disadvantage.

### **Rationale**

Small business need to be able to find prospective employees with basic literacy and numeracy skills. These skills must be sufficient to understand basic written instructions e.g. warning and safety notices and include simple arithmetic sufficient to calculate change from retail transactions.

*Authorised by: Peter Strong, Executive Director COSBOA 76 Alinga St Canberra City ACT 2610*