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To Be Advised

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ATTACHMENTS:

Hockey Budget Press Release.pdf

SCC Enews 6_5_10.pdf

WA Government Ministers.png

RAVLICH Media Release-Future of TourismWA regional .pdf

Stirling SBC-Marketing Plan.pdf

Rip off 1.5 billion from extra small business super costs.pdf

Tourism WA Proposed Restructure.docx

Tourism Industry Development Division.docx



Minister for Small Business – wot Minister?

With the demise of the former "Minister for Small Business" and the appointment of Bill Marmion to the portfolios of Commerce; Science and Innovation; and Housing and Works, there is no mention, of which we are aware, that indicates that he has been appointed as Minister for Small Business.

Further, a list of State government Ministerial Offices dated 28 April 2010 was published in the *West Australian* on

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Saturday 8 May 2010 (copy attached: WA Government Ministers.png) that operates to dispel any doubt and confirms that for the first time in two decades small business is not represented in Government by a dedicated Minister.

This further indicates that there is no Minister for Small Business, and appears to be indicative of the Government's attitude towards small business, reflected in a perceived policy of a flat earth, 'one size fits all', in the words of Troy Buswell, "business is business". And, that, the needs and aspirations of small business are represented by CCIWA. This another kick in the guts for small business delivered by the Barnertt Government. *TCB*.

Small business sees relief in tax breaks

Up to 2.4 million small businesses will benefit from tax breaks confirmed in a Federal Budget that lobby groups said at least delivered certainty for the sector, if not quick and major savings.

Last night's Budget confirmed changes flagged in the Henry review, including an accelerated reduction in the company tax rate to 28 per cent from 2012-13 for 720,000 eligible small businesses and an instant depreciation write-off on capital items under \$5000.

Businesses will also benefit from a simplified regime that will allow them to write off most other assets in a single depreciation pool at 30 per cent. "The upside of the predictable budget is that there is certainty for small businesses that can no longer afford more instability or change as they are recovering from the global financial crisis," Jaye Radisich, chief executive of the Council of Small Business of Australia, said.

"If the Australian economy is stable, the cost and availability of finance will be within reach for small businesses that need capital to grow or smooth cash flow - which our research indicates is the number one issue of concern for small businesses. "

However, the National Institute of Accountants and the Australian Retailers Association expressed disappointment that the changes would not kick in immediately and complained about the continuing regulatory burden. **"Two-thirds of small business will not benefit from these initiatives as they are not incorporated [not Pty Ltd companies] and will also face the added impost of higher superannuation guarantee changes over time, which will absorb most of the savings they are entitled to,"*** chief executive Andrew Conway said. (*Emphasis added.)

"Small business is still facing major uncertainties around discretionary trusts and the use of corporate beneficiaries and we note the omission of well overdue reforms to fringe benefits tax, which represents a significant compliance burden."

The Investment and Financial Services Association said adopting key recommendations of the 2008 Johnson report would help position Australia as a regional financial centre. Those changes include a reduction in interest withholding tax, which hits most lenders on interest paid on offshore loans, and a new regime for managed investment trusts.

"We particularly welcome the decision to provide tax cuts for interest on ADI (Authorised Deposit-taking Institutions) deposits as well as bonds, debentures and annuities, ensuring a level playing field for comparable investments," IFSA chief executive John Brogden said. (SOURC: *The West Australian*, 12.5.10)

Big investment freeze

"Any uncertainty about projects has a knock-on effect to services like us." Mark Crumby

MILLIONS of dollars worth of investment has been frozen and local jobs put at risk due to Canberra's tax changes, according to industry insiders. Wallis Drilling in Midvale was preparing to spend about \$5 million in investments, including at least \$1 million locally on new workshops, but has put plans on hold because of the resource super profits tax of 40 per cent.

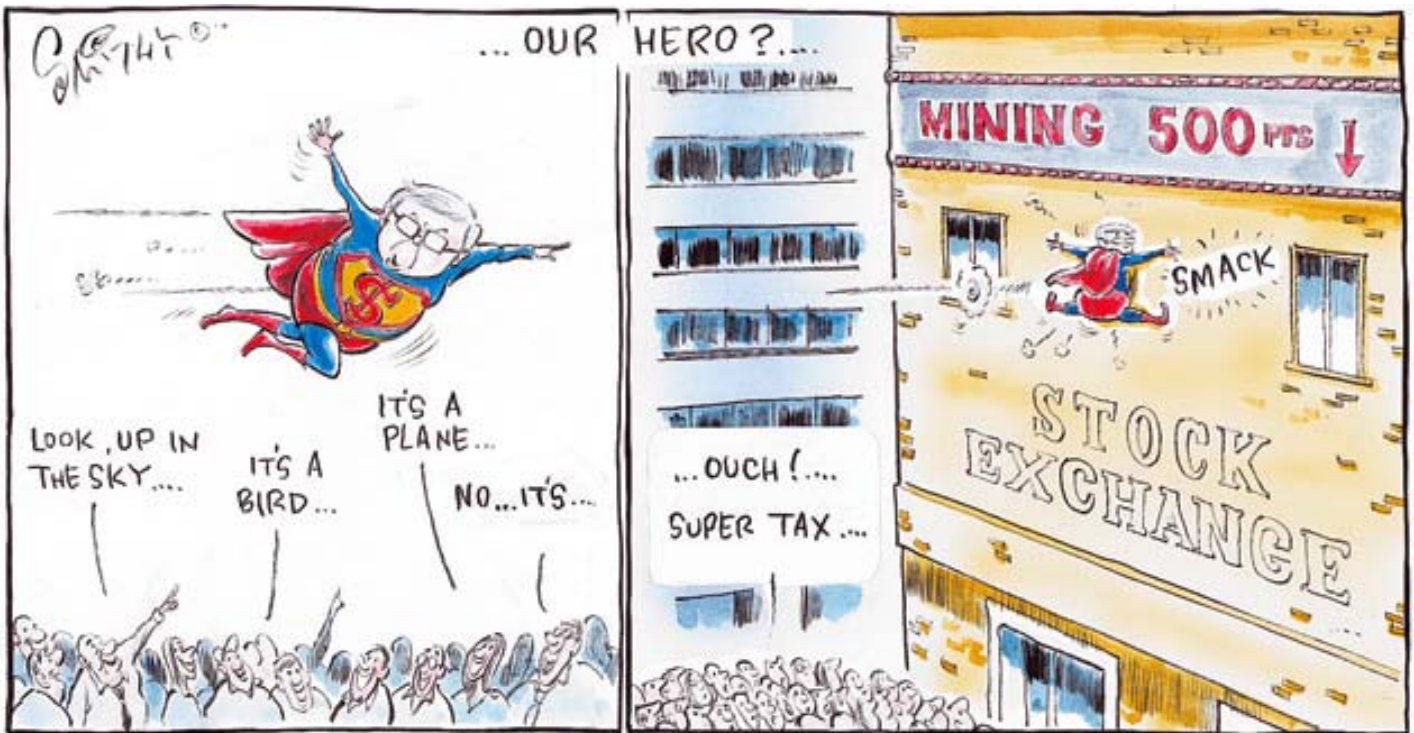
Swan Chamber of Commerce president Craig Verrier said the changes would also restrict employment and burden businesses with the cost of sorting through the changes.

Wallis' managing director Graeme Wallis and chief executive Mark Crumby said they had already met with senior management over the issue. "If it was well thought out there would be more detail," Mr Wallis said. They said the changes had created uncertainty within the mining industry. "Any uncertainty about projects has a knock-on effect to services like us," Mr Crumby said.

Mr Wallis said if projects in Western Australia were cancelled because the tax made them unviable, the impact on the wider community would be huge. "For every person working in the mining industry, there are maybe 10 people supporting them," Mr Wallis said. "There could be a hell of a lot of jobs that will wither, or not be created at all."

Mr Verrier also said the changes put jobs at risk. He thought there could be some confusion because the super profits tax as well as increasing super payments and a drop in income tax would hit some smaller businesses. "Which means more cost to businesses to sort through the changes," Mr Verrier said. "If the Government encouraged more employment rather than restrict it, it would create more jobs therefore create more income tax for the Government which would be far greater than the new proposed super tax. "

Mr Verrier suggested costs of products and services would probably go up too to cover the increase in superannuation contributions. "The government is taking so called super tax in one instance and then 'taxing' business yet again with super increases," he said. "I do hope that consumers then don't get upset when all goods will probably have to go up more by than the 3 per cent imposed to retain equilibrium. (SOURCE: Community News, *Midland Reporter*, 11.5.10)



(SOURCE: Community News, *Midland Reporter*, 11.5.10)

Rudd Government 'creams off' \$1.5 billion from extra small business super costs

The Rudd Labor Government is set to 'cream off' \$1.5 billion per year in additional tax from the extra superannuation expense small businesses will pay under the Henry Tax Review response. See attachment: Rip off 1.5 billion from extra small business super costs.pdf

SMEs win in new R&D tax breaks plan

The federal government has rejected the latest criticism of its annual \$1.4 billion research and development tax credit scheme and pledged to introduce the legislation into federal Parliament on Thursday. *The Fin Review* (SOURCE: *WA Business News*, Today's Business Headlines, 11.5.10)

WA "forgotten state" in budget: CCI

Western Australia is the "forgotten state" of the federal budget with Canberra failing to recognise its important role in the nation's economic recovery, says WA's chamber of commerce. The government is relying on its proposed super profits tax on mining companies to raise billions of dollars to get the budget back into the black sooner, WA's Chamber of Commerce and Industry (CCI) says.

The chamber's chief economist John Nicolaou said today the WA business community opposed the new 40 per cent tax which would straitjacket one of the nation's most significant industries. Better roads around Perth Airport, better housing and infrastructure for the Pilbara, a proposed supply base for a new port in Derby and electricity upgrades in the midwest had been overlooked, Mr Nicolaou said.

With 10 per cent of Australia's population, WA accounted for over 40 per cent of the nation's exports and 14 per cent of the national economy but the budget had not adequately addressed the growing state's needs, he said. "It is hard to understand why on one hand the government is relying on WA to strengthen its budget position, but on the other, is failing to adequately re-invest in the local economy."

Mr Nicolaou said there were positive aspects in the budget, including greater investment in the training of the future workforce and capping government spending. . (SOURCE/EXTRACT: *WA Business News*, Daily Business Alert, 12.5.10)

The real story about Mr Swan's fiscal restraint

The government is guilty of hyperbole on the budget WAYNE Swan is being somewhat disingenuous when he says his budget represents the biggest fiscal consolidation since the 1960s. The Treasurer may be keen to argue that winding back spending as a proportion of GDP from 26.2 per cent this year to 23.6 per cent in 2013-14 is a sizeable reduction, but it comes courtesy of an avalanche of tax receipts from the mining sector, rather than through the hard grind of spending cuts.

There is a case for arguing that Mr Swan's fiscal consolidation is matched by the efforts of Peter Costello's 1996-97 budget, and it is hard to beat the discipline of the Hawke-Keating budgets that reduced spending as a proportion of GDP in five hard years from 27.5 per cent in 1984-85 to 22.7 per cent in 1989-90. And they did it without a China boom.

Undaunted, Mr Swan spent yesterday spinning a story of budget restraint. Talking to Fran Kelly on Radio National Breakfast, he ran roughshod over suggestions the budget was built on a tax windfall from the China and India booms. It was, he said, all about discipline. Later, at the National Press Club, Mr Swan announced proudly that he and Finance Minister Lindsay Tanner were the "bad cops" of fiscal policy. The Treasurer said he saw off those colleagues who came to him with spending programs by telling them to "take a haircut".

But there is no evidence of a razor gang behind this budget, despite Labor's attempt to again present itself as the party of economic conservatism as it heads into an election. Fearful perhaps of an opposition ready to paint the Rudd government as big spenders happy to keep rolling out a \$43 billion stimulus package even as growth heads to 4 per cent over the next couple of years, Mr Swan seems intent on denying that this budget is built on tax revenue, not restraint. (SOURCE/EXTRACT: *The Australian*, 13.5.10)

Union fights for low-paid workers

THE Australian Services Union is calling witnesses before A Fair Work Australia hearing in a pay equity test case aimed at lifting the salaries of the state's social and community sector workers. The ASU officially launched the landmark case in March, which seeks pay increases between 17 and 37 per cent. Similar pay rises were given to workers in Queensland in 2009.

It follows recent submissions from social and community sector organisations to Fair Work Australia for the annual wage review, which will be completed by June 30. About 200,000 WA community sector workers could receive an extra \$20,000 a year under the ASU's landmark equal pay case. ASU assistant state secretary Pat Branson said the case, which has been backed by Workplace Relations Minister Julia Gillard, would pave the way to support the retention of staff and address a chronic skills shortage in the sector.

While Western Australia's social and community sector workers are covered by the state industrial relations system, under the new Fair Work Australia regime, which began in January, unions can take pay equity cases to the national industrial umpire. Ms Branson said the union was confident of achieving similar success to that achieved for social and community services workers in Queensland last year.

Low-paid employees come mainly from the retail, hospitality and community service industries. In WA, there are about 160,000 people employed in the retail industry, 110,000 in health and community services and 45,000 in hospitality.

Chamber of Commerce and Industry WA chief economist John Nicolaou said the peak business organisation, which lodged a submission to Fair Work Australia, supported up to a \$12 a week increase to the minimum wage and award wages in 2010. "Anything more is unsustainable and unjustified," he said in a statement. (SOURCE/EXTRACT: *WA Business News*, 6.5.10)

COMMENT: It would be interesting to know whether CCIWA, being the self-appointed champion of small business, included in its submission an argument to protect small business, or was it a 'one size fits all', flat earth, "business is business" submission, based on the big end of town's capacity to pay with no consideration for small businesses' capacity to pay? *TCB*

Employers angered by Julia Gillard protection of take-home pay rates

JULIA Gillard has bowed to union pressure and introduced new protections to ensure the take-home pay of tens of thousands of workers will not be reduced under the Rudd government's new streamlined awards. Employers last night accused the

government of "bending over backwards" to placate unions while leaving some companies "high and dry" by not addressing increased labour costs resulting from the award overhaul.

Industrial relations experts said the government appeared to be trying to dissuade employers from reducing pay through the threat of a take-home pay order being made. Under regulations announced by the Workplace Relations Minister late yesterday, unions will be able to apply in advance for orders on behalf of a class of employees to ensure workers do not suffer a reduction in take-home pay.

In a win for unions, Fair Work Australia will be able to issue orders requiring employers to continue to make payments in the event that there is a reasonable apprehension by unions and employees that wages might be reduced. As well as appeasing unions, the government announcement is an attempt to repudiate federal opposition criticism of the impact of Labor's program to reduce 4000 state and federal awards into 122 new modern awards.

The Australian Chamber of Commerce and Industry said the government was treating unions more favourably than employers. The chamber's workplace policy director, David Gregory, said the government was "again bending over backwards" to address theoretical union concerns while not addressing its original objective that employers not be disadvantaged. (SOURCE/EXTRACT: *The Australian*, 7.5.10)

RBA may delay rate rise: economists

Economic growth and inflation are forecast by the Reserve Bank of Australia to grow at a faster pace over the next two years than it expected previously, but the central bank won't be too eager to raise the cash rate in response, economists say.

The central bank also says growth and inflation could pick up even more than in its revised expectations if commodity prices continue to surge and there is a non-residential construction boom. The RBA for the first time acknowledged also that the European debt crisis could slow world economic growth. (SOURCE/EXTRACT: *WA Business News*, Daily Business Alert, 7.5.10)

Business Growth Centre – TV Promotion

The Business Growth Centre (formerly Small Business Training Institute) was featured in an education and training program on Saturday 8th May 2010, at 4.30pm on Channel 9.

Workers ramp up pay claims

Employers in the struggling aged care sector will be confronted with a 60 per cent wage claim for more than half the 110,000 non-nursing workforce as part of a historic multi-employer wage deal under new provisions in Labor's industrial relations laws. *The Fin Review* (SOURCE: *WA Business News*, Today's Business Headlines, 10.5.10)

COMMENT: If this wage claim is successful it will be the foot in the door for a 60 per cent wages flow on to other sectors of industry. which would be unsustainable for small business. *TCB*

Small firms will struggle to pay loans

More small businesses will struggle to pay off their loans as the number of firms behind on repayments increases on the back of difficult economic conditions, ANZ has told a Senate committee. ANZ, one of Australia's big four banks, said the number of firms behind on repayments had increased because of difficult economic conditions.

"The proportion of customers who are 90 days or more overdue with their repayments has increased across all business segments," the bank said in a submission to the Senate Economics References Committee on small business financing. "While it has now stabilised and is reducing in some areas, we expect delinquencies to be higher for some time as the economy recovers."

Still, the Australian Chamber of Commerce and Industry said banks should not use the global financial market turmoil as an excuse to raise lending costs. "Bank margins were already fattened at the expense of small business during 2009, with rate rises passed on in full but not the full value of rate reductions," the chamber's chief executive Peter Anderson said in his submission.

The Council of Small Business of Australia wants a unit pricing system, now operating in the retail sector, to be extended to small business loans. Under this proposal, banks would have to reveal the fees they charge small business compared with other products. The council cited a small business owner who was slugged 15 cents for every transaction while larger retailers were given free service because of their size and bulk transactions. (SOURCE/EXTRACT: *WA Business News*, Daily Business Alert, 10.5.10)

Barnett to reap GST windfall

A \$200 million GST windfall is expected to help Colin Barnett produce a surplus against the odds when he hands down his first state budget as Treasurer next Thursday. *The West* (SOURCE/EXTRACT: *WA Business News*, Daily Business Alert, 13.5.10)

Small Business Liaison Group Meeting

A reminder to advise you that agenda items for the next ATO Small Business Liaison Group Meeting are to be in to Steven Knight (Email: advisor@iinet.net.au) by Friday 14th May 2010.

Union membership on rise

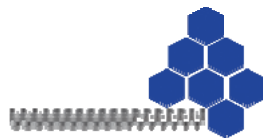
TRADE union membership has increased for the second consecutive year, rising by 82,200 members and halting, for the time being, a sustained period of decline. ABS data released yesterday showed 1.8 million employees were union members in the 12 months to August last year. The ABS said 46 per cent of public-sector employees were union members compared with 14 per cent in the private sector.

Twenty-two per cent of full-time employees and 15 per cent of part-timers were union members. Employees in the education and training industries had the highest proportion of union membership with 42 per cent, followed by electricity, gas, water and waste services at 41 per cent. The lowest proportion of union membership was agriculture, forestry and fishing.

Of the total union members, 63 per cent had been a member for more than five years, compared with 10 per cent who had been a member for less than a year. A further 1.5 million workers had previously been trade union members but were no longer signed up. Another six million have never been members. (SOURCE/EXTRACT: *The Australian*, 13.5.10)



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