



## Combined Small Business Alliance of Western Australia Inc. (CoSBA)

PO Box 253, JOONDALUP WA 6919

President: Les Marshall Vice President: Rod Henderson Secretary/Treasurer: Terry Bright  
Chief Executive Officer: Oliver Moon Administration Secretary/Treasurer: Val South  
Phone: 9250 3549 CoSBA WEB SITE: <http://www.cosba.com.au> Phone: 9306 0155

## **NEXT BOARD MEETING**

**5.00pm Tuesday 7 September 2010**

**Stirling Small Business Centre, 45 Delawney Street, BALCATTA**

### **IN THIS ISSUE:**

Miners plan record spending  
SA lower on global uncertainty  
Gold down as safe haven appeal eases  
Dark clouds over [US] small business  
Business Council of Australia warns of risks if reform stalls  
Analysis: economic optimism or pessimism  
Time to climb off the fence  
Small businesses use taxman as a bank  
Retailer dismisses idea that leave scheme will increase prices  
MOBILE PHONE TIP  
Building and retail trade down in WA  
Gillard holds line on big handouts  
Rogue Nat seeks GST shake-up from Liberals  
Export surge lifts growth outlook  
Local miners losing ground  
Latest Sensis business index report  
CME seek assurances on Labor-Greens deal  
Sector warns of new tax battle  
SA knew mining tax meant "big trouble"  
Verriers awarded for diversity  
Online Aunty walks only on left side of the street

### **ATTACHMENTS:**

SBDC Estimates Questions.pdf  
Building Business for BLR.pdf  
SBA AGM Flyer and Details.pdf  
Stirling Business Association CEO Position.doc  
BiZFiT Newsletter.pdf



### **Miners plan record spending**

The mining industry is planning to lift its investment this year by 60 per cent to a record \$55 billion, despite the government's planned mining tax. *The Aus* (SOURCE: *WA Business News*, Today's Business Headlines, 27.8.10)

### **\$A lower on global uncertainty**

The Australian dollar opened slightly lower [on 27.8.10] as a mood of global uncertainty continues to hang over markets.

Bank of New Zealand currency strategist Mike Jones said the local unit had "shuffled sideways" overnight. "The main theme in currency markets overnight continues to be uncertainty," Mr Jones said. "People are a little bit wary of the US economic outlook and whether the Federal Reserve will step up its action to restart... the economic recovery."

US Stocks ended lower as an early rise from better jobless figures faded. The Dow Jones industrial average closed just below 10,000. The Dow had been up as much as 45 points earlier on Thursday after first-time claims for jobless benefits fell last week after three straight weekly gains. Traders turned their attention to lingering problems with the economy and a speech coming up on Friday by Fed Chairman Ben Bernanke.

As European sovereign debt markets showed more encouraging signs, investors were fairly content to sit on the sidelines, Mr Jones said. "If you combine that with uncertainty about the next Australian government, it looks like it will be a fairly subdued session for the Australian dollar. "It's just tracked sideways." (SOURCE: *WA Business News*, Today's Business Headlines, 27.8.10)

### **Gold down as safe haven appeal eases**

Gold slipped on Thursday, ending a two-day rise, as US jobless claims declined more than expected, denting bullion's case as a safe-haven investment. (SOURCE: *WA Business News*, Today's Business Headlines, 27.8.10)

### **Dark clouds over [US] small business**

**WHEN consumers sneeze, small businesses reach for the zinc tablets.** With consumers downbeat about the US economy and jobs, their reticence to shop has come down hard on small businesses, the major source of new jobs in the world's biggest economy.

That link sets up a worrisome spiral in which consumers increase spending at a minimal pace while waiting for hiring to pick up, and businesses hire at a minimal pace while waiting for demand to pick up. There is little doubt that many households are struggling.

Personal income rose just 0.2 per cent in July, after no change in June. After accounting for taxes and inflation, real disposable income fell 0.1 per cent in July, the first drop in six months. Thanks to some increase in hiring, private-sector wages and salaries increased in July. But government help -- through transfer payments like Social Security and unemployment benefits -- has been propping up income. (SOURCE/EXTRACT: *The Australian*, 2.9.10)

### **Business Council of Australia warns of risks if reform stalls**

**BIG business has warned independent MPs that the stalling of policy reform could send the economy into a downward spiral.** The Business Council of Australia wrote yesterday to Tony Windsor, Bob Katter and Rob Oakeshott as they consider which party to back, outlining a five-point plan for urgent reform that includes the creation of an independent commission of budget integrity modelled on similar bodies under the Greiner and Kennett state governments.

In an exclusive round-table discussion with *The Weekend Australian*, senior BCA members demanded the new government start again on Julia Gillard's mining tax truce, shelve infrastructure promises made during the election campaign and put the National Broadband Network on hold pending a proper cost-benefit study and because of fears it would strangle competition. The business leaders also said a doubling of skilled immigration was a good idea and rejected a small Australia.

BCA president Graham Bradley warned the nation faced a "boiling frog situation" as crucial reforms to lift productivity across the economy could stall because of the new political uncertainty. "You can cut off reforms for a certain amount of time and it will eventually catch up with you," Mr Bradley said. "If we don't continue that process, we will fall further behind our major competitors."

Under the BCA plan, the independent commission of budget integrity would examine whether there was value for money in government spending, look at overhauling the big drivers of spending to shift funds to infrastructure and tax reform and whether particular services should be delivered by the private sector or government. (SOURCE/EXTRACT: *The Weekend Australian*, 28.8.10)

### **Analysis: economic optimism or pessimism**

The stock markets of the world have been in decline for the past month as investors fret about a double dip recession, while the official data says global recovery is underway. This point has been reinforced by today's surprise 1.2 per cent expansion of the Australian economy in the June quarter.

Investment bank analysts had been expecting gross domestic product to expand by 0.9 per cent in the quarter, and while the difference with 1.2 per cent might not seem much it is a significant gap in economic terms, complementing the better than expected trade figures which came out yesterday. For Australia the GDP growth rate, and improving terms of trade, are excellent news - but the real surprise of the past 24 hours is that we're not alone.

In the U.S., global-gloom central, there was also a steady flow of positive economic data overnight. Housing prices, which had been expected to fall in June actually rose 0.3%, taking the annual house price increase to 4 per cent. Consumer confidence, which was tipped to be flat rose by 5 per cent. There's a pattern forming which is both hard for economists to explain, and which is also making business investment decisions unusually difficult - and it's all about time. (SOURCE: *WA Business News*, Daily Business Alert, 1.9.10)

### **Time to climb off the fence**

Independent MPs must reflect the views of their electors. FARMERS with a nose for politics in Kennedy, New England and Lyne who have followed the news this week are starting to wonder whether they've sent a trio of "post turtles" to Canberra. As one cocky told *The Weekend Australian*: "When you're driving down a country road and come across a fence post with a turtle balanced on top, you know he didn't get up there by himself, he doesn't belong up there, doesn't know what to do while he's up there, and you wonder what kind of dumb buggers put him up there to begin with."

Old farmers like Bob Katter and Tony Windsor would get the point. So, too, after reading today's Newspan, should former political apparatchik Rob Oakeshott. Across their electorates, 54 per cent of voters would prefer the independent local MPs helped the Liberal-Nationals Coalition form government. Just 34 per cent want them to help Labor.

In one of the world's richest coal seats, Kennedy, in the grazing lands of New England and the fishing and hinterland farming communities of Lyne, the prospect of a minority Labor government beholden to the Greens, who support death duties, gay marriage and curtailing mining, among other contentious policies, is anathema. We are not arguing for one side of politics or the other. In light of the election result, the side that can form the most stable government should govern.

But the independents must realise that if they show contempt for the values of those who elected them they will not remain in politics for long. (SOURCE/EXTRACT: *The Weekend Australian*, 28.8.10)

### **Small businesses use taxman as a bank**

**THERE are strong reports coming out that small business debts to the Australian Taxation Office have ballooned in the last 12-18 months.** This is as a result of a mix of financial pressure on companies and a government-sanctioned Australian Taxation Office policy to go easy on slow payers by rescheduling repayment terms.

One unproved story has it that SMEs' share of June 30 indebtedness, which normally runs between \$2 billion and \$2.7bn, ran out to break the \$8bn mark this year for the first time. The ATO wouldn't comment on that number and hasn't yet got publishable statistics for June 30, 2010, but it does say that overall indebtedness to it at June 30 rose from \$10.23bn in 2006 to \$12.2bn at the same date in 2009, which is now 14 months ago.

We may not be comparing apples with apples here, but there's certainly a trend, and the news for the solvent taxpayers among us isn't that good. As we're running a deficit, every extra billion that isn't sitting in Treasury's consolidated revenue column will need to be borrowed at the market rate, or whichever expenditure program it's been allocated to won't be financed.

PPB insolvency specialist partner Mark Robinson says: "It wouldn't surprise me in the least that there's been a significant increase in the amount of tax owed by SMEs as a consequence of the more conciliatory repayment schedules entered into (by the ATO) following the global financial crisis."

Commissioner Michael D'Ascenzo told a small business summit on June 10 last year that the 2009 May budget had allocated "\$100 million over four years to the ATO to assist small businesses and other taxpayers experiencing financial distress to stay in business. This mainly involves early intervention and the provision of payment arrangements aligned with the taxpayer's cashflow".

What was left unsaid was that the Australian taxpayer's interest bill (that's the rest of us we're talking about now) on the delayed payments forgone is going to be a lot more than the \$25m a year the ATO is getting to manage tax laggards. (SOURCE: *The Australian*, 30.8.10)

### **Retailer dismisses idea that leave scheme will increase prices**

**AUSTRALIA'S biggest retailer has rejected Labor's claims that the Coalition's paid parental leave scheme would push up grocery prices** Richard Goyder, chief executive of Wesfarmers, which owns Coles, said yesterday that Labor's charge was "a very tenuous argument to make" and he couldn't see why the leave scheme would have any impact on shelf prices.

Instead, he said, it would be shareholders and investors who would bear the brunt of the Coalition's proposed 1.5 per cent levy on major businesses to fund the scheme. "I don't buy the argument it does anything else," Mr Goyder said after announcing Wesfarmers' annual results. "If the tax rate for Wesfarmers were to reduce by 1 per cent, would we reduce prices by 1 per cent? I doubt it. And the reverse is true. Over long periods of time, you might see some

adjustment (of prices) but in the short term, I don't see it."

The Labor government has consistently attacked the Liberal proposal, arguing that it is "Economics 101" that the levy will push up supermarket prices by increasing taxes on major retailers. (SOURCE/EXTRACT: *The Australian*, 20.8.10)

### **MOBILE PHONE TIP**

To check your Mobile phone's serial number, key in the following on your phone: STAR HASH ZERO SIX HASH as (\*#06#) A 15 digit code will appear on the screen. This number is unique to your handset. Write it down and keep it somewhere safe. Should your phone get stolen, you can phone your service provider and give them this code. They will then be able to block your handset so even if the thief changes the Sim card your phone will be totally useless. You probably won't get your phone back, but at least you know that whoever stole it, can't use/sell it either. If everybody did this, there would be no point in stealing mobile phones.

### **Building and retail trade down in WA**

Retail trade and building approvals have slumped in WA, according to new figures from the Australian Bureau of Statistics. Nationally retail trade and building approvals rose in July, but they went backwards in Western Australia.

The total number of dwellings approved in July rose 2.3 per cent nationally to 13,732 seasonally adjusted, from an upwardly revised 13,425 units in June. In the year to July, building approvals were up 11.0 per cent. But in Western Australia home approvals were down 4.9 per cent in July. It was worse for private sector house approvals in Western Australia, which fell by 14.4 per cent. (SOURCE: *WA Business News*, Daily Business Alert, 31.8.10)

### **Gillard holds line on big handouts**

Prime Minister Julia Gillard has vowed not to offer independent MPs any promise that weakens the budget bottom line, limiting her room to negotiate as the Coalition reviews its policies in order to win the independents' support. *The Fin* (SOURCE: *WA Business News*, Today's Business Headlines, 1.9.10)

### **Rogue Nat seeks GST shake-up from Liberals**

New West Australian Nationals MP Tony Crook has met Tony Abbott to demand a "fairer" carveup of GST funding for his state. *The Aus* (SOURCE: *WA Business News*, Today's Business Headlines, 1.9.10)

### **Export surge lifts growth outlook**

The mining boom has shrunk the current account deficit to its narrowest level in nearly a decade, boosting growth in the local economy as the Reserve Bank of Australia warns there is now a risk the US will fall into a double-dip recession. *The Fin* (SOURCE: *WA Business News*, Today's Business Headlines, 1.9.10)

### **Local miners losing ground**

West Australian iron ore magnate Gina Rinehart has warned that Australia's advantage as a low-cost supplier of the steelmaking material is ebbing as miners focus on newer prospects in West Africa and freight rates fall. *The Fin* (SOURCE: *WA Business News*, Today's Business Headlines, 1.9.10)

### **Latest Sensis business index report**

The August quarter saw the confidence level of Australian SMEs increase, however it only recovered one-third of last quarter's record fall and remains low by historical standards. In line with the small rise in confidence there was some improvement in most performance indicators, however the level of improvement remained marginal, resulting in little significant change between this quarter and the previous quarter.

Current perceptions of the economy improved marginally, with SMEs equally split over whether the economy was currently growing or slowing, however they were more optimistic about future economic directions. The primary issue reported by SMEs this quarter continued to be a lack of work or sales, followed by the economic climate, cash flow, and finding and keeping staff. Some 35 per cent of SMEs reported they currently faced no problems at all.

Generally, SMEs reported marginal improvements in performance in most key indicators with the exception of profitability which continued to fall. However, expectations for the next quarter rose across all indicators. Expectations for the year ahead also rose, with the only exception being price increases, where expectations were down marginally.

Support for the Federal Government also fell again this quarter to its lowest point since August 2008, with SMEs feeling that there was too much bureaucracy and that the Federal Government was only concerned with large businesses. The government in the Northern Territory was the most supported government by SMEs overall, with New South Wales Government the least supported state or territory government.

### **CME seek assurances on Labor-Greens deal**

The WA Chamber of Minerals and Energy has sought an assurance today's agreement between federal Labor and the Greens will not come at the expense of the emerging resources sector. Following the deal the CME said it will be seeking assurances from the Prime Minister Julia Gillard, that member companies and sector jobs will be protected from the adverse impact of Greens policy.

CME Chief Executive Reg Howard-Smith said industry concerns included a fresh push by the Greens for a nation-wide ban on uranium mining and any move to make Australian mining operations the most highly-taxed in the world. "We need a categorical commitment from Labor that the current negotiations in Canberra will not add another layer of uncertainty to an industry, still coming to terms with the impact of the proposed resource rent tax," Mr Howard-Smith said. (SOURCE: *WA Business News*, Daily Business Alert, 1.9.10)

### **Sector warns of new tax battle**

Mining chiefs have voiced strong concerns that a Labor-Greens ruling alliance could lead to a more punitive mining tax and the potential demolition of Australia's coal and uranium industries. *The Aus* (SOURCE: *WA Business News*, Today's Business Headlines, 2.9.10)

### **SA knew mining tax meant "big trouble"**

South Africa's government knew its Australian counterpart was headed for trouble when the controversial mining super profits tax was announced in May, the nation's mines minister said today. Speaking to reporters at the Africa Downunder conference in Perth, South African minister of mineral resources Susan Shabangu said South Africa had learnt the lesson from its own painful efforts to reform the mining industry and would not be following in Australia's footsteps.

"What happened here, when it happened, we knew there was going to be big trouble," Ms Shabangu said. "So we are not in any way thinking in that particular direction." Ms Shabangu said South Africa had suffered great upheaval when it introduced sweeping reforms of its mining regulations in 2001, saying \$50 billion was wiped off the value of its mining industry "overnight".

"We've burnt our fingers, so we are very careful in how we move forward, definitely," she said. "We have our own challenges, but the issue of taxation, we look at it in the context of the economy of the country, and what are the implications if we have to impose a new particular tariff in the mining sector." (SOURCE: *WA Business News*, Daily Business Alert, 1.9.10)

### **Verriers awarded for diversity**

For skills-based industries, apprentice training has long been an integral part of developing a sustainable workforce and for Bassendean-based Verriers Engineering, it has been part of the company's employment strategy for the past 25 years. Verriers was last week named the WA small business of the year at the WA Training Awards 2010.

Kathy Verrier, who owns Verriers with her husband Craig, said the company was acknowledged for its innovative and diverse training programs for mature age apprentices, pre-apprentices and its general contribution to workforce development. During the last boom, Verriers initiated an in-house mature age apprentice training scheme that would acknowledge prior learning of mature age workers as well as incentivise them to stay with Verriers by increasing traditional pay brackets.

Ms Verrier said the company recognised an untapped pool of labour in mature age apprentices and the initiatives Verriers put in place for them were then used in the state's Transforming Trade Training program which was aimed at improving the relevance, convenience and flexibility of apprenticeships.

"It was for guys that traditionally didn't have vocational pathways at high school and then went out and were only semi-skilled or had no skills that were being recognised," Ms Verrier said. "We would put them on as general hands and then put them through an apprenticeship program and fast track them." (SOURCE: *WA Business News*, 2.9.10)

### **Online Aunty walks only on left side of the street**

ANYONE trying to make sense of the recent election campaign would be advised to stay well clear of the articles on the ABC's opinion websites, *The Drum* and *Unleashed*. With these sites established as an addition to the ABC's online news service late last year, the campaign was the first big test to see whether online opinion at the national broadcaster could, as ABC chairman Maurice Newman once dared hope, "walk both sides of the street".

But while Tony Abbott's 2010 campaign will be remembered as the most successful by a first-term opposition in 79 years - and, conversely, Julia Gillard's the least successful by a government - all of this seems to have eluded the chosen opinion holders at the ABC. I monitored both sites throughout the campaign. Here's the tally. Negative comments: Gillard, 327; Abbott, 353. Positive comments: Gillard, 197; Abbott, 65. In short, while Gillard and Abbott received roughly the same amount of criticism, Gillard was praised three times more often. (SOURCE/EXTRACT: *The Australian*, 2.9.10)

**COMMENT:** One does not need to go on line to establish which side of the street Auntie walks – just switch on the TV. During the election campaign Julia Gillard was in a rural town spruiking the virtues of Labor’s broadband plan, which was reported on by ABC TV. During the live transmission the word “Live” appeared in the top left of the screen and after a while it was accompanied by the words “- via Broadband”. TCB.



## SMALL BUSINESS PARTNERS



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