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NEXT BOARD MEETING

5.00pm Tuesday 15 JUNE 2010

Stirling Small Business Centre, 45 Delawney Street, BALCATTA

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ATTACHMENTS:

WASBLG Agenda June 2010.pdf
Small Business Ignored In Tax Grab Debate.pdf
Rudd keeps alive stealth plan to slug small business contractors.pdf
SCC E-news 27.5.10.pdf
Marketing Plan- SBC Stirling.pdf
Service Excellence-SBC Stirling.pdf
WA German Business Assn Dinner.pdf
The AABC Breakfast.pdf
RAVLICH Budget catch-up on apprentices.pdf
Small business -unfair dismissal claims.pdf



Rudd keeps alive stealth plan to slug small business contractors

Government-sponsored recommendations, kept alive and further advocate by Henry, will turn the current laws on its head and create extraordinary new red-tape burdens, reporting obligations and complex regulatory requirements, after unfairly labelling tens of thousand of legitimate self-employed and independent contractors as „shams .

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Now, all that seems important to this arrogant and out-of-touch Rudd Labor Government is breaking an election promise to raise the taxation and red-tape burden on the self-employed people and independent contractors, without justification, only to appease a few aggrieved and envious unionists.

Why has the Small Business Minister, Craig Emerson seen fit to turn his back on his written undertakings before the election, purely to uphold another pre-election statement that “ *we (Labor) must never loosen our bonds with the trade union movement*”.

It is clear why the union movement wants to drag small business in to its web by forcing more ‘direct employment’ arrangements, but the Rudd Government makes no case for the need for change and seems only interested in a tax gouge on the small business and independent contracting community to help paper over Labor’s huge Budget deficits. (See: Rudd keeps alive stealth plan to slug small business contractors . pdf)

Smaller business wins attention

IT was nine days between the Rudd government's response to the Henry tax review and what has been described as the most boring budget in living memory, if you can ignore the hullabaloo over the resource super profits tax.

If the Henry show and tell was an overall yawn, this budget has delivered small business plenty of exciting-sounding promises, but not much of the offerings will offset the challenges that confront business right now.

TAX CHANGES

- Assets costing up to \$5000 can be written off in the first year from July 1, 2012.
- All assets over \$5000 (except buildings) can be put into a pool of assets and depreciated at 30 per cent from July 1, 2012.
- The company tax rate will drop from 30 per cent to 28 per cent from July 1, 2012, for small businesses with turnover under \$2 million and that are companies. For bigger companies, the company tax rate drops to 29 per cent from July 1, 2013, and to 28 per cent from July 1, 2014.
- Superannuation guarantee rate to rise to 12 per cent. This will be phased in from July 1, 2013, to 2019-20.
- Businesses that do GST on a cash basis will be allowed to claim input tax credits up-front in relation to hire-purchase arrangements from July 1, 2012.

Undoubtedly the really small businesses have done OK, but the bigger ones fighting the effect of rising interest rates may be a little cheated off if they are in the slow lane in our two-speed economy. (SOURCE/EXTRACT: *The Australian*, 28.5.10)

Unions to check on workers' flexi deals

UNIONS will be allowed to examine the flexible working arrangements struck between non-union workers and their bosses under a strategy that business warns is torpedoing Labor's promise of workplace flexibility. The Construction Forestry Mining and Energy Union has reached an agreement with companies that gives it the power, on request, to inspect individual flexible arrangements reached with workers, including non-union members.

Employer groups said the agreements, approved by Fair Work Australia, had been struck throughout the construction sector, and said they feared they would spread to other industries. The Australian Industry Group said the inspection clause, which appears in many deals in the Victorian building industry, should not be included in workplace agreements. "Not only does it limit flexibility, it treads upon the privacy of individual employees who may not be union members," said the Ai Group's national industrial relations director, Stephen Smith.

Federal Workplace Relations Minister Julia Gillard committed to the clauses after business leaders expressed concerns that the abolition of Australian Workplace Agreements would result in loss of flexibility. A spokeswoman for Ms Gillard said the Deputy Prime Minister was aware of one of the agreements with the clause, and believed the terms conformed with the act.

The flexibility clauses in the building industry allow four workplace entitlements to be varied by negotiation between individual employees and their employer. These are parental leave, compassionate leave, jury service, and an entitlements to clothing, safety footwear and equipment. The agreements state: "Upon request, the company/employer must provide copies of all flexibility arrangements made under this clause to the union/employee representative."

Opposition workplace relations spokesman Eric Abetz said a Coalition government would ensure the clauses provided workers with protection, flexibility, and the right to privacy. (SOURCE/EXTRACT: *The Weekend Australian*, 29.5.10)

Coalition banking on small business

THE Coalition is considering setting up a government-backed bank to lend money to small and medium companies. The Coalition's small business spokesman, Bruce Billson, said that the idea, based on a Canadian model, had merit, as did the possibility of a specific government guarantee for small and medium enterprise loans.

The Business Development Bank of Canada was able to lend up to \$13 billion in total to 28,000 small and medium enterprises, with a default rate of just 5 per cent on the loans. "Access to affordable finance for small business is an issue," Mr Billson said. "The Canadian model appears to have been effective, and it was one of a range of options we are keen to see considered by the Senate committee looking at this issue.

"There's a range of possibilities, including governments offering wholesale lending guarantees like the government did for the big banks after the global financial crisis. "We are considering a range of avenues to improve access to finance for small business."

Small Business Minister Craig Emerson immediately attacked the idea, saying Australians had learned lessons from the collapse of state-owned banks. "Is this really Tony Abbott's Liberal Party proposing the establishment of a government-owned bank?" he asked. "Mr Billson has learnt nothing from the collapse of state banks in Australia two decades ago." Dr Emerson said he recognised that access to credit was a serious concern for the small business sector, and that the government was not hiding from the challenge of finding ways to support creditworthy small businesses.

But Mr Billson said Dr Emerson was being negative about an idea that had worked for the Canadians. "I'm not that closed-minded, and where there are practical direct actions that have helped . . . I'm interested in understanding them and seeing what place they may have in the Australian context." (SOURCE: *The Australian*, 21.5.10)

Rio claims mining ads misleading

Mining giant Rio Tinto has accused the Rudd government of using misleading information in new taxpayer-funded advertisements that have been controversially exempted from the government's own guidelines. *The Australian* (SOURCE: *WA Business News*, Today's Business Headlines, 31.5.10)



(SOURCE: *The West Australian*, 31.5.10)

Banks warn on resource finance risk

The federal government's proposed resource super profits tax is creating widespread uncertainty about the financing of mining projects, leaving dozens of projects facing difficulties with the structure of their funding packages. *The Fin*

Rudd Wants to Turn Australia Into Sweden

A letter from the Wall Street Journal (Asia Edition) on 19 May highlights the risks associated with Rudd's Resources Super-Profit Tax. Australian Prime Minister Kevin Rudd's idea of a "super-profits" tax on the mining industry is a typical stunt he learned when he was a diplomat in Stockholm.

Since 1983, different Swedish governments have put a super-profits tax on hydropower. Before that, it was a cheap and reliable source of electricity for Swedish pulp, paper, steel and mining companies. Much of Swedish hydropower was built over decades by Swedish industrialists to secure energy supply for their manufacturing industry. But after the tax was introduced and raised almost annually, Swedish companies started to sell their heavily taxed hydropower stations to other investors.

Today most of the formally private-owned hydropower is owned by foreign state-owned power companies as Fortum (Finland) and Statkraft (Norway) and the privately held Eon (Germany). Electricity prices in Sweden are now as high as in Germany.

The same thing happened when Britain's Labour Party introduced a windfall profit tax on utilities. The tax depressed profits and led to an exodus of British institutional investors from the sector. It was then easy for continental corporations like RWE and Eon (Germany), EDF (France) and Inberdrola (Spain) to buy them cheaply. Today almost all the British power companies are owned by foreigners, and the government has to make all kinds of tax concessions and subsidies to get them to invest in new plants in Britain.

For Australia, a super-profits tax on mining would make stocks in the mining companies cheaper as many private investors would sell out because perceived political risk. State-owned Chinese and Indian corporations will then have a great opportunity to acquire a substantial part of Australia's mining industry. In the long term, these countries will then have more clout in dealing with the Australian government than private investors.

Stefan Björklund Vevey, Switzerland. *Original article courtesy of the Wall Street Journal*

Rudd puts the nation on socialist path

He is pushing ideas long discredited by his own party, argues The Wall Street Journal. The war of words over Australia's proposed windfall profits tax on miners is heating up, with the government accusing companies of being "fundamentally dishonest" about how much tax they pay, and companies calling Canberra's statistics "scandalous".

Lost in all the back-and-forth is the larger issue at stake: does Australia, a developed nation that has embraced liberal economic policies for three decades, want to philosophically go the way of free market Hong Kong or socialist France?

Judging from its rhetoric over the past few weeks, Kevin Rudd's Labor government might as well start hoisting the tricolour. The Prime Minister and Treasurer' Wayne Swan have repeatedly characterised the proposed 40 per cent levy in terms of class struggle, claiming mining companies have made "super-profits" and now must give back a "fair share" to the country.

The implication being, of course, that government can decide how much profit is too much, and who should get the proceeds of all that hard work that the politicians didn't do. This sounds crazy to anyone who has ever actually worked in a private sector business, but not to worry: Canberra has economists and career bureaucrats like top Treasury official Ken Henry (who is both), to demonstrate that this won't, in fact, be such a bad idea. (SOURCE: *The Australian*, 2.6.10)

Budget changes get mixed response from SMEs

The Cameron Research Group's panel discussion with the small to medium-size enterprise (SME) community on the Henry tax review and 2010 budget is a colourful indication of the thoughts of the industry.

The panel of SME owners was predictably cynical; a mortgage fund owner with 12 full time employees believes a reduction of company tax to 28 per cent for small businesses to be negligible, while the increase in the superannuation guarantee to 12 per cent will mean a massive cost when payroll tax and other costs were factored in, according to a restaurant owner.

Another group, the SME Boardroom, gathered the views of 32 members. The Executive Connection's poll had 200 SME CEOs responding, and the majority were dissatisfied with the level of consultation with the small business community prior to forming budgets, given SMEs account for more than a third of gross domestic product. However, 70 per cent thought there was enough in the budget to encourage and support SMEs. (SOURCE: *Australian Financial Review*, 1.6.10)

Employers face award penalties

Experts have warned WA employers could be hit with hefty legal bills after unwittingly breaching awards introduced under the Federal Government's industrial relations laws in January. Duncan Fletcher, a partner at Middletons who specialises in employment law, said the introduction of modern broad-based awards under the Fair Work Act in January extended award coverage to many employers in WA who were previously regarded as "award-free".

"There is now a huge compliance risk faced by WA employers who have suddenly found that they are award covered," he said. "WA is unique because we did not have broad-based State awards for some industries like mining and professions like clerical and engineering.

"This means, for example, that the operations, clerical and engineering employees in a large number of newer WA mining companies were never award-covered until the national system was introduced this year and are dealing with awards for the first time. "

A breach of award conditions, such as failing to pay penalty rates and allowances, can attract a maximum civil penalty of up to \$33,000 per breach for a corporate employer. Employers would also have to produce back pay of entitlements for all affected employees.

"While there are transitional provisions for some awards, which might protect employers from January 1 until July 1 (20 10), thereafter the need to comply with the new system becomes an absolute reality," Mr Fletcher said. He said there was also a common misapprehension that high salaries in the mining industry would automatically take employees who earn more than the \$108,300 high income threshold out of the award system.

Mark Hemery, an employment law principal at Talbot Olivier, said it was an "information issue" and some employers may not realise they could exclude high-income earners from inadvertent coverage under their relevant industry award thanks to a provision of the Fair Work Act that provided a "guarantee of annual earnings. Mr Fletcher said that the guarantee of annual earnings was just one element of the award compliance puzzle. (SOURCE/EXTRACT: *The West Australian*, 1.6.10)

Employers balk at cost burden from awards overhaul

EMPLOYERS have attacked Rudd government proposals for offsetting the extra costs they face from Labor's award overhaul as alarming, unworkable, expensive and complex. Fair Work Ombudsman Nicholas Wilson yesterday released guidelines for the new modernised award system that will come into operation from July 1. [A copy of the 'FWO-Transitional-arrangements-in-modern-awards' is available on line at: www.fwo.gov.au or from CoSBA in 'pdf' format]

Employers, led by the Australian Industry Group, previously believed companies would be able to offset any additional costs arising under the new awards into over-award payments made to employees. A model clause inserted in nearly all the new 122 modern awards ensured that as long as workers were being paid at least the amount they were entitled to under the new award, employers would not face extra costs.

However, the guidelines issued by Mr Wilson cast doubt on the employer position. Ai Group chief executive Heather Ridout said the interpretation by the ombudsman was "alarming". "The FWO's interpretation would require an employer to obtain the agreement of each individual employee before it could absorb any additional costs arising under modern awards into over-award payments," Ms Ridout said. "In Ai Group's view, such an approach is unworkable and would result in an unfair, costly and complex burden being imposed on business.

"To suggest that employers will be able to readily reach agreement with each employee on the absorption of award changes into over-award payments reflects a lack of understanding of many workplaces, including the communication challenges and the role of unions in seeking to maximise wages and working conditions."

She said the issue would become critical from next month when the phasing-in of higher and lower wage rates, penalties and loadings under modern awards starts. The Ai Group will apply to Fair Work Australia to vary the absorption clause in the modern awards.

A spokesman for Mr Wilson signalled the ombudsman would consider revising the guidelines if Fair Work Australia upheld the application. Meanwhile, Fair Work Australia president Geoff Giudice yesterday warned a Senate resolution requiring him to answer questions before an estimates committee had put the independence of the tribunal "at serious risk". (SOURCE: *The Australian*, 2.6.10)

WA workers win highest pay rise

TWO leading salary surveys have revealed a glaring disparity between small WA companies giving the second-lowest pay increases in the country, compared with large WA firms rewarding employees with the biggest wage rises in Australia. The Australian Institute of Management national salary survey released this week showed that companies with a turnover of less than \$10 million gave employees a 3.9 per cent May increase in the past 12 months.

But the staff of bigger companies received a 4.6 per cent increase in the same period, significantly higher than the 3.7 per cent national average. But AMI deputy director Shaun Ridley said numbers in WA were distorted by big mining and oil and gas companies paying high salaries for work in remote areas, notably the Pilbara.

"Certainly there have been some large shifts in the last five to 10 years relating to cost of living and salaries hi WA. But it gets a bit distorted when you consider that a lot of people earning those big salaries are working in inhospitable areas and 12-hour daily shifts," Dr Ridley said. "If you broke it down to an hourly rate, they would not be getting paid as much as people think "

Small companies kept a lid on pay rises and staff numbers to survive the worst of the economic downturn. As the economy improved, the challenge would be retaining staff without incurring big employment cost blowouts, the report warned.

The survey predicted a favourable salary review for staff of most small companies in the next 12 months, but Dr Ridley said small companies would have to get creative to retain valuable employees. "With the skill shortage tipped to worsen, employers need to move sooner rather than later to lock in their best and brightest," Dr Ridley said.

The survey found there had been a significant increase in the number of small companies offering bonus schemes to employees. Senior executives and professional/technical staff recorded the highest average salary movements, a 4.5 per cent rise, while management had the lowest average salary rise of 3.9 per cent. (SOURCE/EXTRACT: *The Sunday Times*, 30.5.10)

Push for higher wages unjustified: CCI

The Chamber of Commerce and Industry has criticised Unions WA for applying for a 5.5 per cent minimum wage increase WA, saying it is an unjustified and irresponsible claim that could harm businesses still recovering from the GFC. Unions WA today applied to the Industrial Relations Commissions to increase the WA [State Awards] minimum wage by 5.5%, or \$31.33 a week.

CCI raised concern that the increase is excessive and unsustainable for many, especially small businesses. "WA workers are already the highest paid in the country with a minimum wage of \$569.70 per week. That's more than \$25 above the Federal Minimum Wage, and more than \$8 above the average of all other states," a statement from CCI said. "A further \$31.33 is simply unwarranted and well above the cost of living increases measured by the rate of inflation."

Unions WA secretary Simone McGurk told *WA Business News* the push comes off the back of a successful campaign from the Australian Services Union in Queensland to increase wages for the services sector. "The ASU has got a campaign called Pay Up which is about getting people that are working in the community sector pay rates that are aligned with the state government sector," Ms McGurk said. (SOURCE/EXTRACT: *WA Business News*, Daily Business Alert, 2.6.10)

Perth airport renos complete

The \$10 million renovations at Perth domestic airport have finally been completed after twelve months of disruption for domestic terminal passengers. The transit area in front of the domestic airport has been upgraded and now has new traffic lanes, undercover walkways, dedicated taxi lanes and fast-track business valet parking.

Perth Airport chief executive Brad Geatches said the completion of these works would be welcomed by frequent travellers to the domestic terminals. "The dedicated traffic lanes for taxis, buses and the general public have been designed to improve vehicle and pedestrian access into and out of the domestic terminals and will improve the journey for all airport users, particularly frequent travellers," Mr Geatches said.

"The new permanent passenger drop-off and pick-up lane includes overhead canopies for weather protection and extends along the entire front of the Domestic Terminals. "The eight bay taxi boarding area has already reduced waiting time for passengers to around 10 minutes in peak times and taxi drivers can queue far easier with the new system." The domestic terminal will also have new retail and food and beverage outlets. (SOURCE/EXTRACT: *WA Business News*, Daily Business Alert, 31.5.10)

Making friends for the long term

THE Rudd government has now held power for 16 months, long enough for some tentative judgments to be made. Only one writer, former Nationals senator, previously Treasury secretary, John Stone, has hinted in print that Kevin Rudd may be treating his prime ministership in what can be called a duel-track manner.

Mr Stone, in a recent National Observer article titled, The Future of Mr Kevin Rudd, wrote: "Rumours circulating in Canberra in early 2008 to the effect that Mr Rudd was now bent on becoming the next Secretary-General of the UN were of course just that – rumours. "If he did harbour that ambition, it would go far towards explaining much that has been inexplicable in his behaviour."

It's quite conceivable Mr Rudd has decided to try to hold his position for an already predetermined period, like three recent long-serving Labor premiers - Queensland's Peter Beattie; New South Wales' Bob Carr; and Victoria's Steve Bracks - and to also use that time to lay the basis for a fall-back position like, for example, a prestigious UN job.

That, after all, is what recently ousted New Zealand prime minister Helen Clark did; she now heads the United Nations Development Programme, being appointed unanimously by the 192-member General Assembly. If it's good enough for a Kiwi why not a banana bender? (SOURCE: *WA Business News*, 23.4.10)

Business Name Registration Bill – Public Consultation

The SBDC has provided CoSBA with information about the proposed new National Business Names Registration System. The draft legislation has now been released.

As valued stakeholders in the WA business sector, the SBDC and CoSBA would encourage your organisation to review this draft legislation in the link: AustralianBusinessNumberABNBusinessNamesRegistrationProject.aspx. There is also further information about the consultation process which ends on 27 June 2010. **Copies of the documents are also available from CoSBA in 'pdf' format.**

Finance Companies Urged to 'Back Off' On Bogus Telco Contract Recovery

Small businesses and families are being driven to the wall by hasty finance company recovery action being pursued before the legality of dubious 'telco-scam' equipment contracts is determined.

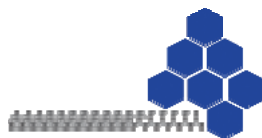
This 'telco-scam' is still being forcibly pushed onto unsuspecting small businesses today by unscrupulous hard-sell telecommunications sales agents who make sure victims don't know about the 'free' equipment financing arrangement hidden behind a telecommunication service agreement.

The tempo of recovery action by finance companies demanding payment of the dubious finance contracts has stepped up as the ACCC pursues complex and time-consuming legal proceedings that have been going on for almost two years now.

A number of the financing companies involved are well-know and reputable. But all of them seem to be acting with great haste to try to prosecute recovery action involving these small businesses while the very contracts on which that recovery action is based are being challenged by the ACCC. (Media Release - Finance Companies Urged to 'Back Off' On Bogus Telco Contract Recovery)



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