



THE CoSBA BROADCAST - 4 November 2010

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NEXT BOARD & CHRISTMAS MEETING

12.00noon Tuesday 30 November 2010

Royal Perth Yacht Club

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ATTACHMENTS:

BiZFiT Newsletter.pdf

N2K SCC Christmas Extravaganza.pdf

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Stirling Regional Business Centre – Celebrates 5th Birthday

Last Thursday the Stirling Regional Business Centre celebrated its fifth Birthday with a very well attended sundowner. The centre, which was founded as a joint venture between the Stirling Business Association, the Stirling Small Business Centre and the City of Stirling operates the highly successful Stirling Small Business Incubator, and is home to both the Stirling Business Association and the Stirling Small Business Centre.

Among the numerous dignitaries in attendance were the Leader of the Opposition, Eric Ripper (also representing the Shadow Minister for Small Business, Ljiljana Ravlich), local MP John Kobelke, Deputy Mayor, Giovanni Italino, a number of Councillors and Jacky Finlayson, SBDC CEO. However, disappointingly but nevertheless indicative of the Government's indifference towards small business no one from the Government attended. Notwithstanding that a number were invited including: Barnett, Marmion, Lisa Harvey, Andres Mitchell, et al.

Congratulations on your outstanding success, Stirling Regional Business Centre, and to all who contributed to the success.

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CoSBA meeting with Premier Barnett

On Tuesday CoSBA's executive (Les Marshall, President; Rod Henderson Vice President; Terry Bright Sec/Treasurer & Oliver Moon CEO) met with Premier Barnett to discuss: Government's lack of representation of small business; No Minister for small business; No recognition of small business organisations; Diminution role and function of SBDC and Payroll tax threshold.

Bank profits not excessive: ABA

The Australian Bankers' Association has hit back at claims that banks are making record profits due to reduced competition, as the Senate announces an inquiry into the sector. "There is no evidence to support this claim," said chief executive of the ABA Steven Münchenberg.

The comments come as the nations banks begin their reporting season. This week National Australia Bank has recorded a \$4.22 billion profit and ANZ a \$5.133 billion profit. Westpac is expected to record a profit of about \$6 billion and earlier in the year Commonwealth Bank recorded \$5.66 billion profit.

Opposition Treasury spokesman Joe Hockey has attacked the banks. According to Mr Hockey, St George was no longer independent, nor BankWest, Aussie, Wizard or RAMS. "Australians are facing ... four major banks that are making bigger and bigger profits and are seeking the opportunity to gouge home borrowers, and I think we need to do something," Mr Hockey said.

He said the inquiry was a good first step, but the best outcome would be a comprehensive review. But the comments have raised the ire of Mr Münchenberg. "The facts show that the profits of the major banks are no larger today than they would have been, if there had been no global financial crisis," he said. "Suggestions that major banks are making excessive profits due to a fall in competition are without foundation. "There is clear evidence of competition in Australia's banking system.

Independent senator Nick Xenophon was backed by the opposition in calling for the economics reference committee to examine competition within the industry. Senator Xenophon believes consumers are being "ripped off" by exorbitant fees and charges and interest rate margins higher than anywhere else in the world. The inquiry will examine the products banks offer, their fees and charges and the current level of competition between bank and non-bank providers.

It will also look at whether regulation restricts competition and "the likely drivers of future change and innovation in the sector". Senator Xenophon says "most people feel enough is enough". . (SOURCE/EXTRACT: *WA Business News*, Daily Business Alert, 28.10.10)

SMEs struggle in resource-rich WA

WHILE the resources sector moves forward towards the next boom, not everything is as positive for SME businesses in Western Australia. A combination of the GFC, the slow recovery in the market and a large component of work from the resource sector going overseas, has resulted in less work flowing down from the resources sector to the SME market in WA.

This is creating a divide in the business market in WA between those directly benefitting from the improvement in the resource industry and those struggling to build a successful and sustainable business. Being in business always has its challenges, and business owners in WA were lulled in to a false sense of security with the resource boom. The GFC certainly added additional challenges, but was not the sole reason why so many SME business owners are now struggling.

Some business owners will blame the GFC and now the lack of work and/or staff for the situation they are in, while others in their industry are growing successful businesses. One of the certainties in business is there will always be good and bad times in the market, and unless business owners address the fundamentals of building a successful and sustainable business there will always be businesses struggling and, eventually, failing.

We are now facing an extended period of prosperous growth in WA and it is important for business owners to address what is not working in their business and what they need to do to prepare for the impending boom. Business owners think strategies alone will help them improve their business; unfortunately strategies alone are not the answer.

Our research over the past six years has revealed that 95 per cent of businesses in the SME market do not have a current business plan or budgets. Not only do they not have a plan for their business, they also do not have a plan for their life and wonder why they struggle and are never truly happy. A business that does not plan creates a reactive culture and results in the business wasting time and money chasing after opportunities that were never 'opportunities'.

When you have a clear, concise and relevant business plan, you have a direction that everyone can see and work towards, your business becomes pro-active and you have a tool to measure your achievements along the way. (SOURCE/EXTRACT: *WA Business News*, Darren Wedge, Wedge Consulting, 28.10.10)

What have we learned in 2,000 plus years?

"The budget should be balanced, the Treasury should be refilled, public debt should be reduced, the arrogance of officialdom should be tempered and controlled, and the assistance to foreign lands should be curtailed lest Rome become bankrupt. People must again learn to work instead of living on public assistance." --- Cicero, 55 BC

Business balks at ACTU push to lock in casuals

BUSINESS groups have vowed to oppose a push by ACTU president Ged Kearney to transfer casual workers to permanent employment. They claim the union strategy would send companies "to the wall" and was out of step with the wishes of employees.

As part of the union movement's attempt to tackle "precarious employment", Ms Kearney said yesterday that unions wanted to open a dialogue with the Gillard government, the states and employers about how to reduce the level of casual employment. Ms Kearney said the tripartite talks should consider a union proposal that would require employers to make casual workers permanent after 12 months.

She also lent support to a plan under which governments would favour companies with mainly permanent workforces when awarding contracts. "I am not saying we are going to demand these tomorrow, but they should be part of the solution," she told *The Australian*. "And we are also happy to listen to industry solutions as well."

But employers yesterday savaged the proposals, claiming they would significantly reduce workplace flexibility and disadvantage industries highly-reliant on casual employment. John Hart, chief executive of Restaurant & Catering Australia, said the plan would have a negative impact on the services sector, where most people working less than full-time hours did so voluntarily. "It would be just driving that sector to the wall," he said. "It's ridiculous".

Peter Anderson, chief executive of the Australian Chamber of Commerce and Industry, said the ACTU position represented a "misguided view of the jobs sector. The major problem is it carries some inference that we can control our labour market with some set of command and control rules," he said. "We don't have a command and control economy."

Gary Black, executive director of the National Retail Association, said the ACTU push was "pretty typical of an organisation whose constituency doesn't relate to the modern-day Australian economy, which is dominated by the services sector". Employers said the take-up rate of employees who had the opportunity to convert from casual employment was negligible.

Ms Kearney said the business criticism was typical of the "race to the bottom" attitude adopted by many employers and unions would not be deterred. The ACTU president said she regularly spoke to parents whose children were stranded on casual employment despite being aged in their 20s and wanting permanent employment. (SOURCE/EXTRACT: *The Australian*, 1.11.10)

Small shops shun late trading

Shoppers in Perth look set to have their retail therapy restricted to just grocery and home ware shopping when Perth ushers in an unprecedented era of weeknight trading today. A survey by *The West Australian* of 22 shopping centres in suburbs experiencing weeknight trading for the first time found that 90 per cent of centres reported that only the major supermarkets and chain stores intended to open until 9pm. A cross-section of small businesses surveyed in North Perth, Mundaring, North Beach and Leederville confirmed they would not be staying open longer.

Commerce Minister Bill Marmion said it was entirely optional for retailers to open under the new trading hours, which would give businesses greater freedom to respond to the needs of their customers. "Shoppers will vote on their feet and with their wallets when it comes to late night trading and I encourage retailers and the community at large to embrace this great opportunity," he said. Mr Marmion said he anticipated more stores would eventually open later, with some waiting to see how consumers would respond to the new shopping hours.

WA Chamber of Commerce and Industry chief executive James Pearson said yesterday the Government should consider allowing all shops to trade on Sundays, saying WA's retail laws were outdated and were out of step with other States. Despite today's deregulation of shopping hours in Perth, Mr Marmion all but ruled out allowing all stores across Perth to trade on Sundays. "The Government is not contemplating providing across the board Sunday trading during this term of government," Mr Marmion said ahead of today's deadline for submissions to the Government's "whitegoods and other consumer durables" discussion paper on Sunday trading. (SOURCE/EXTRACT: *The West Australian*, 1.11.10)

Telcos accused of finance scam on small-business owners

THOUSANDS of small-business owners are allegedly being lured into an elaborate and damaging telecommunications financing scheme. It is claimed that the scheme leaves them with exorbitant debts and ongoing monthly charges for equipment never purchased.

The alleged scam -- which involves small telcos selling telecommunications services to business owners with the promise of "free" electronic goods, such as plasma-screen televisions or laptops -- has left hundreds of businesses

broke and thousands of people in debt, according to Dave Clifford, who was lured into the scheme three years ago.

As the small telcos selling these services invariably go bust, small business owners are left without the phone services they bought while financing firms chase them to pay bills for goods never purchased. "It's money going nowhere and I've been paying it for about three years now," Mr Clifford told *The Australian*. "It will end up costing us \$78,000 by the time the five-year contract is up." (SOURCE/EXTRACT: *The Australian*, 2.11.10)

Billson urges the ACCC to act on 'Telco scam' unfair contract terms

The ACCC should urgently intervene to assist small businesses facing aggressive recovery action on dubious 'telco scam' debts under existing unfair contract protections available to independent contractors.

The Independent Contractors Act 2006 includes protections against unfair contracts and the ACCC must exercise these provisions to secure an early enforceable judgement to guard against the hardship being imposed on hundreds of small businesses victims of the 'scam'.

The Coalition will facilitate urgent communication between telco-scam victims, the Independent Contractors of Australian organisation and their legal representatives to ensure that all relevant information is before the ACCC to enable this possible avenue of assistance to be explored and its likely coverage under the provisions introduced by the Howard Coalition Government.

The telco-scam scheme adds further weight to the Coalition's proposal to extend the general unfair contracts terms consumer law provisions available to individuals to small business people. (SOURCE/EXTRACT: Bruce Billson, Shadow Minister for Small Business, *Media Release*, 2.11.10)

State Labor pressures Canberra on mining tax

WA shadow state development minister Mark McGowan has broken ranks with his Federal ALP colleagues by calling for the mining tax to be delayed and for WA to get a bigger slice of its infrastructure fund. *The West* (SOURCE: *WA Business News*, Today's Business Headlines, 2.11.10)

Big builder warns on Perth recovery

The head of the country's second largest home builder, Dale Alcock, has warned that the weakest performing capital city in the country, Perth, can only expect a modest recovery in the next 12 months. *The Fin* (SOURCE: *WA Business News*, Today's Business Headlines, 2.11.10)

Poll showdown for open slather trade on Sundays

The government has given the strongest hint yet it will take a policy of fully deregulated Sunday trading to the next state election. *The West* (SOURCE: *WA Business News*, Today's Business Headlines, 2.11.10)

Bosses ordered to pay up

Julia Gillard's industrial relations watchdog has slapped dodgy Perth bosses with almost \$120,000 in reimbursement costs for illegally underpaying staff. The Fair Work Ombudsman said it had recently unearthed more than a dozen cases of workers being short-changed, after routine audits and investigations sparked by concerned staff.

These included one case in which the director of a Canning Vale company was underpaid \$20,000 in annual leave entitlements. (SOURCE/EXTRACT: *The West Australian*, 3.11.10)

Small businesses have been bearing weight of mortgage holders

THE bitter brawl between Canberra and the big banks is focused on one seemingly arcane measure - net interest margins. Prepare to hear a lot more about this. That's because banking profits are largely defined by the ratio between the cost at which banks borrow money and the price at which they lend it to their customers.

Wayne Swan argues that there's absolutely no justification for banks to raise rates beyond any move from the RBA because the banks' net interest margins are back to where they were before the world turned pear shaped in 2008.

But despite the angry political rhetoric, the Reserve Bank's decisions on the official cash rate are only part of the influence on the cost of the banks' massive funding needs. Australian banks are among the top borrowers in global debt markets. In that context, the banks say - correctly - that their cost of funding has been going up by more than RBA increases over the last few years.

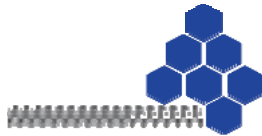
In the wake of the global financial crisis, they have to pay more to borrow from overseas debt markets from which they source about 45 per cent of their funding. They also have to pay more for domestic deposits which make up the other just over half of their funding requirements. They also expect, with good reason, that these costs will continue to rise over the next year.

The banks' argument is that this inevitably means the rate at which they lend to their customers must increase accordingly in order to retain their margins, profitability and returns to shareholders. Behind the attacks on cash grabs and arrogant greedy bankers, the figures demonstrate a more complicated story.

There's also a dirty little secret. While the political furore is all about mortgage rates, it's small business that should be complaining most about bank interest rates. In effect, small business has been subsidising the third of households that have mortgages. Banks know that putting up rates for small business is far less politically sensitive than putting up the standard variable housing rate. (SOURCE/EXTRACT: *The Australian*, 3.11.10)



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