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NEXT MEETING: BOARD MEETING
NECA, Unit 18, 199 Balcatta Road, BALCATT
5.00 pm Tuesday 21 June 2011

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CORRESPONDENCE_Gillard/Evans.doc

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SBA_Luncheon_Richard_Court.pdf

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SBDC_Are_you_paying_too_much_tax.pdf



CoSBA STRATEGIC PLANNING

Over the past couple of weeks, with professional guidance, the Board has developed a strategic plan, which is available to members on request. The strategic plan provides for the development of position statements that reflect CoSBA's policies on various issues affecting small business. The position statements will be posted on our web site and members are invited to provide their comments on each of the issues.

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SMEs gaining traction in WA: Bankwest

Small to medium businesses in Western Australia are growing faster than anywhere else in the nation, according to a new report prepared by Bankwest. According to the Bankwest Business Trends Report, the number of people running their own business in WA increased by 4.2 per cent over the 12 months to February, the strongest level of growth in nearly three years.

Workers running an SME made up 12.3 per cent of the workforce in the year to February, the report said. Across Australia, the number of people running a business increased by 3.3 per cent over the same period, to make up 11.5 per cent of the workforce.

Bankwest business chief executive Ian Corfield said the first green shoots of recovery were becoming apparent for small to medium enterprise in WA. "These figures paint a promising picture for SMEs across WA which is great to see as they've recently experienced tough trading conditions," Mr Corfield said.

But the figures indicated over a five-year average, the number of people running SMEs in WA dropped by 4.3 per cent, compared to a national increase of 3.6 per cent. "This could be attributed to tough trading conditions for WA small businesses during and post the GFC," Mr Corfield said. "SMEs in WA have also had to contend with skill shortages and sluggish activity outside the mining sector."

The report showed the highest number of people running a business in WA was in the construction industry, which made up 26 per cent of the state's SMEs. SMEs within agriculture, forestry and fishing came in at 13 per cent, and professional, scientific and technical services made up 10 per cent. Across Australia, the number of people working for themselves grew faster than overall employment growth of 3 per cent. (SOURCE: *WA BUSINESS NEWS*, Daily Business Alert, 27.5.11)

WA shuns Canberra, eyes China

COLIN Barnett says relations between Western Australia and the Gillard government are at a low point, and the Premier has begun forging closer links with Beijing rather than Canberra as economic power shifts to the resource-rich state.

After a week in which Mr Barnett and Wayne Swan traded blows over Western Australia's infrastructure funding and declining share of GST receipts, the Premier said yesterday the Gillard government had "lost the plot" and relations had degenerated into an "unsavoury and unfriendly environment". Western Australia was striking closer political and business relationships with China rather than the rest of Australia, which largely did not understand the profound economic transformation occurring in his state.

In an exclusive interview with *The Weekend Australian*, Mr Barnett denied that Western Australia was in effect running its own foreign policy and stressed he was not in favour of secession. "Western Australia does literally look over the horizon to Asia, not to Canberra," he said. "It's not a defiance or independence; it is simply an economic reality." (SOURCE/EXTRACT: *The Weekend Australian*, 28.5.11)

SHERRY'S ADDRESS TO ATTORNEYS-GENERAL HARMONISATION FORUM

From North Queensland to Tasmania and any number of points west, I've been meeting groups to announce and discuss initiatives to improve the lot of Australia's small business sector. On most of these occasions, there's been a direct link between the issues we're discussing with businesses and business groups of all shapes and sizes, and the Government's reform agenda to work with the states and territories to deliver a Seamless National Economy.

Properly designed and appropriately used regulation will deliver important outcomes for the wellbeing of Australians at minimal cost to business, consumers and the community. To address these challenges, the Gillard Government has an ambitious better regulation agenda in place to ensure Commonwealth regulation is effective and efficient - and to streamline state and territory regulation.

Through COAG, the Gillard Government is working with all states and territories to deliver a significant package of 27 deregulation priority reforms, eight competition reforms and reforms of regulatory processes under the National Partnership Agreement to Deliver a Seamless National Economy.

Business Names

The Gillard Government of course remains strongly committed to delivering current reforms, such as a new national system for registering business names.

Trades Licensing

And COAG's national trade licensing system reform aims to harmonise the complex, overlapping and inconsistent trade licensing regimes business must navigate to operate across Australia. From 1 July 2012, the National Licensing System will apply to air-conditioning and refrigeration mechanics, plumbing and gas-fitting, property agents and electrical occupations. Trades people and

businesses will need to qualify and pay for only one licence to operate right across Australia.

Personal Property Securities

Another priority area for COAG is the issue of Personal Property Securities or PPS. This reform will create a national legal framework for the use of personal property as security. Despite our good intentions, access to finance remains one of the sticking points for small business, and the use of assets - other than land - will assist in a ready source of cash flow.

The reform will provide a mechanism that will reduce uncertainty for lenders. Under the existing system, many businesses have lost litigation with banks and others who claim goods held by defaulting customers.

Business Disputes Resolution Paper

Many of the businesses that will benefit from these reforms are small and medium enterprises. They will also stand to benefit from another initiative I launched last week - the options paper on a national business to business disputes resolution process.

These are the options I released for consideration.

1. *National Information and Referral Service*

This would combine a telephone hotline and website directing small businesses to available dispute resolution services and assistance.

2. *National Dispute Resolution Service*

A National Dispute Resolution Service would provide information and referrals, but also offer mediation where no appropriate low cost dispute resolution service exists.

3. *National Small Business Tribunal*

A National Small Business Tribunal would specifically deal with small business disputes, its investigation and conciliation roles backed by Commonwealth legislation.

4. *Small Business Advocate*

The Small Business Advocate would offer independent representation of small business interests and concerns within the Australian Government. The advocate would investigate and advise government on a wide variety of small business issues, including dispute resolution.

SOURCE/EXTRACT: See attachment SHERRY'S ADDRESS TO ATTORNEYS-GENERAL HARMONISATION FORUM.PDF

CFMEU pay claim 'would halt' projects

Above-inflation wage demands in a draft pay deal proposed by construction workers will hinder progress by making projects too expensive, according to builders. The WA branch of the Construction, Forestry, Mining and Energy Union is seeking a 6.5 per cent pay rise each year in a four-year draft enterprise bargaining agreement, obtained by The West Australian.

The Master Builders Association said the local CFMEU branch was likely to eventually settle for an extra 5 per cent a year, like their peers in NSW and Victoria. Industrial relations spokesman Kim Richardson said only builders on commercial projects worth more than \$100 million would be able to afford such hefty increases. He said smaller builders would be forced to pass up opportunities because they would not be able to afford the proposed wages. "The union EBA effectively squeezes these union EBA builders into a diminishing market," he said. (SOURCE: *The West Australian*, 31.5.11)

Staff threaten union firm with strike

STAFF at union recruitment company Work Partners are threatening to strike and have taken legal action, in an embarrassment to the firm's union clients. The National Union of Workers has applied to Fair Work Australia on behalf of the staff to conduct a ballot to take industrial action at the company, whose clients include some of the nation's biggest unions.

The NUW has lodged a dispute notice with the tribunal in a bid to speed up the payment of hundreds of thousands of dollars in superannuation it claims the company owes to current and former staff. A range of unions pay Work Partners, run by former ALP activist Stuart McGill, to recruit thousands of members in workplaces. The company's clients include branches of the Australian Education Union, the Community and Public Sector Union, the Australian Nursing Federation and the Communications Electrical and Plumbing Union.

ACTU secretary Jeff Lawrence last week demanded the unions cut ties with the company after *The Australian* revealed that on top of owing superannuation entitlements, Work Partners had outsourced Australian jobs overseas and devised plans to set up a call centre in The Philippines, a country with a history of repressing workers. Several unions have defied the ACTU call, insisting they will continue to pay the company as it has succeeded in recruiting thousands of members. (SOURCE/EXTRACT: *The Australian*, 31.5.11)

No room for flexible work

THERE are no bonus points for knowing who wrote: "Political language is designed to make lies sound truthful and murder respectable, and to give an appearance of solidity to pure wind." George Orwell would not be surprised to learn that political language is alive and well in the regulated world of Australian industrial relations. And my favourite oxymoron: modern awards.

By definition, one-size-fits-all, prescriptive documents that are a throwback to the 1950s cannot be termed modern. Modern would be the result of voluntary individual contracting between workers and employers, recognising that what one person regards as unsocial hours (a term used in the Fair Work Act) are desirable hours for another person.

In the past, there were thousands of awards, state and federal. Under the award modernisation process, undertaken by the wise members of Fair Work Australia, the number of awards has been pared down dramatically, to 120 all up. It was initially hoped the number would be very small - 20 odd - until it was realised there were potentially perverse outcomes should seemingly related industries be covered by the same award.

The clearest case of this was the initial attempt to squeeze restaurants, cafes and fast food outlets into the same award as hotels, the latter with very high penalty rates and shift allowances. The attempt subsequently was abandoned.

The section of the Fair Work Act dealing with modern awards talks about a "simple, easy to understand, stable and sustainable modern award system for Australia". The reality has not quite panned out that way, with a set of detailed and inflexible documents that employers must read in conjunction with the National Employment Standards.

The new modern awards lock in overtime and penalty rates, as well as shift and other allowances. Included in modern awards are: hours of work; rostering; notice periods; rest breaks; variations to hours of work; penalty rates for employees working unsocial, irregular or unpredictable hours and for working on weekends and public holidays. Modern awards must also deal with: leave; leave loading; arrangements for taking leave; procedures for consultation; flexibility clauses; representation; and dispute settlement. It is hard to square this list with "simple and easy to understand".

As a result of the commitment of then minister Julia Gillard that no worker would be worse off as a result of award modernisation, members of Fair Work Australia opted for the most generous conditions contained in the selection of awards being streamlined. The effect has been to raise labour costs alarmingly for employers, even though Gillard had curiously and unrealistically pledged that costs would not rise for employers.

In response to employer concerns, the tribunal opted to phase in the new conditions. But award-covered employers are already facing higher costs as a result of modern awards. And as enterprise agreements expire, these very generous modern awards become the benchmark for the negotiation of new agreements.

We have seen one consequence of modern awards this Easter, when several restaurants, cafes and other food outlets could not afford to open during the break because of the stipulation that public holidays attract a 2 1/2-time loading on normal pay rates.

It was a case of losses all around: the public could not eat out at the affected establishments; the workers who would have been happy to work during the break were not offered any hours of work; and the employer faced the costs of having capital sit idle for those days.

As noted above, all modern awards must include a flexibility term, enabling an employee and employer to vary the award to "meet the genuine needs of the employee and the employer". On the face of it, this requirement sounds promising but the catch is twofold. First, the employee must be better off overall and, second, the term can be cancelled by the employee by giving written notice.

In practice, these flexibility terms are going nowhere, in part because of trade union resistance. Moreover, because of the employee's ability to cancel the arrangement with relatively short notice, there is little incentive for an employer to enter into prolonged negotiation to secure such terms.

There is also a possibility that employers may be liable for retrospective payment of award conditions that were foregone as a result of the operation of the flexibility term, as well as be fined (up to \$33,000) should the flexibility term not comply with the act.

Modern awards are one of the starkest examples of the re-regulation of the Australian labour market. Ironically, they are, in effect, the offspring of Work Choices, which created a national system covering all incorporated enterprises.

An unanswered question is why the Howard government did not opt to abolish awards altogether when it could, replacing them with a short list of national employment standards. One possibility is that awards were expected to wither on the vine as enterprising bargaining became more prevalent. So why rock the boat by abolishing awards?

Given the tsunami of unpopularity unleashed by Work Choices, this decision now looks ill-judged. Reinventing awards by the Rudd-Gillard government would have been a much more difficult task than modernising those still on the books. (SOURCE: *The Australian*, 20.5.11)

Employer group pushes IR overhaul

EMPLOYERS in Western Australia have urged Julia Gillard and Tony Abbott to consider a radical overhaul

of the federal workplace system that includes the stripping back and potential phasing out of the nation's award system.

The Chamber of Commerce and Industry of Western Australia has called for the promotion of agreement-making at an enterprise level, including individual contracts, as well as new restrictions on unfair dismissal claims and unions entering workplaces.

James Pearson, the chamber's chief executive, said the policy changes were needed as Labor's Fair Work Act was handicapping the ability of the state and national economy to grow and prosper. The chamber has sent a 48-page policy paper detailing 11 key proposals to federal and state politicians, including the federal ALP and Coalition.

The move comes after Tony Abbott asked business to lead the way on making the case for industrial relations changes before the Coalition would take up the fight. The chamber's paper calls for the cutting back of the current 122 modernised awards to 20 awards, with their contents to be progressively "simplified" over a two to three-year period.

Following this process, the chamber says it might be appropriate to remove core conditions from awards and transfer them to what would become enhanced national employment standards. "This could result, over time, in removal of award regulation," it says. Under the proposals, a range of workplace agreements would be available, including individual, collective and multi-employer deals for franchises or other business types "where efficient for the business".

A union could be a signatory to an agreement only if it had a majority of employees as members or was involved in the negotiation of the deal. Unions would have right of entry to a workplace only if they were a signatory to the agreement covering the employees.

To be enforceable, agreements would have to meet a better-off overall test that says a worker could not be disadvantaged when the agreement's terms and conditions were measured against the national employment standards and the modern award.

The chamber said its preferred system would ensure employees could be represented by whomever they chose, and that only workers with more than 12 months' service could make unfair dismissal claims.

Business groups have been increasingly vocal in their call for changes to the Fair Work Act, with their push encouraging Coalition backbenchers who are keen for the Opposition Leader and the Liberals to be more outspoken on industrial relations. (SOURCE/EXTRACT: *The Australian*, 1.6.11)

COMMENT: The consequences of the 'modern awards' are particularly devastating for small businesses across all sectors of industry in terms of costs and employment, and steps must be taken, by those culpable for their creation, to rid our nation of this reprehensible mess.

Builder told to pay 'exploited' Chinese workers

IN one of the worst cases of underpayment to be prosecuted, the Federal Court has ordered a Perth company to pay more than \$450,000 in wages and fines for recruiting Chinese workers on 457 visas and paying them less than \$3 an hour. Judge Neil McKerracher yesterday found Kentwood Industries and director Jian Yang Zhang failed to pay five construction workers basic wages, overtime, annual leave or for rostered days off. One of the men received no pay for the first five months of his employment.

The Fair Work Ombudsman, which brought the charges in 2007 after one of the workers complained about his pay and conditions, had accused the company of a "calculated campaign of exploitation". "This type of behaviour is completely unacceptable to every decent Australian and deserves complete condemnation," FWO executive director Michael Campbell said yesterday. (SOURCE/EXTRACT: *The Australian*, 1.6.11)

Worst result in at least 20 years

The economy is expected to have suffered its deepest quarterly downturn since the 1990s recession after summer's natural disasters caused the biggest fall in exports in almost 40 years. *The Fin* (SOURCE: *WA BUSINESS NEWS*, Today's Business Headlines, 1.6.11)

WA powers as disasters rock rest of country

WA has defied Australia's worst economic malaise in 20 years, reclaiming its mantle as the nation's fastest growing state on the back of the resources boom. *The West* (SOURCE: *WA BUSINESS NEWS*, Today's Business Headlines, 2.6.11)

Why does Labor hate Tasmanian Small Business?

Labor Federal Member for Braddon, Sid Sidebottom has stated what many already know: small and micro businesses in Tasmania are being ignored because for Labor, *'the big noise of the economy is in the large industries'*. Despite individual Labor MPs 'talking the talk' about the importance of small business, the Gillard Government fails miserably to 'walk the walk' when it comes to getting behind the small and micro business 'engine room of the economy'.

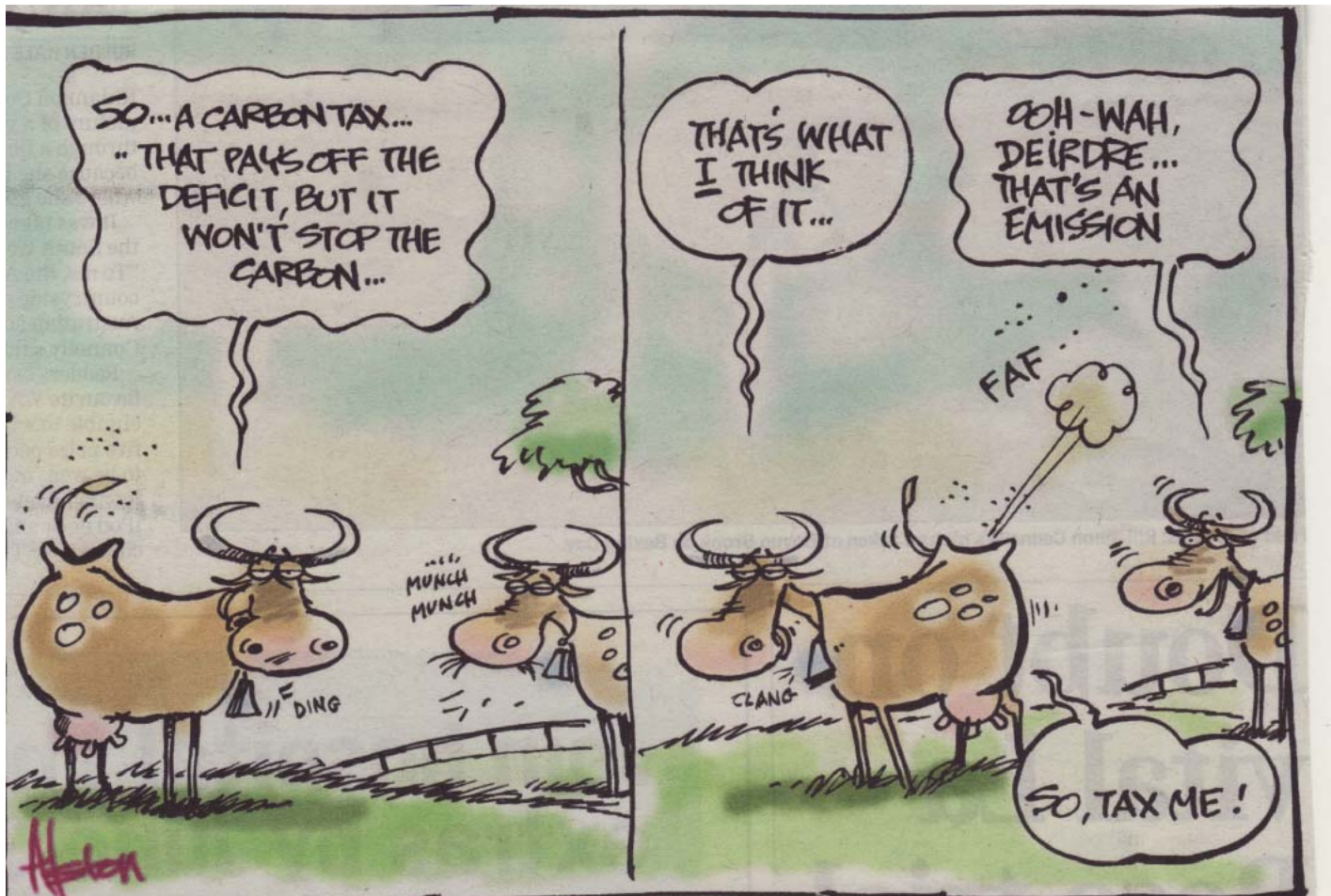
Labor's cold shoulder to the plight of small business people has already seen 300,000 jobs lost in the sector since the election of the Rudd/Gillard Government and a 25,000 fall in the number of small businesses. The Gillard Government's adversarial attitude towards our smallest businesses highlighted in the recent federal budget makes it impossible to conclude anything other than Labor simply hates small business. **See attachment: Why does Labor hate Tasmanian Small Business.pdf**

Labor eyes \$20 a tonne for carbon

JULIA Gillard's key climate change committee is working on a carbon price of between \$18 and \$23 a tonne - a level that will deepen rifts with business groups demanding a starting price of no more than \$10.

As Tony Abbott issued a call to arms yesterday to angry miners to reprise their successful campaign against the resource super-profits tax and fight the carbon tax, senior government sources confirmed that the price of the European Union's emissions trading scheme would heavily influence the Australian starting price.

A carbon price set between \$18 and \$23 a tonne would collect between \$8 billion and \$10bn a year from big polluters, of which more than half is expected to be distributed to households to compensate against higher prices. Climate Change Minister Greg Combet has indicated that the carbon price would be "well south" of \$40 a tonne - a level initially endorsed by the Greens - when it is introduced on July 1 next year.



(SOURCE: *The West Australian*, 1.6.11)

WA expects Swan to do right thing on GST

West Australian Treasurer Christian Porter says he expects his federal counterpart Wayne Swan to step in to stop the state being over penalised for lifting royalty rates on iron ore. Last month, the WA government announced it would lift royalty rates on iron ore fines, a crushed form of the mineral, from the current rate of 5.625 per cent to 7.5 per cent by 2014.

On Wednesday, the secretary of Commonwealth Grants Commission (CGC), John Spasojevic, told a Senate estimates hearing in Canberra the decision would reduce WA's share of GST revenue. The move will prompt the

CGC to change its classification of iron ore fines from a low royalty commodity to a high, meaning less revenue will be returned to WA. In determining the GST carve-up, the CGC classes royalties as either low or high-royalty commodities, using the royalty rate of five per cent as a measure. (SOURCE/EXTRACT: *WA BUSINESS NEWS*, Daily Business Alert, 1.6.11)

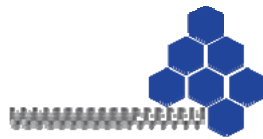
INTERNATIONAL BUSINESS COUNCIL ACTIVITIES/INFORMATION

- EU remains Australia's largest trading partner in services
- The idiot's guide to carbon talks
- Sovereign wealth fund not sensible: Shorten
- Flying high on biofuels
- The itch in Gillard's carbon hairshirt
- Australian Latin American Business Council - Annual Dinner
- Digging deep for Saudi oil
- China manufacturing falls to 10-month low: HSBC
- When push comes to carbon shove

For IBC activities/information go to the IBC web site at: <http://www.ibcwa.org.au> , or contact them at:
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