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NEXT MEETING: AGM & BOARD MEETING POSTPONED

Until possibly 5.00 pm 15 MARCH 2011, to be confirmed

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Cafe owner pays penalty as staff enjoy higher rates

WHEN Colin Baldock left farming to buy a cafe franchise four years ago, he did not anticipate the financial woes he now faces. He has been considering closing his Jones The Grocer cafe in Adelaide at weekends and on public holidays since the Gillard government overhauled its workplace awards last year, which he says benefit workers at the expense of small business.

"The new modern award was a wonderful opportunity to make the system sensible," he said. "Instead, union cronies entrenched in the 18th century have enshrined Sundays as untouchable in what is a seven-day industry."

In 2009, as workplace relations minister, Julia Gillard instructed Fair Work Australia to give special consideration to trading hours and labour-intensive work in the restaurant and cafe industry. But the award, effective from January last year, stipulated penalty Mr Baldock said he had employed staff under workplace agreements that paid a flat rate across the week, but under the new award he paid penalty rates of up to 250 per cent.

He said his unqualified cook who worked weekends earned more than the head chef. "Seventy to 80 per cent of people in the industry are on less than three shifts a week," he said.

Restaurant and Catering Industry Association chief executive John Hart said a survey by his organisation found businesses were struggling. "The increases over increases brought about by the modern award and then topped off by competition has put

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significant pressure on businesses who are now struggling to stay afloat," Mr Hart said. "For the first time, the rate of closure has exceeded the rate of opening. "All systems designed within the modern award are designed for nine-to-five businesses and haven't taken into account the businesses that operate outside these hours."

The association also blamed the mining boom for increased competition for staff and higher wages in a "two-speed economy". "When industry regulation was more flexible, there was more they could do," Mr Hart said. "Now, the only options are to cut hours or cut staff."

A spokesman for Workplace Relations Minister Chris Evans said the survey did not represent the views of all businesses in the sector. "The government's focus is on reliable, robust data, all of which shows that the Fair Work Act continues to deliver in a range of areas, including historic levels of agreement making, moderate wages growth in the private sector and continued low levels of industrial action," the spokesman said. (SOURCE: *The Australian*, 3.311)

COMMENT: It would be a safe bet that the "spokesman for Workplace Relations Minister" is a fat cat bureaucrat living on a grossly inflated salary who will enjoy superannuation in the squillions, all paid by tax payers, many of them small business people. He has possibly never owned or operated a business in his life, and at the end of the day couldn't care a rats arse about the affect of the draconian so called *Fair Work Act* and Modern Awards have on small business. And, obviously the Minister doesn't care a rats arse either.

A week of bad news for small firms

SMALL businesses enduring the consequences of excessive success in our mining sector -- high interest rates and a strong dollar -- copped some stick from policymakers this week. This came as two well-regarded surveys of the sector painted a negative picture. However, one survey revealed that many smaller operators had given up waiting for mammon from Canberra and decided to help themselves.

Early in the week, National Australia Bank's December quarter business survey showed slowing demand and falling profits, but the positive was that plans to invest were not being curtailed. Predictably, business confidence fell four points to a level of five. This was not helped by forward orders, which remained in negative territory. The figures also prove that the economy was facing headwinds before Cyclone Yasi and the floods hit.

Another survey -- the Sensis Business Index -- found small businesses had a year of tough trading conditions and that was starting to dent confidence. "We have seen a strong decrease in perceptions of the Australian economy, significantly for the short term but also in the longer-term trend," survey overseer Christena Singh says.

Business confidence was 8 per cent lower than at this time last year and perceptions about the current state of the economy were down 15 percentage points. But it gets worse. "Profitability weakened amongst the small business sector, with the indicator down five percentage points to negative 10 per cent," Singh says. "The indicator has sat in negative territory for the last five consecutive quarters."

Thankfully, there was one positive revelation in the Sensis survey. "More than four in 10 Australian small businesses are planning to introduce new products and services during 2011, while about one third are planning to increase their digital presence." You can't keep a good small business down. . (SOURCE/EXTRACT: *The Australian*, 26.2.11)

Bosses gloomy about growth prospects

AUSTRALIA'S chief executives are more pessimistic than government forecasters on this year's growth outlook, with the key services and manufacturing sectors warning that capital investment will slide. The Australian Industry Group/Deloitte national survey of 530 CEOs, out today, confirms the divergence in the fortunes of mining and the rest of the economy, with company chiefs reluctant to spend up on plants, property and equipment.

Resources companies predicted a 55 per cent jump in investment in the coming year in last week's Australian Bureau of Statistics release, with Wayne Swan citing the "massive pipeline of business investment" as one of the keys to Australia's current economic strength. But the CEO survey notes: "Official forecasts are much more optimistic than the results presented here, which suggest that both the manufacturing and services sectors are expected to experience a decline in capital investment in 2011, while for the construction sector, growth in investment is expected to be subdued."

Manufacturers are preparing to slash capital investment by 28.4 per cent, to cut jobs by 1.2 per cent, and pare research and development spending by 0.7 per cent to cope with a 1.6 per cent decline in sales in real terms this year. Services firms CEOs have forecast a 2.5 per cent fall in capital investment, despite a predicted 12.5 per cent rise in nominal sales. Even the construction sector, buoyed by expectations of a 12.9 per cent jump in nominal sales on the back of mining and resources projects, has tipped only a marginal 0.9 per cent increase in investment.

Services and construction sector CEOs were unanimous in their view that the Australian dollar's parity with the greenback left their products uncompetitive against cheap imports, while 93 per cent of manufacturing firm CEOs warned that with the exchange rate at its current level, their exports could not compete. (SOURCE/EXTRACT: *The Australian*, 28.2.11)

Libs to lift shop opening curbs

The Barnett Government is planning to deregulate shopping hours in a policy shift that will put the issue at the forefront of the next election campaign. New Commerce Minister Simon O'Brien said the Retail Trading Hours Act in its present form was an "embarrassment". The confusing mess of regulations which dictated trading hours would be overhauled with the aim of allowing the free market to decide which shops opened and when.

"No later than the next election, when we go to the polls in 2013, everyone is going to know that it is our policy to go for the full monty and that's what you will be voting for," he said. "That's where I think we need to go. Not only for the convenience of consumers, not only for certainty for retailers, but also to defend the reputation of the statutes of Western Australia because this (the Act) is a joke."

Mr O'Brien said he believed trading should be regulated only on a few culturally sensitive days, such as Christmas Day, Good Friday and Anzac Day morning. In the meantime, the Government would honour an agreement struck last year with the State Opposition, which would allow some stores to open on Sunday. That legislation, which will permit traders who can prove that 80 per cent of their sales are "bulky, durable goods" to open on Sunday, will be introduced in coming weeks.

Changing the law will be politically difficult because the WA Nationals oppose extended trading on the grounds it increases the market dominance of supermarket giants, who use their power to get lower prices from farmers. The ALP is unlikely to support the changes because of the opposition to deregulation by union powerbroker Joe Bullock, who controls the party's Right faction. The WA Chamber of Commerce and Industry said the change was long overdue and urged an immediate overhaul of the law. (SOURCE/EXTRACT: *The West Australian*, 26.2.11)

Ripper feels heat on shop hours

Labor leader Eric Ripper has come under pressure to follow the Liberals' push towards deregulated trading hours after one of his own MPs denounced the negative effects of special trading precincts in his electorate.

Commerce Minister Simon O'Brien drew new battlelines in the complicated issue on Saturday by announcing the Liberals would go to the next election with a policy of full deregulation, bringing an end to the current regime that allows Sunday trading only in special trading precincts.

Mr Ripper struck a deal with the Government in June to extend Sunday trading to white goods and electrical retailers but not to other major grocery and department stores. The patchwork nature of Perth's Sunday trading has proved unpopular with retailers and consumers but Mr Ripper cannot easily follow the Government to a position of deregulation because Labor's right-faction powerbroker Joe Bullock opposes it. Mr Ripper has said the Opposition's policy is still being determined. (SOURCE/EXTRACT: *The West Australian*, 28.2.11)

Union boss softens on shop hours

The case for further deregulation of weekend trading was bolstered yesterday when key Labor powerbroker Joe Bullock said he was open to changing the rules on how many workers a business could employ for it to be able to open on Sunday. Under the current law, designed to allow small businesses to open on Sunday but not bigger stores, a shop can trade on Sunday if it employs a maximum of 13 workers.

Mr Bullock, who heads the Shop, Distributive and Allied Employees Association, said he was opposed to the kind of large-scale deregulation flagged last week by Commerce Minister Simon O'Brien, who said the Liberals would go the 2013 poll with a policy of freeing up retail trading hours. But Mr Bullock said he was open to the 13-employee cap being reviewed.

"I am always open to a discussion. I have been party to many discussions over the years which have resulted in some liberalisation of trading hours.. Mr Bullock, who controls the WA ALP's Right faction through the voting rights accorded to his 20,000-strong union, said his opposition to deregulated Sunday trading was driven by the views of the union rank and file.

His view is critical to the debate because the WA Nationals are opposed to further deregulation, which means the Liberals require the support of the ALP to push through any legal change.

Liquor, Hospitality and Miscellaneous Workers Union boss Dave Kelly, who controls the ALP's Left faction, said he was opposed to further deregulation of retail hours. (SOURCE/EXTRACT: *The West Australian*, 1.3.11)

PM defends backflip as carbon tax fight turns to petrol

THE Greens have pushed petrol to the front line in the war over a carbon tax, insisting prices should rise at the bowser as part of the plan to combat pollution.

As alarm grew within Labor ranks about the backlash against Julia Gillard for breaking her election promise not to introduce a carbon tax, Greens deputy leader Christine Milne turned petrol into a flashpoint for Labor by insisting the transport sector should be included in any carbon pricing regime.

Including transport in the carbon tax regime, which is due to start on July 1 next year, is expected to raise petrol prices at a time when rising oil prices -- sparked by the instability in the Middle East -- are already driving prices higher and adding to cost of living concerns.

Tony Abbott said the carbon tax meant people would pay \$300 more a year on their electricity bills and 6.5c a litre extra for petrol, which would add about \$3 to the cost of a tank of petrol. (SOURCE/EXTRACT: *The Weekend Australian*, 26.2.11)

Labor loses key carbon supporter

TONY Abbott has vowed to scrap Julia Gillard's carbon tax and demanded she seek a mandate for the plan as Labor's closest business adviser, Heather Ridout, refused to back the Prime Minister's package.

As the Opposition Leader labelled Ms Gillard a "fraud" for breaking her pre-election promise not to introduce a carbon tax, the Prime Minister branded Mr Abbott the most irresponsible political leader in 15 years over his vow to scrap the program.

But Ms Ridout, the Australian Industry Group chief executive, last night declined to back Ms Gillard's proposal to introduce a fixed carbon price from July 1 next year and an emissions trading scheme three to five years later. "The jury is very much still out on the introduction of a carbon price in Australia, with industry very concerned about the competitive impacts," Ms Ridout said. "In this regard, all options should still be on the table, including that of rollback until the final shape of the government's proposal is clear.

"While certainty is important for decision-making around major long-term investments, this certainty should not come at the cost of a loss of competitiveness that sends jobs and emissions offshore or risks the continuity of energy supply." (SOURCE/EXTRACT: *The Australian*, 1.3.11)

Coalition urges Reserve Bank to consider small business conditions

The Reserve Bank needs 'to make small business its business' when considering its policy settings. It is crucial that the Reserve Bank understands the very challenging trading conditions small business is facing when making decisions about interest rate settings.

Simply acknowledging that the patchwork nature of the economy is not enough. The Reserve Bank board needs to understand and respond to the fact that for many small businesses, their patch of the economy is threadbare. Previous Reserve Bank minutes have characterised buoyant domestic business conditions and monetary policy influences that seem completely foreign to small business people. (See attached: Media Release_Shadow_Minister_Small Business.pdf)

LHMU revamps image with name change

One of Australia's largest and most powerful unions has broken new ground by adopting a brand that rivals the more imaginative branding strategies dreamed up corporate marketing executives. The LHMU, which used to call itself the Liquor, Hospitality and Miscellaneous Workers Union, has changed its name to United Voice.

The name change has been in the works for two years, as the union's governing body, its National Council, said the old title was an "unwieldy mouthful" and did not properly represent the different industries it represented. The union's WA secretary, Dave Kelly, said in a letter to members that United Voice was chosen as a name that conveyed the mission and ideals of the union instead of describing a section of the industries it represents.

"United Voice says so much more about why we are here and what we are trying to achieve in our workplaces and communities," Mr Kelly said. "The new name will take a little time to get used to but I am confident that in a very short while we will make it our own."

The name change coincided with the union's national secretary, Louise Tarrant, calling on governments to recognise there is a crisis in the social wage. Ms Tarrant says the income shift away from workers, the erosion of the social wage, the increased risk exposure of individuals and households, makes for an increasingly unequal and fragile democracy.

United Voice commissioned an AUSPOLL survey which found just 37 per cent of Australians believe the future will be better for the next generation. "Too many people in our community are not sharing fairly in the progress of recent decades," she said. "The reality is that workers in Australia are increasingly stretched by their exposure to insecure work and new forms of consumption as governments withdraw from their traditional social wage activity. (SOURCE/EXTRACT: *WA BUSINESS NEWS*, Daily Business Alert, 1.3.11)

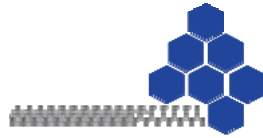
Reynolds stepping down from CFMEU

Construction, Forestry, Mining and Energy Union boss Kevin Reynolds will step down at Christmas after nearly 40 years at the head of WA's construction union. Mr Reynolds will remain with the CFMEU as a consultant until the union's elections in August next year.

Mr Reynolds has been the head of construction unions in WA since he was named state secretary of the now defunct Builders Labourers Federation in 1973. Michael Buchan will operate in a caretaker role as CFMEU state secretary until the elections. A CFMEU spokesperson said Mr Buchan has the full support of the union executive, but conceded it would be difficult to replace Mr Reynolds. (SOURCE/EXTRACT: *WA BUSINESS NEWS*, Daily Business Alert, 2.3.11)



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