



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

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**NEXT MEETING: BOARD STRATEGIC PLANNING  
MEETING**

**NECA, Unit 18, 199 Balcatta Road, BALCATT**

**4.00 pm 10 MAY 2011**

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**ATTACHMENTS:**

CORRESPONDENCE.PDF

WA IR REVIEW SUBMISSIONS.docx

BGC\_April\_Newsletter.pdf

SBA\_Breakfast-11MAY.pdf

TELSTRA\_DIGITAL\_BUSINESS\_LAUNCH.pdf

Business\_Womens\_Workshop.pdf

SBSB\_Brochure.pdf

SCC\_Breakfast\_Grylls.pdf



**Independents support trust tax crackdown**

TWO key independents, both with family trusts, have said they would consider supporting a Gillard government crackdown on the use of trusts for tax minimisation. Labor has indicated that millions of dollars a year in tax breaks could be targeted in next month's budget by flagging a crackdown on family trusts, which can be used to minimise personal tax by assigning income to children as beneficiaries.

Regional NSW independent Tony Windsor -- one of 32 federal parliamentarians who operate family trusts -- yesterday said he would consider supporting a bid by the government to ensure they were used only in legitimate circumstances. "I think there are probably areas where there can be improvements," Mr Windsor said. "It it does go ahead I would be quite happy to look at it."

**DISCLAIMER:** The information appearing in *The CoSBA BROADCAST* is for affiliates of the Combined Small Business Alliance of WA (CoSBA). The information is sourced from various sources including public records. Whilst every effort is made to ensure the probity of the information, CoSBA accepts no liability for accuracy, errors or omissions, or for any injury to any user of the information.

Asked if his position on the matter would be influenced by operating his own family trust, Mr Windsor said: "I would hope not, no."

Tasmanian independent Andrew Wilkie, who also operates a family trust, said he would be open to a rethink if the government deemed the move necessary. "We should review our taxation arrangements from time to time," he said. "If the government finds that there is genuinely a problem with the current family trust provisions, then of course I would support reform."

The comments came after Assistant Treasurer Bill Shorten said on Wednesday that, although the government did not plan an overhaul of family trusts, it would not rule out smaller changes. "We're not going to tax trusts like companies," Mr Shorten said. "We accept that trusts are legitimate business vehicles for farmers and the like. But does that mean we have to accept written in stone, like the 10 commandments, that a particular children's income test should remain at one level? . . . Not at all."

Treasurer Wayne Swan said he would approach the matter based on what he believed "is best for lower- and middle-income earning Australian families". (SOURCE: *The Australian*, 29.4.11)

### **Tax will not cut emissions**

WA's biggest electricity generator says the Federal Government's proposed carbon tax will do nothing to change its carbon dioxide emissions until it hits \$60 or \$70 a tonne - which would be three times the tax's expected \$20 starting point. Verve managing director Shirley In't Veld told a Senate committee inquiry into the carbon tax that the scheme would have "no impact whatsoever" on reducing carbon emissions in WA.

But she said the move would push up the cost of electricity by hundreds of millions of dollars. (SOURCE/EXTRACT: *The West Australian*, 30.4.11)

### **Small firms shy on tech take-up**

A NEW survey has revealed a hesitation by small business owners to implement technology, such as standard computers, into the day-to-day operation. Research commissioned by Telstra Business found more than one in 10 small businesses, classified as employing up to 19 people, operated without a desktop computer. But WA's Small Business Development Corporation has disputed the findings, saying the results did not reflect its experience in the sector.

The Telstra survey of 500 bosses by analyst firm IDC found that more than 10 per cent operated without a desktop personal computer, while almost a quarter did not use standard mobile phones. Forty five per cent said they did not own smart phones, while about half did not have a business web site and stayed away from online transactions. Telstra Business Group managing director Deena Shiff said one of the key themes in the survey was that small business owners were "nervous" when it came to new technology.

But SBDC acting managing director Jacky Finlayson said the survey was at odds with a straw poll conducted by the organisation late last year, which found that 85 per cent of members were not only using computers for their business, but also had their own websites. "Of those respondents, 35 per cent were already using social media (to increase brand awareness) so that was quite interesting to us," Ms Finlayson said. "The other thing that we've noticed over the past 18 months is that our workshops on social media and web-based commerce are our most popular, and we usually sell out." (SOURCE/EXTRACT: *The Sunday Times*, 1.5.11)

### **SME's shrug off GFC, take on debt**

Small-medium enterprises are reloading their balance sheets for the first time since the global financial crisis, suggesting business owners are finally shrugging off the downturn and shifting their focus to growth. The findings, revealed in the PricewaterhouseCoopers biannual Private Business Barometer, come despite lingering caution from SMEs about the economic environment over the next 12 months.

A rise in gearing levels across private businesses with annual revenue of less than \$100 million - from an average 17 per cent in September to 21 per cent in the March quarter - marks the first time in four years that SMEs have moved to increase the level of debt on their balance sheets. However, debt levels remain far below the average 41 per cent reported in February 2007. WA businesses, most of whom avoided the worst of the GFC while their eastern States counterparts suffered, have the lowest levels of gearing in the country at an average of 18 per cent.

Although the PwC report suggests banks are yet to relax their lending criteria, with 13 per cent of businesses claiming they could not get credit, the major lenders appear to be changing their attitudes towards the smaller end of town. The report found private businesses were more cautious about their sales and profit expectations for the year ahead than they were six months ago, but remained optimistic about the medium-term outlook. (SOURCE/EXTRACT: *The West Australian*, 2.5.11)

### **Business payment terms hit 3-year highs**

Australian businesses are repaying their debts at the slowest rate for three years, and the number of companies paying bills severely late has jumped by 20 per cent, according to a new report. Dun & Bradstreet's Trade Payment Analysis report for the March quarter showed average payment terms had risen to 55.6 days, just shy of the 2008 figure of 55.9 days. The ten-year high is 58.9 days, set in 2001.

According to the report, average payment terms for employees with one to five firms increased by more than five days between the December and March quarters. Large firms remained the tardiest payers, at 58.5 days in the March quarter, up from 55.6 days in the previous period. The survey found the number of prompt payments has declined by nearly 16 per cent quarter-on-quarter and by 10.5 per cent compared to the same time last year. (SOURCE/EXTRACT: *WA BUSINESS NEWS*, Daily Business Alert, 2.5.11)

### **Jobs outlook fuels wage fears**

**BUSINESS is becoming increasingly concerned about emerging wage pressures and higher inflation.** These fears come amid government predictions that unemployment will fall to 4.5 per cent and 500,000 jobs will be created by mid-2013.

They warned interest rate rises remained likely over the next six months and that the government would need to look to immigration to fill immediate skills shortages. There was also a danger that wage settlements from the booming resources industry could spread to less profitable areas of the economy already being squeezed by a higher dollar.

Australian Chamber of Commerce and Industry economics director Greg Evans said Mr Swan's forecast was "reasonable" and represented a slight slowing in overall jobs growth. But the government needed to focus on how it intended to return the budget to surplus.

"More broadly in the economy, business is clearly concerned about emerging wage pressures and related inflationary consequences," Mr Evans said. "The strongest bulwark against this occurring is to ensure any negotiated deals across industry are firmly based on productivity gains and they don't simply spread from more profitable sectors of the economy." (SOURCE/EXTRACT: *The Australian*, 3.5.11)

### **Bosses 'facing \$3.6bn pay hit'**

**BUSINESS has warned that agreeing to the union movement's demand for a \$28-a-week increase to low-paid workers will drive up employers' wages bill by \$3.6 billion, cut profits and drive down working hours.**

The Australian Chamber of Commerce and Industry said new research by the organisation showed smaller businesses had suffered as a result of last year's \$26-a-week rise in the minimum wage. Two-thirds of the 923 employers surveyed reported a fall in their profitability, while almost 40 per cent had offered less working hours to their employees. In relation to hiring of staff, about 45 per cent reported a direct impact on hiring intentions, with business owners choosing to work more hours themselves.

The chamber's chief executive, Peter Anderson, said small business was "again in the gun" as the ACTU sought the \$28-a-week increase. The chamber wants any rise limited to \$9.50 a week with exemptions for flood-affected areas and struggling industries. Mr Anderson said the ACCI estimated last year's rise added \$3bn to employers' wages bill.

"Once tribunal members leave the courtroom, the decision has practical, real-world effects in small business and they are not pretty, nor just," Mr Anderson said. "Profit is cut, money is borrowed to pay higher wages and working hours are reduced. Not all the winners are grinners." (SOURCE/EXTRACT: *The Australian*, 3.5.11)

### **Greens call for IR overhaul**

THE Greens want changes to IR laws to allow employees to engage in "green bargaining" with bosses. The aim would be to achieve outcomes that would help tackle climate change. The Greens have also described the 40-hour week as "a fantasy" and argued flexibility inserted into workplace laws in recent decades has worked against the ability of staff to spend more time with their families.

The comments came yesterday from Greens' industrial relations spokesman Adam Bandt in a speech to a conference organised by the Australian Industry Group in Canberra. Mr Bandt, a former industrial lawyer, questioned why governments should have power to decide which issues could or could not be the subject of negotiations between employers and employees.

"Provided some minimum conditions consistent with a civilised society are met, parties should have the freedom to bargain about matters relevant to their interests as employees and employers," Mr Bandt said. "That should include green bargaining, including about the important matter of climate change. If employees and employers wish to reach agreement about a process to transform an enterprise into a carbon-neutral undertaking, for example, or to give priority to sourcing material locally so as to reduce carbon miles, they should be able to bargain about it."

Mr Bandt also said flexibility in workplace laws worked "from above" in that employers had used it to squeeze more hours out of their employees. He called for a "bottom-up approach" giving staff more control over their working hours. "People generally have less control over their lives than before," he said. "I don't think that flexibility as we have known it has delivered on its promise."

Australian Industry Group chief executive Heather Ridout opposed the plan. "We have been down this track before and have pursued it through the courts. Political arguments that lie outside the employment relationship have no part in enterprise bargaining," she said. "To suggest that industrial action could be taken in pursuit of such claims is a recipe for accelerating industrial disputation and counter-productive for a much needed lift in Australia's productivity."

Opposition workplace relations spokesman Eric Abetz said the Greens wanted to hand trade unions control of workplaces: "In Mr Bandt's fairy-land, unions would be allowed to negotiate over all matters including things outside of the control of employers, something that is completely unacceptable." (SOURCE/EXTRACT: *The Australian*, 3.5.11)

**TELSTRA DIGITAL BUSINESS LAUNCH: Nick Sherry, Minister for Small Business**

I congratulate Telstra on the launch of Digital Business. It will be a great resource for Australia's small businesses, which are operating in an increasingly digital era.

I was interested to hear that adopting key components of Digital Business could save small businesses more than \$2,400 per year – equating to more than \$1 billion in annual savings across the economy. This is a great productivity gain and directly helps small business. I am sure that it will be a popular product. (See attachment: [TELSTRA\\_DIGITAL\\_BUSINESS\\_LAUNCH.pdf](#))

**High \$A harsh reality for industries: ANZ**

ANZ has warned of a structural shift across the economy, saying industries such as manufacturing, tourism and retailing needed to face up to the reality of a persistently high Australian dollar. The bank's chief executive, Mike Smith, called on the Reserve Bank to curb further interest-rate rises, warning that parts of the Australian economy had hit a "flat spot", with confidence among business and consumers still fragile.

Mr Smith pointed to a "major structural change" in which the economy was being shaped by the mining boom, which was also driving the dollar higher. This week the dollar touched a record \$US1.10. "I don't think the magnitude of this shift is still fully understood, nor its implications for industries like manufacturing, tourism and retail, where business models are clearly going to have to adapt to a lower-margin, lower-growth environment," he said. (SOURCE/EXTRACT: *The West Australian*, 4.5.11)

**Two firms accused of sham contracting**

About 10,000 call centre workers and door-to-door salespeople around Australia could be out of pocket as a result of being engaged as independent contractors. The Fair Work Ombudsman is prosecuting two national companies for alleged sham contracting.

The ombudsman is accusing the companies of incorrectly employing 10,000 call centre workers and door-to-door sales people as contractors. Telco Services Australia, which provides direct marketing and sales services to Telstra, and Trimatic Contracts Services, allegedly incorrectly classified the workers as independent contractors when they should have been categorised as employees.

The prosecution comes after the ombudsman launched unannounced inspections of call centres in Perth, Melbourne, Brisbane, Sydney and Adelaide. "We are alleging the workers followed managers' directions and had little or no freedom over fundamental matters such as their work hours and how they performed their duties," Fair Work Ombudsman executive director Michael Campbell said. "It is our position that these workers were clearly employees, not independent contractors." (SOURCE/EXTRACT: *WA BUSINESS NEWS*, Daily Business Alert, 3.5.11)

**COMMENT:** With reference to a case we reported on in '*The Broadcast*' of 21.4.11 under the heading 'Engineer awarded \$85,000 compensation', like that case, the above articles sounds an ominous warning that Gillard's so called "fair work" laws sits ominously over the heads of businesses, like the sword of Damocles.

In the above cases the employers have been dragged into the ubiquitous Federal Court, accordingly, given the precedent set in the case we reported on in our '*Broadcast*' of 21.4.11, these companies, if they lose, can expect to pay hundreds of thousand dollars in penalties, compensation and legal costs.

No business, in particular a small business should be confronted with this sort of odious and reprehensible complex legal machination with horrendous associated costs.

Business should make no mistake that this attack on independent contractors, through the machinations of the ubiquitous so called *Fair Work Act*, Gillard has unleashed the Workplace Ombudsman, in her implementation of the unions' demand to get rid of independent contractors.

**Advisory group warns of skills shortage**

Australia is faced with a skills shortage and will miss out on cashing in on the resources boom if the Federal Government doesn't invest in trade training, says the chair of Skills Australia. Phillip Bullock, who heads the independent advisory body, said 12 million new workers had to be trained before the end of 2025 to meet growing demand.

"If we continue with current levels of investment there's a high chance we will not meet demands (of the) growth in the economy," he said at the launch of the Skills for Prosperity report in Sydney. "Without significant reform, we risk missing out on many of the opportunities presented by the resources boom and face the prospect of becoming less competitive in the global economy."

The report, the most comprehensive review of the vocational education and training system in two decades, recommends increasing subsidies, extending scholarships and establishing a workforce development program to improve the skills of trainers. All vocational courses up to certificate III would be fully subsidised under recommendations in the report. For Certificate IV and above, the report

recommended a partial public subsidy, with co-funding between individuals and governments, supported through an income contingent loan.

The report said the sweeping overhaul was "vital to future growth and prosperity" and would cost \$12 billion over the next eight years. (SOURCE/EXTRACT: *The West Australian*, 4.5.11)

### **Injured worker wins big payout**

A workman seriously injured when his arm was sucked into an industrial vacuum hose has won compensation of \$265,000. The High Court ruled on Wednesday that Geoffrey Kuhl, an employee of Transfield Construction, was owed a duty of care by insurer Zurich financial services.

Mr Kuhl's left arm was severely injured when it was sucked into the hose during cleaning operations at the BHP Billiton steel plant at Port Hedland, in November 1999. The vacuum hose was described as 50 times stronger than a domestic vacuum cleaner and the efforts of two men were required to pull Mr Kuhl's arm free.

Under West Australian workers' compensation law, Mr Kuhl was barred from claiming negligence against Transfield. So he sued the companies WOMA and Hydrosweep, which provided the vacuum truck, and their insurers, Zurich and QBE. Both WOMA and Hydrosweep went out of business after Mr Kuhl was injured but before he launched proceedings and the action proceeded against the insurers.

The WA District Court held that neither Zurich nor QBE were liable to Mr Kuhl in negligence. He then turned to the WA Court of Appeal, which also ruled against him, on the basis that neither insurer owed him a duty of care and that there was no breach of duty in any event.

Mr Kuhl took only the case against Zurich to the High Court. On Wednesday, a majority of the court granted his appeal, ruling that WOMA owed a duty of care to users of the vacuum hose and had breached that duty by failing to issue instructions for its safe use. (SOURCE/EXTRACT: *WA BUSINESS NEWS*, Daily Business Alert, 4.5.11)

### **Small Business Ministerial Link Forum**

Dear Link Forum Participants

Thank you for attending the Small Business Ministerial Link Forum hosted by the Hon. Simon O'Brien on 20 April 2011. We hope you found the afternoon informative and enjoyable, and we look forward to your attendance at future Link Forum events.

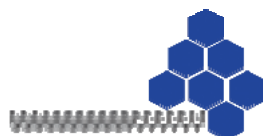
Two of the topics discussed at the Forum included regulatory burdens on small business and government purchasing/tendering. If you or your members have specific examples of small businesses dealing with red tape or having issues with the government procurement process, please let us know about these by emailing [advocacy@smallbusiness.wa.gov.au](mailto:advocacy@smallbusiness.wa.gov.au) or by phoning me on 6552 3304.

Daniel Hawkins, Senior Policy and Advocacy Officer  
Small Business Development Corporation

**CoSBA members that have specific examples of small businesses dealing with red tape or having issues with the government procurement process, please let us know about these by emailing us at [ocm7@bigpond.com](mailto:ocm7@bigpond.com) or by emailing the SBDC direct at <mailto:advocacy@smallbusiness.wa.gov.au> or by phoning them on 6552 3304.**



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