



The CoSBA Broadcast

Small Business News



Combined Small Business Alliance of WA Inc.

In this issue:

- Work act militancy 'must be tackled': Abbott
- Swan threatens states on GST - AFR
- Aussie set for slump in 2012: HSBC
- Rise of the small lenders
- Field narrows for FWA head
- Vow to limit contractors' rights
- Restaurants cook up storm on wage rises
- New penalty rates hard to swallow
- CCI revises down WA growth outlook
- Job vacancies data flag higher unemployment
- ATO's new stance on mixed supplies
- Default assessments - non-lodgers
- New Tax Office GST property tool
- Education tax refund data matching
- International Business Council Activities/Information

Attachments:

- Fat chance of a downsize in times of entitlement.doc
- CORRESPONDENCE_IN.PDF

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Work act militancy 'must be tackled': Abbott

TONY Abbott has attacked the Fair Work Act as deficient in improving productivity, workplace flexibility and containing militancy, ahead of talks today aimed at preventing a strike and lockout next week at the Port of Melbourne.

Speaking in Brisbane yesterday, the Opposition Leader said the rate of industrial disputation had increased since the government changed and the Fair Work Act was brought in and it was important the review of the act ordered by Workplace Relations Minister Bill Shorten addressed these problems.

"I hope that the review of the Fair Work Act which the government is undertaking will look at all of the areas where it seems that the act is deficient: productivity, flexibility and militancy," he said. (SOURCE/EXTRACT: *The Australian*, 7.1.12)

Swan threatens states on GST - AFR

Federal Treasurer Wayne Swan has toughened up the review of the \$48 billion GST carve up, insisting that individual states be financially penalised for jacking up mining royalties or refusing to get rid of inefficient taxes such as stamp duties. (SOURCE: *WA BUSINESS NEWS*, Today's Business Headlines 9.1.12)

Aussie set for slump in 2012: HSBC

Global banking giant HSBC has forecast that the Australian dollar will be one of the world's worst performing currencies this year while the embattled euro will not just avoid breaking up, it could even rally later in the year.

In a client note, HSBC strategists said slowing Asian growth, Reserve Bank rate cutting and a switch in "risk-off" focus to the "unsustainable" US fiscal situation would see the strongly overvalued Aussie average "well below parity against the US dollar in 2012".

"There is little doubt that the external backdrop has weakened, and this will adversely affect the Australian economy," the strategists said. "Growth is slowing in Australia's Asian trading partners, and the global risks have a large impact on sentiment and financial markets." (SOURCE/EXTRACT: *The West Australian*, 10.1.12)

Rise of the small lenders

Australia's big four banks are being given a run for their money by rival mortgage lenders snatching a greater share of the home loan market. New statistics show the smaller lenders have become more attractive to borrowers, particularly those wanting to refinance their loans or buy their first home.

Non-bank lenders had clinched nearly a quarter of the overall mortgage market by December 2011, figures released by Australian mortgage broker AFG on Monday showed. The result was a sizeable jump from November, when smaller lenders held about a 20 per cent share of all home loans.

Driving the shift was a major rise in the number of borrowers refinancing home loans with a non-bank lender. By the end of 2011, the non-bank lenders had lifted their

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share of the refinancing market to 28 per cent from 21 per cent. They also remained attractive to first home buyers, with 28 per cent of that market shunning the big banks. (SOURCE: *WA BUSINESS NEWS*, Daily Business Alert, 10.1.12)

Field narrows for FWA head

THE field is narrowing for potential successors to head Fair Work Australia, with senior deputy president Jennifer Acton and Victorian Civil and Administrative Tribunal president Iain Ross understood to be in the frame. Fair Work Australia president Geoffrey Giudice, 64, will step down at the end of next month, and the opposition is pushing the appointment as a test for the government.

Writing in *The Australian* today, opposition workplace relations spokesman Eric Abetz said the appointment would shape the industrial relations landscape in Australia for the next decade. With industrial relations looming as a key issue for business this year, Senator Abetz decried the government's appointments to Fair Work Australia as unbalanced and a snub to the private sector.

"Labor promised not to appoint an endless tribe of union officials to Fair Work Australia. In breach of that promise, they've done exactly that," he said. "The appointment of the president cannot simply go to an ex-union boss for services rendered. The Coalition has been troubled by Labor's appointments to Fair Work Australia. Of the 10 appointments so far, eight have come from a union background and the other two from the public service." (SOURCE/EXTRACT: *The Australian*, 10.1.12)

Vow to limit contractors' rights

WORKPLACE Relations Minister Bill Shorten has vowed that key planks of the Fair Work Act will not be extended to all independent contractors after business groups warned moves to give clothing outworkers employee-like legal rights including protection against unfair dismissal could spread to other industries.

As business ramps up its campaign against proposed government laws to extend most provisions of the FWA to contractors in the textiles, clothing and footwear industry, Mr Shorten pledged that the extra protections for TCF workers would not be given to contractors generally.

This comes after warnings by the Australian Chamber of Commerce and Industry that a planned bill amending the FWA could spill into a slew of other industries – particularly road transport and building construction – to allow independent contractors to claim new legal rights.

In a letter to a Senate committee examining the bill, the ACCI's director of workplace policy David Gregory writes: "The proposals have significant implications for all sectors in terms of governing the working arrangements of independent contractors." The rights being extended to TCF outworkers include the right to compel bargaining, apply for good-faith bargaining orders that can lead to arbitration and penalties, and seek reinstatement and compensation under the unfair dismissal provisions.

Last night, Mr Shorten said the government would not extend the protections to contractors generally. "The Gillard government supports independent contracting; it is a legitimate form of engagement," he told *The Australian*. "But both sides of politics . . . have long accepted the need for special protections for these extraordinarily vulnerable workers in the textile, clothing and footwear industry. (SOURCE/EXTRACT: *The Australian*, 11.1.12)

Restaurants cook up storm on wage rises

Two prominent WA restaurateurs have backed claims from TV MasterChef George Calombaris that waiters are paid too much on weekends and public holidays. Russell Blaikie, who owns Must Wine Bar, and Jeremy Cariss, board member of the Restaurant and Catering Association, claim rates of up to \$40 an hour were a disincentive to opening on Sundays and public holidays and to hiring staff.

Calombaris said that high labour costs could force his Melbourne pasta den to the wall, because waiters would have to get "\$40 an hour on Sundays . . . and it's not like they've had to go to uni for 15 years". Mr Blaikie said the national award imposed on WA restaurateurs 18 months ago had pushed up weekend and public holiday costs significantly.

"It seems to be ridiculous that they'd structure a national award that penalises businesses that wish to employ staff on weekends, when the businesses carry the highest quantities of staff," he said. Mr Blaikie said he would appeal to the independent review of the Federal Fair Work Act, claiming Canberra had no right to dictate Perth hospitality wages. (SOURCE/EXTRACT: *The West Australian*, 11.1.12)

New penalty rates hard to swallow

It's not often you find yourself feeling sorry for restaurateurs. But the impact of the Fair Work Australia awards on restaurants in WA makes one want to storm the political barricades on their behalf. The awards will put staff out of work and send restaurants broke. At best, it will become increasingly difficult to find a meal on a Sunday or a public holiday when penalty rates of up to 250 per cent for waiters and chefs make it unviable to open the doors.

The only winners are the union bosses, who have now been imposed on restaurants as unwelcome business partners. There's little doubt that unions are now calling the shots, and making restaurants uncompetitive is mere collateral damage – all made possible by the Gillard Government's Fair Work Australia policies.

And, there is no greater example that Canberra is out of touch than Fair Work Australia's 7pm rule which says that penalty rates for restaurant workers come in to effect after 7pm – the very time that restaurants get to work. You can understand when restaurateurs interpret such IR laws as a personal attack on their sector.

Bill Shorten, the minister responsible for the Fair Work Australia reforms, defended the laws, saying unions and restaurateurs retained the right to negotiate and the awards were not that bad. Mr Shorten well knows that these are weasel words. There is no union in the nation that would enter into negotiations to reduce award wages.

It beggars belief that Mr Shorten believes Australians are foolish enough to accept him at his word. In the meantime, prices in WA restaurants – among the nation's highest – will continue to rise. At least in the ones that survive. And go hug a restaurateur: it's perhaps the only comfort they'll get. (SOURCE: *The West Australian*, 11.1.12)

CCI revises down WA growth outlook

While WA continues to record impressive economic growth, the CCI's latest quarterly outlook highlights an economy of mixed fortunes. John Nicolaou, chief economist at the CCI, points to the ongoing uncertainty about the global economy and states that the expected economic growth for the economy will be 5.25 per cent 2011–12, a one percentage point downgrade from the previous forecast in September.

Mr Nicolaou believes this is largely due to the slower growth in China which will reduce demand for WA's export commodities. If the European debt crisis worsens, he says that economic growth in WA could be 1.5 percentage points lower over the next financial year. Mr Nicolaou believes the state is well placed to withstand such a shock due to close links with developing Asia and the volume of projects in the pipeline for development.

He says the unprecedented wave of investment in the resources sector will see business investment rise by 20 per cent this financial year. As a result, the domestic economy is tipped to grow by an impressive 7.25 per cent during 2011–12. Mr Nicolaou concedes that not all local businesses are experiencing growth. Many small businesses are continuing to do it tough facing poor sales, declining profits and rising costs. This is likely to exacerbate labour shortages as well as fuel wages growth as a further cost burden on business. (SOURC/EXTRACT: WA BUSINESS NEWS, Daily Business Alert, 11.1.12)

Job vacancies data flag higher unemployment

A fall in job vacancies in the latter months of 2011 is a warning that the unemployment rate is likely to edge up in the months ahead. That positive side of that warning is an enhanced prospect of interest rate cuts. The Australian Bureau of Statistics (ABS) reported on Wednesday that the number of vacancies fell by 3.3 per cent in seasonally adjusted terms between August and November.

As a result, the number of vacancies for every 100 unemployed people fell to 28.5 in November, its lowest since May 2010, after peaking at 31.4 in February 2011. The labour market has nowhere near the kind of weakness seen in the 1990s during and after Australia's most recent recession, when there were five or fewer vacancies for every 100 unemployed for three years in a row.

On the other hand, the number of vacancies per 100 unemployed averaged 37.7 in the year leading up to the global crisis in 2008, so the labour market is well short of the strength seen not long ago. And it seems clear that demand for labour is waning, with the number of vacancies falling in three of the past four three-monthly surveys to be down by 6.7 per cent through the year to November. (SOURC/EXTRACT: WA BUSINESS NEWS, Daily Business Alert, 11.1.12)

ATO's new stance on mixed supplies

The term 'mixed supply' is used to describe a supply that has to be separated or unbundled as it contains separately identifiable taxable and non-taxable parts that need to be individually recognised.

The Tax Office states that apportionment must be undertaken as a matter of practical commonsense. Taxpayers can use any reasonable and supportable basis to apportion the consideration.

Editor: As the Federal Court states, promotions that offer lower prices to increase sales of bundled goods are commonplace in most areas of retail sales.

The ATO has now accepted that as long as there are separately identifiable taxable and nontaxable parts, taxpayers can apportion values on a reasonable basis. The 'ruling' contains a number of examples which are too long to replicate here.

If clients would like to discuss how this 'ruling' may apply to their business, please contact your accountant. (SOURCE: CHRIS CLARKE & Associates, Chartered Accountant & Registered Tax Agent, Practice Update, DECEMBER 2011)

Default assessments – non-lodgers

The Tax Office is sending default assessment warning letters to taxpayers with overdue returns where it has evidence that they received taxable income in the relevant financial years.

If the overdue returns are not lodged by the date specified, the Tax Office will issue default assessments for these taxpayers based on the estimated taxable income included in the letter.

Employer super guarantee contributions to lift to 12%

The government has introduced legislation to the House of Reps to provide for an increase in the rate of the superannuation guarantee to phase in to 12% over 7 years starting 2013/14 as follows:

Year starting Super guarantee rate

1 July 2013	9.25
1 July 2014	9.5
1 July 2015	10
1 July 2016	10.5
1 July 2017	11
1 July 2018	11.5
1 July 2019	12

(SOURCE: CHRIS CLARKE & Associates, Chartered Accountant & Registered Tax Agent, Practice Update, DECEMBER 2011)

New Tax Office GST property tool

The Tax Office has issued a GST property tool on its website to help people dealing with property to understand their taxation obligations and entitlements.

The GST property tool topics include residential premises, commercial premises and vacant land. The tool also carries information on claiming GST credits, margin scheme eligibility, and GST-free supplies of real property.

Editor: While we appreciate the ATO's initiative, we recommend that you consult with your accountant before taking any action that may affect your taxes. (SOURCE: CHRIS CLARKE & Associates, Chartered Accountant & Registered Tax Agent, Practice Update, DECEMBER 2011)

Education tax refund data matching

The Tax Office has advised that Centrelink will provide it with approximately 2 million names and addresses of taxpayers who claimed Family Tax Benefit Part A for the 2009, 2010 and 2011 financial years. These will be electronically matched with certain sections of ATO data holdings to identify noncompliance with taxation obligations in relation to the education tax refund. (SOURCE: CHRIS CLARKE & Associates, Chartered Accountant & Registered Tax Agent, Practice Update, DECEMBER 2011)

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