



The CoSBA Broadcast

Small Business News



Combined Small Business Alliance of WA Inc.

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Attachments:

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- SBA_Golf_Flyer.pdf
- Why_The_Simple_Word_'Control'_Saves_Lives!.pdf
- ICA_Work_safety_Why_one_word_'control'_is_so_important.pdf
- Innovation_Funding_for_SMEs.pdf
- Labor_shuns_transparency_for_super.doc
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Repeat of 2008 crisis is a real risk, says Wayne Swan

WAYNE Swan has warned the world economy is on the edge of a crisis similar to 2008, but recent market turmoil has left consumer confidence untouched.

The Treasurer, ..., told parliament world markets were "rightly concerned about the lack of political will shown in the US and Europe to deal with this crisis". "If the worst fears for Europe are realised this time, the impacts on our own economy could be just as severe as those in 2008." (SOURCE/EXTRACT: *The Australian*, 18.10.11)

Shoppers spared carbon bite

Food and grocery manufacturers are poorly prepared for the carbon tax and face sharp cuts to operating profits, a study has found. *The Fin* (SOURCE: *WA BUSINESS NEWS*, Today's Business Headlines 14.10.11)

Union win on contract labour deal

EMPLOYERS have lost a bid to overturn a landmark workplace agreement that requires a company to promote union membership. It also stipulates it should pay contract labour the same rate as direct employees.

In a major win for unions, a Fair Work Australia full bench rejected a bid by the Australian Industry Group to overturn an ADJ Contracting agreement that has been used as a pattern deal for Victorian electrical contractors.

AI Group chief executive Heather Ridout said the decision highlighted the need for the Fair Work Act to be amended to prevent clauses in union pattern agreements restricting legitimate commercial arrangements between contractors and subcontractors.

"In the construction industry, what these clauses mean in reality is a return to the damaging practices of the past whereby unions had undue control over building sites," Ms Ridout said. "This includes stopping contractors coming on to a site unless they have an enterprise agreement with the relevant union."

The Victorian secretary of the Electrical Trades Union, Dean Mighell, said the ruling upheld the "old adage of a fair go". Thankfully, Fair Work (Australia) has stopped a cartel of greedy employers from trashing these rights." (SOURCE/EXTRACT: *The Australian*, 14.10.11) [See attachment: Correspondence_Evans.pdf](#)

Spring carnival, year-end and other staff parties

As the Spring racing carnival is upon us, and with the December/January break on the way, many employers and businesses will be planning to reward staff with a celebratory party or event.

However, an important issue for our clients to consider is the possible FBT and income tax implications of providing 'entertainment' (including Christmas parties) to staff and clients.

Under the Tax Act, employers must choose how they calculate their FBT entertainment liability and most use either the actual method or the 50/50 method. Under the actual method, entertainment is normally split up between employees (and their family) and non-employees (e.g., clients/suppliers).

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NEXT MEETING: CHRISTMAS BOARD MEETING
Royal Perth Yacht Club, Crawley
12.00noon, Tuesday, 6 December 2011

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Expenditure on employees is liable to FBT and deductible. Expenditure on non-employees is not liable to FBT, and is not tax deductible.

Using the 50/50 method instead?

Rather than apportion entertainment expenditure between staff, associates and business clients, etc., many employers choose to use the more simple 50/50 method.

Under this method, (irrespective of where the party is held or who attends)-50% of the total expenditure is subject to FBT and 50% is tax deductible.

However, the following traps must be considered:

- even if the function is held on the employer's premises - food and drink provided to employees is not exempt from FBT;
- the minor benefit exemption* cannot apply; and
- the taxi travel exemption cannot apply.

(* Minor benefit exemption)

The minor benefit exemption provides an exemption from FBT for benefits of less than \$300 which are provided to employees (and their family/associates) and which are infrequent and irregular.

The Tax Office accepts that different benefits provided at (or about) the same time are not added together when applying this threshold.

Basically, this means that a Christmas party and gift may be exempt from FBT, even if provided at the same time, as long as the cost of each benefit is less than \$300.

Editor: And that's 'less than' \$300, i.e., no more than \$299.99. A \$300 gift to an employee will be caught for FBT, whereas a \$299 gift is exempt.

Example: A Melbourne Cup party

An employer holds a Melbourne Cup party for its employees and their spouses.

The cost of food and drink per person is \$250, and no other benefits are provided.

If the actual method is used:

For employees attending on their own or with their spouse - no FBT is payable (i.e., the per head cost is less than \$300) and no tax deduction will be allowed.

If the 50/50 method is used:

50% of the total expenditure is subject to FBT and is tax deductible.

Editor. The above is only a short explanation and while we have tried to simplify the rules, we understand that it can get complicated. So if you need assistance please call your accountant.

(SOURCE: CHRIS CLARKE & ASSOCIATES, Chartered Accountant & Registered Tax Agent, *Practice Update*, October 2011)

Cash economy and the ATO's benchmarks

Recently, the Tax Office discussed its small business benchmarks* that were introduced in October 2009.

Editor (): The benchmarks cover a range of industries that are likely to receive cash such as most building trades, and many small retailers such as pizza shops, takeaways or hairdressers. If you would like to know if your business has been benchmarked, please call your accountant.*

The ATO advised that 121 benchmarks have been published covering 101 industries. The benchmarks are intended to cover the higher risk elements of the cash economy.

As part of the ATO's audit strategy, businesses that are outside the benchmarks for more than a year can expect to be reviewed/audited.

The following "stats" are of interest:

- last year 118,000 taxpayers were reviewed;
- omitted income is found in about 25% of all cases audited; and
- this year, record-keeping will be targeted.

Editor. Clients who are in industries that have been benchmarked need to understand that accurate and detailed record-keeping has become the name of the game. If a taxpayer doesn't have the records to prove they are innocent, the Tax Office will in all likelihood find them guilty.

(SOURCE: CHRIS CLARKE & ASSOCIATES, Chartered Accountant & Registered Tax Agent, *Practice Update*, October 2011)

ATO and GST compliance

The Tax Office says that GST cheats are more likely than ever before to be caught out this year, as it plans to increase its audits on GST refund claims by small businesses and investigate cases of serious evasion.

It will complete an extra 11,500 cases in 2011/12 investigating the systematic or deliberate under-reporting of GST and fraudulent GST refund claims.

Last financial year 28 people were prosecuted for more than \$17 million worth of GST-related fraud offences.

(SOURCE: CHRIS CLARKE & ASSOCIATES, Chartered Accountant & Registered Tax Agent, *Practice Update*, October 2011)

Why The Simple Word 'Control' Saves Lives!

Good work safety laws save lives. Bad laws put lives at risk. We've [the ICA] now been attacked for arguing for good work safety laws. The work safety minister in South Australia says my [Ken Phillips, ICA] claims about the bad design of the harmonised OHS Bill they are trying to push through parliament are 'spurious'.

In Federal parliament today, the Gillard Government rejected the Abbott Opposition's amendments that we strongly support. It's all to do with the simple word 'control'. The harmonised OHS laws have eliminated this word 'control' as the central identifier to ensure

that everyone is responsible for work safety. We say that this risks creating further deaths and injuries in the workplace. It's a risk that should not be taken.

We've put together another detailed analysis as to why **'control' must be in the legislation**. [See attachments: Why_The_Simple_Word_'Control'_Saves_Lives!.pdf and ICA_Work_safety_Why_one_word_'control'_is_so_important.pdf](#)

WA compo laws extended

Commerce Minister Simon O'Brien has announced changes to workers compensation laws, abolishing aged-based discrimination. Mr O'Brien said all workers would now have the same entitlements to compensation, regardless of age.

"Workers aged 64 and older have always been entitled to worker's compensation, but until now were only entitled to a maximum of 12 months of weekly income payments," he said in a statement released today. "That time limit has been scrapped."

Mr O'Brien also said that workers who lost hearing after the age of 65 would be able to make a workers' compensation claim on the same basis as everybody else. "These changes promote equity in the workplace and the opportunity to continue working past 65," he said. "The state has an ageing workforce, low unemployment and a need to maintain skilled and experienced people. "We want to encourage older workers to remain at work and the state's workers' compensation scheme should support this." The amendments took effect from October 1. (SOURCE: *WA BUSINESS NEWS*, Daily Business Alert, 14.10.11)

Coalition toughens carbon warning

The federal opposition ramped up the pressure yesterday on Australian companies to avoid investing in overseas and future carbon credits, warning they will not be compensated if they do. *The Fin* (SOURCE: *WA BUSINESS NEWS*, Today's Business Headlines 17.10.11)

Carbon credits will be 'law of the land'

Treasurer Wayne Swan has warned business it must follow the law of the land and if that means buying carbon permits, that's what they must do. Mr Swan was responding to Opposition Leader Tony Abbott's advice that businesses should not buy more carbon permits than they needed now. (SOURCE/EXTRACT: *WA BUSINESS NEWS*, Daily Business Alert, 17.10.11)

Tax 'ditched in six months'

The Coalition is planning to abolish the carbon tax within six months of an election victory as Labor warns that the uncertainty caused by the climate change stand-off could cost consumers as much as \$5 billion a year. *The Aus Fin* (SOURCE: *WA BUSINESS NEWS*, Today's Business Headlines 19.10.11)

Liberal states push IR reform

THE two most populous states have demanded the federal government overhaul the nation's industrial relations framework to increase productivity and clean up union inefficiencies. Victoria and NSW yesterday launched a double-barrelled attack against the Gillard government's labour market agenda. Victorian Premier Ted Baillieu signalled that soaring construction costs caused by hardline building unions and industry inefficiencies would be forced back on the national agenda by the power states.

NSW Premier Barry O'Farrell accused the Gillard/Rudd governments of going too far with the Fair Work Act by winding back gains made by previous Coalition and Labor governments. Mr Baillieu used a Liberal Party conference yesterday to declare that state governments wanted labour market reform as it related to construction to be placed on the next agenda of the Council of Australian Governments.

Mr Baillieu said departmental heads were discussing the problem and he favoured a Productivity Commission inquiry into rising construction costs amid fears inefficiencies will hinder attempts to provide quality infrastructure in major cities. He has accused the unions of having too much influence in Victoria and has begun a crusade to make building major projects more affordable. Mr Baillieu questioned the Gillard government's commitment to reforming the workplace and said there was

The comments by the leaders of the two biggest Liberal states reflect a broader demand from within the party for sweeping changes to Labor's industrial relations agenda. While Mr Abbott has poured cold water on implementing individual contracts, large slabs of the private sector are lobbying furiously for change. (SOURCE/EXTRACT: *The Australian*, 17.10.11)

Innovation funding to help boost local content

Funding will help increase local content in major projects and markets

Research and innovation assistance helps SMEs compete for work

First companies have been funded with more to come

Science and Innovation Minister John Day and Commerce Minister Simon O'Brien have collaborated to assist Western Australian small to medium sized enterprises (SMEs) compete for work in major projects and markets. [See attachment: Innovation Funding for SMEs.pdf and CORRESPONDENCE_O'Brien_Day.pdf](#)

Labor shuns transparency for super or for unions

EVERY Australian with money in a big superannuation fund should be concerned about what's happening to their retirement nest egg. They should be worried for one reason: funds don't fully disclose what they're doing with the money. This would probably surprise most Australians.

There's more than \$1 trillion sitting in superannuation funds. More than half is with the big funds. About \$230 billion is in 67 industry funds. These are run and controlled by partnerships of unions and employer association. Another \$350-plus billion is in 154 retail funds operated by large concerns, such as AMP.

What's significant with these big funds is that the Australians with money in them have no control over how the money is used. Instead, small numbers of individuals control these billions. For example it's been identified that just 12 people hold directorships or executive positions where they control \$188bn of industry fund assets.

Superannuation is compulsory. It should be expected that total disclosure and transparency by the people who control the

funds is required at law. Yet this is not the case. To a large degree the system operates on "trust us!"

Some Australian super funds voluntarily disclose a fair bit, but none to an international standard. Others have close to zero disclosure. The industry (union) funds have the lowest levels of disclosure by a big margin compared with retail funds. (SOURCE/EXTRACT: *The Australian*, 17.10.11) For full report see attachment: [Labor_shuns_transparency_for_super.doc](#)

'Severe risks' in culture of thrift: IMF warning

THE International Monetary Fund has warned that the forces that caused the Great Depression in the 1930s are again at work, as households, businesses and governments all cut back their spending. In a briefing provided to finance ministers and central bank governors at last weekend's G20 meeting, the fund said the Australian government should stand ready to abandon its pledge to return the budget to surplus if the world economy took a turn for the worse.

In issuing its Great Depression warning, the IMF referred to the work of economist John Maynard Keynes, who showed that when everyone tried to lift their savings simultaneously, the total savings in the economy fell because there was not enough demand for goods and services. "The overarching risk is of a global paradox of thrift as households, firms and governments around the world reduce demand," the IMF said. "Downside risks have increased and are severe." (SOURCE/EXTRACT: *The Australian*, 19.10.11)

Gillard names manufacturing taskforce

THE heads of some of Australia's biggest manufacturers and unions have been named as members of Julia Gillard's manufacturing taskforce, which will hold its first meeting next month as part of a push to revamp industry. Six ministers will also be part of the taskforce: Wayne Swan, Finance Minister Penny Wong, Industry Minister Kim Carr (the deputy chairman), Trade Minister Craig Emerson, Skills Minister Chris Evans and Defence Materiel Minister Jason Clare.

Holden chairman Mike Devereux, OneSteel chief executive Geoff Plummer and Boeing president Ian Thomas were named on the taskforce, which will be chaired by the Prime Minister. They will be joined by Philip Binns, general manager of Agilent Technologies; Australian Industry Group chief executive Heather Ridout; Chris Jenkins, managing director of Thales; and Phil Butler, Textor Technologies managing director.

Union leaders named on the taskforce were the ACTU's Jeff Lawrence, the Australian Workers Union's Paul Howes, the Australian Manufacturing Workers Union's David Oliver, Construction Forestry Mining and Energy Union's Michael O'Connor, National Union of Workers' Charlie Donnelly and Michele O'Neil from the Textile, Clothing and Footwear Union. "We want to see the sector move up the value chain," Ms Gillard said. "To do this we need to build skills and innovation." (SOURCE/EXTRACT: *The Australian*, 20.10.11)

GOMMENT

The arrogance of Gillard knows no bounds!!! Business, and small business in particular, would have to highly sceptical of any outcome that this farce may generate, in particular small business has been completely ignored. CoSBA will be writing to the Federal government expressing in strong terms, concerns that the taskforce is completely unbalanced with no expected outcome to benefit the plight of business, small business in particular, in this country under their repressive workplace laws and staggering impositions.

Green contradiction

The South Australian Greens are pushing for BHP Billiton Ltd to pay tax to the SA Government on the water it takes from the Great Artesian Basin for its Olympic Dam mine, claiming that the underground water source is the property of the SA Government. Notwithstanding that the Great Artesian Basin extends through the centre of Australia from Cape York through Qld, NSW, NT and SA, how can it be claimed the water is be the property of the SA Government?

Conversely, the federal Greens are supporting the Gillard Government's Mineral Resources Rent Tax, when the minerals are the property of the respective State Governments and Territories for which the mining companies pay royalties to the States and Territories.

International Business Council Activities/Information

To read more on the following recently added articles, go to <http://www.ibcwa.org.au>

- In Unison 2011 Business After Hours 3 November 2011
- S&P downgrades Spain on unpredictable financing conditions
- HSBC: Australia's trade growth to expand 129% by 2025
- Hope as European leaders postpone Brussels summit
- Germany, France pledge action on crisis
- FDI - Independent Strategic Analysis of Australia's Global Interests
- Euroministers' new plan for containing debt
- China trade surplus narrows in September
- Belgium to take control of Dexia Bank
- WA Chinese Chamber of Commerce Annual Ball
- Turkish Republic Ball 5 November 2011
- Amcham event - Seminar - "POSITIVE RELATIONSHIPS AT WORK"
- Australian trade performance set to more than double
- Amcham event - Women at the Top
- COMBINED SMALL BUSINESS ALLIANCE (COSBA) – NEWS & UPDATES

And more

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