

The Chair of COSBOA. Bob Stanton, Minister for Small Business Fran Bailey, Shadow Minister Tony Burke other Parliamentarians, Ladies and Gentleman.

Small business is the lifeblood of our community, in many ways, not just economically, but socially, philosophically and practically. A way of life for millions of Australians.

Many commentators, when they write have in mind a small business of 10 to 20 staff or \$1 million turnover; some have a Mum or Dad at home alone. The reality is that small business covers the whole range. This highlights the importance of flexibility and need to avoid categorizing. Small business is a positive and individual state of mind.

There is a sense of ownership; they live by the creed of reward for effort and are directly plugged into the Australian psyche.

The small business sector has enormous potential for this country and has the ability to push Australia into yet another economic boom. The opportunity within the small business sector to increase efficiencies with micro economic measures are immense.

There are four main areas where this economic powerhouse can be unleashed. They are:

- Business, management education and resourcing,
- Dealing with the red tape effectively,
- IR reform along with a skilled workforce, and:
- Fair competition.

Business education and resourcing:

The overwhelming number of small business owners are in business because they have become proficient in the trade or skill they developed earlier in life, a builder, a florist, even a doctor. Not because they have learnt how to run a business, this is secondary. Usually they muddle through finding out what they need to know as they go. The demand on the accounting industry is proof of this.

We have the occasional massive success due to a small degree of good luck and good timing but mostly because of good management, but if we want to make significant gains in the future as a nation we need to seriously consider the benefits of skilling up business owners in worlds best practice business management. This will lead to all the other results we pursue.

The Government and industry associations have a joint role to play in resourcing small businesses, providing direct assistance and just in time training in every area. Training in Business Management is critical.

The impact on the Australian Economy of these efficiency gains will be vital because without these productivity gains, an aging Australia will suffer higher demand and small business finding itself unable to supply. Inflationary pressures will build and the current good work of the Government will be lost.

Red Tape – tools

At the same time we should look to relieve the burden of red tape on small business. We understand that the regulations and procedures must

be adhered to, to ensure that social and economic settings remain in place for the benefit of all. However a new philosophy should be developed within the public service, whereby Government provides the tools and facilities to work through these procedures so that compliance becomes, quicker and easier The Internet provides the opportunity.

We are pleased that the government has announced plans to cut red tape for small business and we look forward to seeing the detail and being involved in the consultative process.

Also all new regulatory proposals impacting on small business must be subject to a rigorous cost/benefit analysis and the regulatory review process requires greater transparency. In this way we are not unnecessarily adding to what is already an onerous red tape burden.

Its time to lessen the burdened of onerous rules and responsibilities and let small business take the country to new heights.

IR reform and a skilled workforce

Any new industrial relations system in Australia must have four elements to ensure small business can participate and therefore compete against their bigger brothers, they are: access, flexibility, simplicity and cost.

Any proposal must allow full and easy access for small business owners and their associations. The last thing we need is an Australian Industrial Commission run by large business and lawyers exclusively from the bigger cities.

Awards, if Federal only, should be flexible enough to cater for the requirements of the 1.2 million unique small business work places around the country. The more decisions that can be made in the local area the more the IR system will reflect the needs of the Small Business employer and the employee; therefore producing the increased efficiencies the Government is looking for.

With something like 2000 awards currently in Australia the complexity of employing an individual is staggering. Fewer awards and simple to follow principles are paramount to ensure small businesses are able to play the game.

There is a natural tendency in any centralised system to become larger, where over arching policy orientated decisions will be made and it will become costly. Any new system must remain local, focus on easy to use principles and be cheap to access.

Competition law reform is not complete.

The four main planks to an effective set of competition laws are:

1. Prevention of abuse of market power by large and powerful corporations;
2. Merger laws which prevent increasing market concentration across key industry sectors;
3. Allowing collective bargaining for small business.
4. Fair trading laws, including those relating to unconscionable conduct

These changes are needed to ensure small business continues to contribute to employment creation, and the economy generally.

Each of these points build real competition and we commend the government for having agreed to adopt some of these planks dealing with collective bargaining and fair trading laws.

It is pleasing to see that the collective bargaining reforms are now before the Parliament and we look forward to them providing small business with an enhanced ability to negotiate with big business. But be reminded that there will be a role to educate and ensure these new facilities are used. Small businesses need organising, therefore the professionalism and performance of industry associations is critical.

The two remaining planks relate to effective laws against abuse of market power, such as predatory pricing, and the prevention of anti-competitive mergers. These areas remain critical to small business and we call again on Government to address these issues.

Conclusion

To sum up the four main messages today are Business Education, Red tape reduction and facilities to assist with these procedures, a flexible, easy to access and simplified IR system, and a fair competitive market place in which to operate.

Assertively implemented over the next few years, along with the global opportunities presenting themselves, Australia can benefit from the Small Business sector significantly.

The Government has achieved many of its goals in the macro-economic area, but it is now time to shift the emphasis to micro-economic areas such as red tape, training and business skills and procedures.

The feeling that accompanies ownership of a successful business is the real driving force that must be harnessed in Australia. Reward for effort and the sense of ownership is the lifeblood of our community: economically, socially, philosophically and practically, a way of life for millions and a guarantee for our future.

Tony Steven

CEO

COSBOA