



COUNCIL OF **SMALL BUSINESS**
AUSTRALIA

ADVOCACY FRAMEWORK

CONTENTS

	PG
ABOUT US / ABOUT THIS DOCUMENT	2
1. GROWING SMALL BUSINESS IN AUSTRALIA	3
1.1. START-UP ASSISTANCE PROGRAMMES	
1.2. FAVOURABLE TAXATION POLICIES	
1.3. CREATING A POSITIVE CLIMATE FOR INNOVATION	
2. NATIONAL COMPETITION LAWS AND GOOD FAITH DEALINGS	4
2.1. EFFECTIVE NATIONAL COMPETITION LAWS	
2.2. OPERATION OF THE COMPETITION REGULATOR	
2.3. GOOD FAITH DEALINGS	
3. NATIONAL POLICY LEADERSHIP	5
3.1. FEDERAL MINISTERIAL REPRESENTATION	
3.2. FEDERAL SMALL BUSINESS OMBUDSMAN	
4. EMPLOYMENT PRACTICES	6
4.1. EFFECTIVE INDUSTRIAL RELATIONS LAWS	
4.2. MAINTENANCE OF SAFE WORKING ENVIRONMENTS	
4.3. WORKFORCE DIVERSITY AND GENDER EQUITY	
4.4. SUPERANNUATION PRACTICES	
4.5. ENVIRONMENTAL RESPONSIBILITY	
5. WORKFORCE PRODUCTIVITY, HEALTH AND SKILLING	8
5.1. WORKFORCE PRODUCTIVITY	
5.2. MENTAL HEALTH	
5.3. TRAINING AND SKILLING	
6. COSTS OF DOING BUSINESS	9
6.1. MINIMISATION OF COMPLIANCE AND REPORTING COSTS	
6.2. PAYROLL TAX	
6.3. REGULATION AS A LAST RESORT	
7. GLOBALLY COMPETITIVE BUSINESS SERVICES	10
7.1. INTERNET AND TELECOMMUNICATIONS SERVICES	
7.2. RELIABILITY AND AVAILABILITY OF CRITICAL BUSINESS INFRASTRUCTURE AND SERVICES	
8. ACCESS TO INTERNATIONAL MARKETS	11
8.1. FACILITATING ACCESS TO INTERNATIONAL MARKETS	

ABOUT US

OUR ASPIRATION

To be Australia's peak body exclusively representing the interests of small businesses.

OUR GOALS

- **To promote and support** the development of privately owned businesses and family owned enterprises (small businesses) in Australia
- **Advance the interests** of privately owned businesses and family owned enterprises (small businesses) in Australia via supportive public policy and regulatory reforms
- **Foster an increased awareness and understanding** of the role of privately owned businesses and family owned enterprises (small business) in Australia amongst all stakeholders

WE VALUE

- The contribution of privately owned businesses and family owned enterprises (small business) to the Australian Economy
- Business creativity and innovation
- Excellence in business performance
- Effective competition
- Skilled workforces
- Socially responsible management practices

ABOUT THIS DOCUMENT

This document outlines the public policies that support the achievement of COSBOA's goals to champion the interests of small business in Australia.

Specifically, these policies have been developed with a view to supporting the practical achievement of the Association's core Charter by demonstrating;

- **Equitable consideration.** Ensuring that government legislative and regulatory frameworks take into account the interests of privately owned businesses and family owned enterprises of many differing sizes in Australia.
- **Policy leadership.** Advocating policy positions that are likely to enhance the contribution of privately owned businesses and family owned enterprises of many differing sizes to the Australian economy.
- **Industry leadership.** Provide leadership with respect to the responsible business and employment practices of privately owned businesses and family owned enterprises of many differing sizes in Australia.

Making these COSBOA policy statements public is intended to promote a greater understanding of COSBOA's advocacy role and core areas of public policy interest.

1. GROWING SMALL BUSINESS IN AUSTRALIA

The nature of small business is such that these businesses remain most vulnerable during start-up.

The provision of appropriate policy measures can be used to increase the likelihood of business-start-ups transitioning successfully into sustainable businesses, with consequent benefits in terms of employment creation and increased economic output.

1.1. START-UP ASSISTANCE PROGRAMMES

COSBOA believes that Australian Governments (State and Federal) can play a positive role in creating a climate for the success of small business start-ups via the provision of assistance programmes and low-cost access to seed capital.

COSBOA is committed to working with the Federal and State/Territory Governments to develop policy initiatives that provide meaningful assistance to business start-ups. This assistance could reasonably take the form of education/advice programmes and financial assistance.

1.2. FAVOURABLE TAXATION POLICIES

Fixed term concessionary arrangements and other financial measures (i.e. accelerated depreciation and investment assistance) can potentially mean the difference between the success or failure of a business during its early years of operation – when the majority of scarce operating capital needs to be squarely focussed on business establishment.

COSBOA believes that Federal and State/Territory Governments should advance taxation policies that provide taxation relief during the first 5 years of operation. These policies could include, but not be limited to, accelerated depreciation provisions, stepped concessions in company tax rates during the early years of operation, exemption from payroll tax during early years of operation and stamp duty concessions.

1.3. CREATING A POSITIVE CLIMATE FOR INNOVATION

Many new small businesses in Australia are developed around the commercialisation of a new idea or product. As a consequence, such opportunities are only realised by the national economy if the country is committed to an investment in innovation via dedicated policy initiatives.

COSBOA is committed to working with the Australian Government to advance national policies and programmes that stimulate innovation in Australia. These initiatives might include the provision of research and development funding, establishment of peer support networks, provision of business incubators and facilitated access to seed capital.

2. NATIONAL COMPETITION LAWS AND GOOD FAITH DEALINGS

2.1. EFFECTIVE NATIONAL COMPETITION LAWS

COSBOA accepts that the Australian economy is best served by markets that comprise both big and small businesses.

That said, the successful co-existence of big and small business requires that national competition laws provide smaller businesses with protection against anti-competitive conduct by businesses that hold a significant share of a given market.

In order to be effective, these laws should not only provide a process for remediation of damage to competition – they must provide an effective deterrent against the action occurring in the first place.

Further, small business should have reasonable access to remedies for competitive damage caused by the actions of larger businesses.

COSBOA is committed to working with all stakeholders to ensure that national competition laws provide an effective deterrent to any damage to competition created by the actions of other businesses – with a particular focus on preventing larger businesses from misusing their market position. Such laws should also provide businesses suffering loss in these circumstances with ready access to remedy.

2.2. OPERATION OF THE COMPETITION REGULATOR

COSBOA is wholly supportive of the Charter and role of the Australian Consumer and Competition Commission (ACCC) as the national regulator of Australian Competition and Consumer Law. This support extends to ensuring that the ACCC is resourced in such a manner as to ensure that it is capable of effectively fulfilling its role as the protector of market competition in Australia.

Notwithstanding the above, COSBOA believes that the resources of the ACCC should be largely devoted to enforcement activities with only a limited role in policy and advocacy.

COSBOA is committed to working cooperatively with the ACCC and relevant stakeholders to ensure that the organisation is properly equipped to operate as an effective enforcer of competition law within Australia.

2.3. GOOD FAITH DEALINGS

The success of the small business sector in Australia is as much dependant on the actions of small business enterprises as it is on government policy and industry action. To that end, COSBOA believes that it is the responsibility of smaller businesses to always operate in good faith when dealing with other businesses (both large and small).

COSBOA is committed to promoting good faith dealings within the Australian Small Business Community via the development of a small business code of conduct and collaborative initiatives with relevant stakeholders.

3. NATIONAL POLICY LEADERSHIP

3.1. FEDERAL MINISTERIAL REPRESENTATION

The Australian small business sector is fast becoming the leading 'industry-based' employer of Australians and the future outlook for this sector continues to be one of continued strong growth.

Yet despite the growing significance of this sector to economic output and national employment, the ministerial representation of the Australian Small Business Sector has been somewhat ad-hoc.

COSBOA firmly believes that the interests of the Small Business Sector should be accommodated by the appointment of a Federal Minister for Small Business who has the capacity to ably champion the interests of Australian Small Business without being compromised by other portfolios. Ideally, the Federal Small Business Minister would be a cabinet minister to ensure that the policy and legislative interests of this sector are given due airing in Cabinet discussion.

3.2. FEDERAL SMALL BUSINESS OMBUDSMAN

The success of any industry segment – including small business – is the existence of a champion of the industry within Government to ensure that policy development takes due account of the specific needs of the sector.

Such a champion can also be developed as a one-stop shop for information relating to the sector as well as disseminating information from government into the target industry sector.

To that end, COSBOA believes that the interests of the small business sector are serviced by the existence of a Federal Small Business Ombudsman that is funded and supported by the Australian Government

COSBOA is committed to working with all stakeholders to support the effective and efficient operation of a Federal Small Business Ombudsman as a means of promoting effective relationships and communication between the Australian Government and the Australian Small Business sector.

4. EMPLOYMENT PRACTICES

COSBOA believes that any business –whether large or small – cannot expect to be respected by government (or the wider community) unless it can demonstrate an unequivocal commitment to full compliance with all relevant workplace laws.

As a consequence, COSBOA uses its best endeavours to promote an awareness of all relevant workplace laws in Australia.

4.1. EFFECTIVE INDUSTRIAL RELATIONS LAWS

One of the criticisms of the Australian Small Business Sector, albeit with some justification, concerns inconsistencies in the application of the relevant provisions of Federal and State Industrial Relations Awards.

While some of these inconsistencies can be attributed to sub-optimal business owner awareness of their legal obligations under relevant awards, the majority of Australia's industrial awards are written for big business and take little account of the nuances of a small business operation.

COSBOA believes that there is a case for the development of a National Small Business Award that is generic enough to be credible amongst small business owners, whilst also calling on the relevant provisions of industry-based Industrial awards on matters relating to pay and conditions.

In the meantime, COSBOA will work cooperatively with the Australian Fair Work Commission and other stakeholders to identify significant areas of non-compliance with existing Industrial Awards and redress these issues through collaborative education programmes.

COSBOA will work with the Federal Government to develop a national award for small business in Australia. COSBOA will work cooperatively with Fair Work Australia and its member associations to promote greater awareness of the responsibilities of small business owners to be aware of their relevant Awards and consequent employment obligations.

4.2. MAINTENANCE OF SAFE WORKING ENVIRONMENTS

The provision of a safe working environment is the right of every employee, regardless of the size of the business.

As such, COSBOA is committed to ensuring that small business owners are aware of their obligations to provide safe working environments – and are aware of the productivity benefits that flow from reduced injury related employee absences.

COSBOA will work cooperatively with state/territory Worksafe Authorities to identify annual trends in workplace accidents in the small business sector and then address these issues through industry advocacy and collaborative member education programmes.

4. EMPLOYMENT PRACTICES

4.3 WORKFORCE DIVERSITY AND GENDER EQUITY

COSBOA recognises the productivity dividend that can be realised by the meaningful employment of every Australian.

Given the diverse nature of the population, the realisation of this productivity dividend requires that all businesses – large and small – adopt employment practices that promote gender and racial equity.

COSBOA will work cooperatively with other stakeholders to promote positive attitudes to workforce diversity (including employment of workers with a disability) and gender equity amongst small business owners, together with an awareness of the provisions of relevant state and national laws on same.

4.4 SUPERANNUATION PRACTICES

Regrettably, the incidence of superannuation default in Australia occurs at a significantly higher incidence in the Australian Small Business sector than in other business sectors.

Such defaults amounts to a failure of the business to properly remunerate its staff in accordance with Australian Law.

COSBOA is committed to working with all relevant stakeholders to promote an improved understanding of the legal obligations of small business owners with respect to the periodic payment of superannuation in accordance with all relevant laws. This commitment extends to working cooperatively with government and other stakeholders to reduce the incidence of default amongst small business in Australia.

4.5 ENVIRONMENTAL RESPONSIBILITY

COSBOA is committed to the Precautionary Principle of environmental management that suggests that no action should be pursued if there is a significant risk of damage being done to the ecological environment in which the business is operating.

COSBOA is also committed to the Inter-Generational Equity Principle that states that our generation has a responsibility to bequeath an ecological environment to the next generation that is as good, if not better, than the one our generation inherited.

In practice, this means that COSBOA is supportive of reasonable actions being taken to protect the environment where these actions do not impose substantial negative economic and/or social consequence.

COSBOA is committed to promoting environmentally responsible practices amongst small business enterprise in Australia.

5. WORKFORCE PRODUCTIVITY, HEALTH AND SKILLING

5.1 WORKFORCE PRODUCTIVITY

The blunt nature of key provisions of some national awards constitute a penalty for small business, where lean management structures and limited employment redundancy dictate a need for considerable workforce flexibility.

COSBOA will work cooperatively with government and industrial stakeholders to negotiate improvements in modern industrial awards that deliver workforce productivity improvements, with a view to realising workforce productivity improvements. Such efforts will have due regard to the reasonable needs of the large number of people employed in the Australian small business sector.

5.2 MENTAL HEALTH

A regrettable development amongst business owners is the growing incidence of mental health issues and suicide incidents amongst small business owners, particularly amongst males in their middle 40's and early 50's.

This is a significant consideration not only from the health perspective of the business owner but also in terms of the employment security of those employed in the business.

COSBOA is committed to working with government and mental health providers to develop support mechanisms to address the growing incidence of mental health issues amongst small business owners in Australia.

5.3 TRAINING AND SKILLING

The decisions made by Federal and State/Territory governments shape the nature of industry based training and vocational training programmes in Australia.

In recent years, there has been a growing disconnect between the needs of small business and the allocation of resources to vocational education and training. In addition, some of these systems (e.g. Industry Skills Councils) are labouring under complex bureaucratic structures that fail to take account of the needs of small business in setting national training and skilling policy.

COSBOA is committed to working co-operatively with federal and state government departments (and other institutional providers of vocational education and training) to ensure that the industry training needs of small business are given due consideration in national and state/territory training policy and programmes.

6. COSTS OF DOING BUSINESS

6.1 MINIMISATION OF COMPLIANCE AND REPORTING COSTS

The structure of small business is one characterised by lean management structures where most (if not all) of the people employed in the business are dedicated to revenue generating activities.

Within this context, the accommodation of regulatory compliance and reporting cannot be easily accommodated in the business without increasing direct costs (in the form of procurement of external service providers) or creating an opportunity cost (through the diversion of staff from revenue generating activities to compliance and reporting activities).

While COSBOA accepts that there will always be a material requirement for at least some form of regulatory reporting and compliance management, such a requirement should be minimised as far as practical.

Specifically, every attempt should be made to streamline national requirements and remove the requirements for duplicate reporting for small businesses that are operating across multiple jurisdictions.

COSBOA is committed to working cooperatively with all levels of government to reduce the direct and indirect costs of compliance management and regulatory reporting.

6.2 PAYROLL TAX

COSBOA believes that payroll tax is a tax on the employment of people and, as such, is a perverse tax that runs contrary to Australia's aspirations of full employment.

COSBOA will work in partnership with other industry associations to seek the abolition of payroll tax on small to medium-sized businesses - or at the very least the application of a consistent threshold for payroll tax that is developed around a tripling of the current threshold in the state of NSW.

6.3 REGULATION AS A LAST RESORT

New compliance regulations impose costs on small business that ultimately manifest in reduced profit or decreased price competitiveness.

Moreover, regulation rarely delivers business outcomes that are superior to genuine voluntary adoption of new practices by business and industry.

Accordingly, COSBOA believes that any new regulation should only be considered after the industry has been given a chance to introduce industry practices as an alternative to regulation.

COSBOA will work in partnership with all stakeholders to proactively identify emerging business issues and spearhead the resolution of these issues via the development and implementation of voluntary business practices.

7. GLOBALLY COMPETITIVE BUSINESS SERVICES

7.1 INTERNET AND TELECOMMUNICATIONS SERVICES

Internet and telecommunications services are one of the key enablers for the future growth of small business as they reduce the costs of service delivery and provide access to national and global markets via the use of electronic channels.

As a consequence, the national and global competitiveness of small business in Australia is directly linked to the provision of high standard internet and telecommunications services.

COSBOA will work with the Federal Government and Telecommunications providers to ensure that national broadband/telecommunication policy and infrastructure provides a level of service that keeps pace with international developments - and does not unduly retard the growth of small business in Australia. Such action will extend to securing national consumer policies that make telecommunications companies accountable for the costs suffered as a result of substantial service failures.

7.2 RELIABILITY AND AVAILABILITY OF CRITICAL BUSINESS INFRASTRUCTURE AND SERVICES

Small businesses are more reliant on the continuous availability of mainstream energy, water and communications infrastructure than large business given that they rarely have the financial capacity to develop system redundancy for their individual enterprise (e.g. backup generators in the event of power loss).

Accordingly, economies that significantly rely on small business for employment creation and economic output must take all reasonable efforts to ensure that the infrastructure that is critical for the operation of small business is managed in such a way as to minimise failure.

Further, in the event of this infrastructure being interrupted (by system failure or natural disaster), national response systems should be put in place to ensure that services are restored in the shortest time possible to minimise the cost to small business.

COSBOA will work with the government and private infrastructure owners to ensure that system management and natural disaster responses are in place to ensure that any loss of service is corrected at the earliest possible opportunity, thereby minimising the financial risk to small business.

8. ACCESS TO INTERNATIONAL MARKETS

8.1 FACILITATING ACCESS TO INTERNATIONAL MARKETS

The increasing propensity of the digital economy means that the opportunity for small businesses now extend beyond the borders of the Australian economy.

While modern internet and telecommunications services put these opportunities within reach of many Australian small business, most small business owners do not necessarily have the knowledge or time needed to convert these opportunities.

Factors such as differences in legal frameworks, trading terms and cultural differences effectively create a barrier for businesses that might be capable of developing markets within other countries.

COSBOA will work with Federal Government and relevant industry stakeholders to secure government assistance (i.e. education, programme and financial) that assists small business owners in the conversion of new business opportunities in international markets.



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