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EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
REFERENCES COMMITTEE

Reference: Small business employment

Roundtable

THURSDAY, 15 AUGUST 2002

SYDNEY

BY AUTHORITY OF THE SENATE

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**SENATE
EMPLOYMENT, WORKPLACE RELATIONS,
AND EDUCATION LEGISLATION COMMITTEE**

Thursday, 15 August 2002

Members: Senator George Campbell (*Chair*), Senator Tierney (*Deputy Chair*), Senators Barnett, Carr, Crossin and Stott Despoja

Substitute members: Senator Conroy for Senator Carr and Senator Cherry for Senator Stott Despoja

Participating members: Senators Abetz, Boswell, Buckland, Chapman, Cherry, Jacinta Collins, Coonan, Denman, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Forshaw, Harradine, Harris, Hutchins, Knowles, Lees, Lightfoot, Ludwig, Mason, McGauran, Murphy, Nettle, Payne, Sherry, Watson and Webber

Senators in attendance: Senators Barnett, George Campbell, Cherry and Conroy

Terms of reference for the inquiry:

To inquire into and report on:

1. The effect of government regulation on employment in small business, specifically including the areas of workplace relations, taxation, superannuation, occupational health and safety, local government, planning and tenancy laws.
2. The special needs and circumstances of small business, and the key factors that have an effect on the capacity of small business to employ more people.
3. The extent to which the complexity and duplication of regulation by Commonwealth, state and territory government inhibits growth or performance in the small business sector.
4. Measures that would enhance the capacity of small business to employ more people.

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Committee met at 2.40 p.m.

DAUNT, Ms Carol Ann, Managing Director, LearnTel Pty Ltd

ELIAS, Mr Jason Abraham Edward, Director, Elias Recruitment

ENRIGHT, Mrs Barbara Catherine, New South Wales President, Sign Association of Australia

GERVAY, Ms Elizabeth-Anne, Managing Director, Hughenden Boutique Hotel

HEYWOOD, Ms Annette Louise, Director and 50 per cent owner, Healthy Business International Pty Ltd

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SHEIL, Ms Suzanne, Director and Owner, Eastside Personnel Pty Ltd

STORCH, Mrs Mary (Private capacity)

TORREVILLAS, Mr Luke, Director, Side-On Enterprises Pty Ltd

WHYTE, Miss Narelle (Private capacity)

WILSON, Mr Paul Wayne, Owner and Creative Director, Hot Chilli

CHAIR—As part of its inquiry into small business regulation and employment issues, the Senate Employment, Workplace Relations and Education References Committee is conducting a series of roundtable meetings of small business people and representatives of small business associations or interest groups. The committee is also holding more formal public hearings with input from those that have made submissions to the inquiry. The purpose of these roundtable discussions is to enable those small business people and representatives who do not wish to make a formal submission to bring their concerns and issues to the attention of the committee. We want to hear your views on matters which relate to the terms of reference of the inquiry, a copy of which has been made available to you.

I should mention that, although these roundtable discussions are meant to be informal, we are bound to observe one important rule of the Senate with regard to privilege. This discussion is privileged and you are protected from legal proceedings with regard to what you may say.

Hansard will produce a verbatim transcript of evidence, which will be provided to participants and will also be available on the committee's Internet site as official documentation of the committee's proceedings. This recording is not intended to inhibit informal discussion, and we can go in camera if you want to put something to the committee in confidence. I point out, however, that such evidence is often difficult to report in an inquiry of this nature and, in any event, the Senate may order the release of such evidence. I would like the discussion to be guided by the framework provided by the terms of reference, but within each of the four reference points we can be as free ranging as we like. We shall start proceedings by asking you to introduce yourselves. Following the introductions, I will have a couple of questions to kick off the discussion. Feel free to participate in the discussion at any time.

Mr Elias—My name is Jason Elias. I am a small business owner in the recruitment industry. I was formerly a lawyer with the international firm Baker and Mckenzie. I decided that if I ever had to see law again I would jump out of a window, so I decided to pursue something a bit more interesting. Now I find jobs for lawyers in Australia and overseas. I have a sideline business doing stand-up comedy, so I will try and keep things as interesting as possible today.

Mrs Enright—My name is Barbara Enright. I am representing my family company, which is Barbara's Sign Shop. We have been in business for 23 years. The business belongs to my husband and me, but I started it first in a small way. We have grown big and we have downsized. I am also here today representing the Sign Association of Australia—I am the New South Wales president. There are a lot of small businesses in that organisation and I hope to help them in some way.

Ms Gervay—My name is Elizabeth Gervay. I am from the Hughenden Boutique Hotel. It was born out of two sisters' dream of converting an old mansion to a four-star accommodation house. I have also been endorsed by the HMAA to speak on their behalf. They represent 2,500 small hotels throughout Australia.

Ms Heywood—My name is Louise Heywood, from Healthy Business International. We run corporate health promotion programs. The business has been going for just over two years.

Ms Larkins—My name is Emma Larkins. I am from Australian Security and Protection. My partner and I formed the company a couple of years ago. We provide different security services to different businesses in the CBD area.

Ms Lyden—My name is Amy Lyden. I own a company called Bow Wow Meow. We make identification tags for cats and dogs and we distribute all over Australia, New Zealand, Singapore and online. We have been in business for seven years.

Mr Misbrener—I am Paul Misbrener. I started a company about eight years ago with my business partner, Luke Torrevillas, essentially in the arts and entertainment field. We are currently the premier jazz venue in Sydney. We also have an art gallery and a film production arm.

Mr Torrevillas—I am Luke Torrevillas of Side-On Enterprises. I am Paul Misbrener's business partner. As he mentioned, we work in hospitality, arts and entertainment. The things we have include a cafe, screening room and art gallery. We host film nights and we have a lot of

musicians coming to the venue. We are all about promoting Australian talent locally and internationally.

Miss Whyte—I am Narelle Whyte. I started a swimwear label four years ago called Bomb-squad. We sell all around Australia, Singapore and New Zealand.

Mr Wilson—My name is Paul Wilson. I own Hot Chilli, a creative media network. We have been in business now for about five years. We rode the dotcom boom. We create a lot of web sites for corporate companies and for small business here in Australia and overseas. We sell a lot of design products through our web sites as well.

Mrs Storch—I am Mary Storch. I run a conveyancing practice with my husband, Adrian. We employ eight people. We have been in business for six years.

Ms Sheil—My name is Suzanne Sheil. I am a director of Eastside Personnel at Bondi Junction. Like Jason, we are in recruitment. We specialise in office support staff, both temporary and permanent. We also have a real estate specialty division. We have been in business for just over four years. My partners and I have been in recruitment for about 40 and a bit years between us.

Mr Pittman—My name is Matthew Pittman from VisibleIT. We are a micro IT consultancy specialising in banking and finance. We have been going for two years.

Ms Panossian—My name is Doris Panossian. I run a family locksmith business. I have been there for 14 years. It was started by my father 30-odd years ago. I am also representing the members of the Kingsford Chamber of Commerce.

CHAIR—Welcome to you all. I will pose a couple of questions to start the proceedings off. This is the seventh, I think, roundtable we have had during this inquiry and it is the second one today—we have just left one to come here and have this one. A number of issues have arisen during those roundtables and the similarity of the issues is quite remarkable. I will pose three questions to you to see what reactions we get, but do not feel that you are constrained to address only those questions. If there are any other issues then please feel free throw those on the table.

One of the issues that has emerged in this inquiry is that most small business people lack business skills when they first enter into small business and there is a lack of any structured training to deliver those business skills—I refer to things like cash flow planning, business plan development and so forth as opposed to the specific skills that individuals might have for producing the things they are seeking to produce. The second issue that I would like you to try and address is the extent to which you perceive government regulation—whether it be federal, state or local government regulation or a combination of all of those—to be a real impediment to getting your business up and running or to growing your business.

The third issue you might also address is which of the programs that are being promoted by various layers of government do you see as good programs, in that they provide assistance to you in the development of your business, and which of them do you see as bad or irrelevant in terms of assisting you with the development of your businesses? I think that is probably enough to get this show on the road. As I said, feel free to raise any other issues that you think are

important to the discussion. Who can I call on to open the batting or the bowling? Who would like to cast the first stone?

Mrs Enright—I would like to do that. Matthew, Doris and I were chatting before about how we felt small business was going and we exchanged the comment that it was all too hard at the moment. I have been in business for 22 years and I have seen quite a few changes. At the moment I feel that it is quite difficult to focus on any one thing. There are so many things I have to think about in the business that I am finding it hard to put my skills into one area. We have to do everything.

Senator BARNETT—In terms of regulation? What are you talking about there?

Mrs Enright—In terms of knowing and implementing the regulations, and in terms of relationships within a family business—that presents more problems. There is quite a lot to talk about. There are some good programs out there. I have been involved with ESBE's NEIS program, and I am a panellist on their final selection for that program, which is a very encouraging and wonderful program for people starting out. I wonder whether there is a family business association and whether they contact family businesses, or how I can access family business—

CHAIR—One of the issues that has emerged in this inquiry—and it has been said to us in a number of areas—is that it is wrong to treat small business as small business; we have to look at disaggregating the sector, whether it be microbusinesses, home based businesses or family based businesses, and even look at the differences between small business in various industry sectors, because the issues are different. For example, there are different issues in the IT industry as opposed to the hospitality industry. Simply treating all small business as having the same problems, issues and solutions is not necessarily the way to go. But we really need to hear that from you and to hear what those differences are.

Senator BARNETT—For what it is worth, a family business association does exist.

Mrs Enright—Is that what it is called?

Senator BARNETT—I am happy to get the details to you.

Mrs Enright—Thank you.

Ms Gervay—I really do appreciate the fact that you might look at small business and divide it up and put it into boxes of different sorts. I am very tired of the number of changes and policies that I have to adhere to. I want to do the right thing. There is no doubt in my mind that I want to do the right thing by the government and my employees, because we are supposed to be working together. At this moment, I do not feel like we are working together; at this moment, I feel like I am out there protecting myself as best I can. I must join an association—and I have, believe you me—to protect myself. I feel that, with the number of changes we have gone through and the number of policies that I need to follow to protect myself, I am not working in my business any more; I am working in the back office, making sure that I understand the policies that I face in my industry. I regard myself as a reasonably intelligent person, and I am sometimes beside myself when I look at other businesses, like corner shop businesses, where

they speak no English, buy goods and do not really understand tax invoices. It is really frightening, and I want it to stop. I want to stop being legislated or having policies put on me where I spend my time analysing them and trying to put policies on-site to protect myself.

Ms Panossian—I tend to agree. As I have said, my father started the business over 30 years ago. He had no experience in running a business, so he built the business up from scratch. He did not have to deal with the constraints that we are dealing with now, and he ran it very successfully. I am finding now that I am doing the same amount as he did, yet I am struggling. I feel that it is the regulations that are holding us back; it has got to be.

Ms Sheil—I can give a specific example of a legislative difficulty that we have faced recently with regard to the Privacy Act. Jason has probably been down this path as well. We are very fortunate in the sense that our industry has a very good peak professional body—the RCSA—and they have done a lot of work in this area. But, regarding the solicitor or the legal firm that they have retained to advise the membership about the privacy policy, we have asked a number of specific questions about the legislation and they cannot give us a black and white answer. If you do not conform with the legislation there are potential problems, but you do not know what to do in order to conform and a high-powered solicitor who specialises in the field cannot tell you. These sorts of things have to be looked at so that, if legislation is put in place, the legislation is clear.

Senator BARNETT—Do you have any specifics on the Privacy Act, or could you get them to us?

Ms Sheil—Absolutely. On our RCSA web site, we have a section where people can email questions. I could definitely get you information on the number of questions where the answer comes back saying, ‘There is no answer.’

Senator BARNETT—Yes, please send that in.

Mr Elias—I would like to follow up on Suzanne’s remarks. To look at this in big picture terms, there is the big end of town and the small end of town, and we represent the small end of town. If you look at taxation systems, you will see that they are geared towards paying via a tiered structure. So, once you are at a certain income level, you pay more. It is a non-regressive system. However, in the field of compliance, there is not this distinction. So, if you are one person running a corner store, sometimes you have to do as much compliance and legwork as the person that is running a multinational that has a department of boffins that can look after these issues for them. In terms of privacy law, there are certain exemptions and there are certain carve-outs. For example, if your turnover is less than \$3 million, you are exempt from the legislation. However, who will do business with you if you do not comply with best practice? So even the carve-outs that the legislature put forward are sometimes unrealistic in terms of what makes everyday commercial sense.

Mr Wilson—There is also an issue with compliance and regulations and so on. I have to say that, from a small business perspective, from Hot Chilli design, we do not have the same sorts of problems that you guys are obviously having with regulations and so on, but the dissemination of information—getting the sort of regulation information that you are talking about—is quite difficult. I know the government has been quite proactive in putting a lot of information

on web sites, but finding that information is still very difficult. I know the government has a small business web site that has certain small business information on it but, again, the way that is structured is perhaps not suitable for most small businesses, and you can spend a lot of time trying to find that sort of regulatory information and other information, which may or may not be there. It would be a suggestion to keep web sites up to date and to perhaps look at the structure of those web sites, so that compliance issues, regulations and other governmental information is available for small business in a centralised location.

Ms Gervay—I agree with you, Paul. It really upsets me that there is a regulation that says, ‘If you have got an unfair dismissal case, that employee has to lodge that within 21 days’—that is terrific; that can work—but that person can lodge it later on, even though 21 days is written in the policy, and they will hear that after 21 days has passed. That person can get a lawyer on an ‘ambulance chase’ to put their case. An ‘ambulance chase’ is where the lawyer will get the money after the case is won. Small business employers are not being protected. Policies are written and then they are dismissed—people plead by saying, ‘That does not exist for that person.’ I would like to get the policies—I think that is fabulous—but I would like the policies to be real so that I can actually work within a framework at least and not be faced with, ‘Oh, it doesn’t apply in this case because he or she has pleaded this.’

Miss Whyte—I could not find on the Internet even basic, standard information about employing people. If it is available, it is so difficult to access or find. I was unable to find information about even fairly standard kinds of procedures such as the chart for the amount of tax that you are supposed to pay.

Senator BARNETT—Are you talking about the tax or the award rates?

Miss Whyte—You can find award rates, but I was trying to find the tax sheet to know how much tax to take out of their pay. I had to get it from my boyfriend’s dad, who runs his own business. It was just impossible to get. I had to spend 20 minutes on the phone with the tax department and I was thinking, ‘Come on, I don’t have the time!’

Ms Larkins—I think the common theme we are seeing here is that, with regard to regulations and the programs, we do not have the time—and, to some extent, the money—to remove ourselves from our businesses to participate in these programs. We have been looking at setting up a training academy as part of our organisation. The paperwork, the programs and the requirements for that are just phenomenal. I hear what you are saying regarding accessing information. The information that is there is often vague and often you are going in swings and roundabouts. You come to the end of it and you think, ‘It’s just too hard.’

One of the defining characteristics of small business is that owners—whether or not they are owner-managers—have to be so heavily involved in their business and they have to be doing such a wide variety of things. I am a licensed security officer. At times, if I have a last-minute call and I cannot get staff, I have to go out and do it. So that takes me out of the office, away from programs that I need to be attending and away from doing research regarding legislation et cetera. I do not know what the answer is; I do not know if anybody has the answer. But, the way I look at it, there needs to be some way in which either the government or our employer organisations can assist us to get back to doing what we do. A lot of small businesses do not have the funds and resources to pay people to do everything that larger corporations do in terms

of finance, legalities and all of that kind of stuff. We have to do it ourselves and still operate and, in my case and I am sure that of many others, still perform basic functions that our staff also have to perform.

Two years ago, I came out of the NEIS program and I cannot sell it enough; I cannot begin to say how wonderful it was. For those who do not know, that is the New Enterprise Incentive Scheme. That was the stepping stone. My partner had been toying around with business and operating as a sole trader, and I believe that, if we had not been a part of that scheme and if we had not been given that opportunity, we would not be where we are today. Having said that, I think the scheme could do with a lot more funding and needs to be extended. I think there are a lot of people out there that can benefit from it; it is a fantastic stepping stone. It certainly gave me a lot of business skills that I did not have. I would be in a complete mess today if I had not had the opportunity to learn those skills at that time.

CHAIR—Did you have a mentor in that process?

Ms Larkins—That comes afterwards. We went through the scheme, which involved me participating in the certificate IV course in small business management. I gained all of those skills. I am still heavily associated with ESBEC—that is, the Eastern Suburbs Business Enterprise Centre—and I draw most of my support from there. I think some additional resources into that scheme would benefit a whole lot of people. Perhaps we might see fewer of the problems that we are seeing here if we could address these issues in the beginning stages.

Senator BARNETT—How should it be extended? To more people? To the same type of people or a new, different group of people?

Ms Larkins—I will be honest: I think that a lot of people on Centrelink benefits merely toy with the idea, because whilst they are in the scheme they do not have to go out and look for work. I saw a lot of that on the course that I was on. I think that needs to be regulated because, in my opinion, that is a waste of resources. I understand that there are certain criteria, but I do not like to see something that is beneficial wasted when the resources could be directed towards those people who are there for the right reasons. The business skills that I obtained could have been extended. One thing that I struggled with in the beginning was computerised record keeping. At the time that I started I did not have the resources to put into going on a MYOB or QuickBooks course, or whatever it is that people choose. Maybe the scheme could be extended beyond the year that it presently covers. I suppose everyone knows that it is said that X per cent of small businesses fail in the first year, that slightly fewer fail in the second year and that, if you make it through the second year, often you will be okay. Maybe it should be extended so that there is mentoring and support throughout the second year, on top of the first year.

Ms Lyden—Like Emma, I have found some fantastic programs offered through the Department of State and Regional Development. Not many people know that they exist, which is part of the problem. I found out about them and now I utilise the free workshops that they have. These cover all aspects from growing your business to how to implement IT into your business more effectively. I find that really helpful. Also, the other good program was the Women in Business Mentor Program. They did not have anything like that when I started my business in Melbourne. As a mentor, I have been through the program twice and have seen the benefits of it. I particularly come across women in business a lot. They have no idea about this amazing

resource that is offered by the government. Part of it is getting the promotion out there. I do not know how to do it, but I think you have to let people know that the resources are there. Yes, it is hard to get away from work when you are working in your business, but my theory is that if you never do it then you are going to burn yourself out. You have to invest your time into it.

The other thing that I have seen in the mentor program—and it is a common theme—is a lack of understanding about BAS and GST. I really think that you have to be computerised even if it is a corner store, or whatever. Nowadays, it is not that expensive to set it up. It is a bit daunting if you have never done it before. Knowing how to run MYOB is very useful; it is an excellent program. So maybe something more should be offered in relation to computerisation because it is a nightmare without it. I would not want to attempt to do accounting without some sort of computer package. Maybe some programs, with training, could be put in place along those lines, especially initially. We participated in the expansion grant scheme, which was fantastic. That really helped us grow our business.

The initial stage especially is a really critical time. A lot of people start their businesses and they say, 'I will deal with that later.' A fundamental thing, when you first start your business, is that you need to have a template of how you are going to do your accounting. A lot of people do not do that and get themselves into trouble down the track. I think it is quite important to focus on the financial set-up of the business and to do more of these start-up programs. Also, as Emma was saying, it is important to continue them on. It is one thing to start it, but we all know that if you have been in business longer than a year sometimes the second and third years can be the hardest years of all. So it is important to have those sorts of continuing programs to support people in business all the way through.

Mr Torrevillas—I would like to add something about the NEIS program. Unfortunately, as an applicant to the NEIS program in about 1995, I did not have such a great experience. My idea was knocked back, so I could not go on the program. They said, 'Your business idea is way too grand for us to handle.' I did it anyway and, in doing that, made so many mistakes. Two or three years down the line, we thought about going bankrupt; we were trying to find ways out and ways to save ourselves. We contacted the Small Business Clinic and they recommended we have a business mentor, which I was really grateful for. Perhaps there should be a way of regulating or assessing applicants. Regardless of the vision that they have and regardless of where they are at, it should be encouraged. Along the way, you can find your loopholes and you can tame it down. They flatly said, 'You can't be on the NEIS program. It's just way out of there. Your program just won't exist. It won't work.' It is working today.

Mr Misbrener—We were the first small company ever to have Internet short film awards. Over four days we had 64,000 hits, but we found it really hard to get sponsors to get on and ride that. So we have had to put it back four years before we have another one. Staying consistent with our idea was a very grand plan and it was really hard to get support to make that happen, but we are still doing it today. It is really hard, and that is why we are here.

Mrs Storch—From what I can see, there are lots of courses for people who are starting up in business and for the very beginning stages—courses covering how to do it, how to write a business plan and how to address your cash flow—but a lot of those people are not in business and are just starting it up. I do not know that there are many courses for people who have been in business for a few years, and it is more relevant then to look at a business plan or a cash flow

or to address regulations. I think there should be some more information available for people. I agree with Paul about the Internet. I often go onto the Internet to have a look at information I need to access for my business. I have difficulty finding it, I get sick of it in the end and I just give up. You are there for an hour and you think, 'I just haven't got any more time to try to access this information.' If you make inquiries over the telephone, they send you the information. That is often good, but there is a lot of information to read, so I find that I use it on a need-to-know basis. If something happens, I get out the information I need to know. For example, bereavement leave: what do I need to know about bereavement leave?

Maybe there could be courses for people in business to see whether they are getting it right and whether they are complying with the regulations they should be complying with. Maybe you need to target it at particular types of professional services, at the hospitality industry, at legal services. If they fitted under that particular umbrella, people could go to the courses and then be able to assess whether they were doing things correctly, conforming to regulations and running their business the way it should be run.

Senator BARNETT—Do you think government or some other entity should be providing that service, or do you want lower taxes?

Mrs Storch—I do not know who should be providing that service. There is the state regional centre of New South Wales, there is the women's networking group and there is ESBEC. There is quite a range of places you can go to in order to find out about how to start up a new business, but to me it seems like it stops there. Once you get your business up and running, you are supposed to be up and running, but there are a lot of issues to address during the course of running your business as you go along.

Miss Whyte—I wanted to do the NEIS course with ESBEC and, because I was not unemployed, I was unable to get into it. After I had run my business for two years, I applied to do a part-time course that they run there and they could not get funding for it. I had been running my business for three years; I had to wait a whole year to do that course. In the long run, that has made it a lot more difficult to do the business, because that whole year could have been a great growth year if I had known what I was doing. But it was not. It was unfortunate to have to wait all of that time.

Mrs Heywood—I was going to make a similar point. I was not even aware of the NEIS program when I came out of the work force for family and other reasons, so I just worked for myself. I would not have been able to go on it, because I had come out of being employed for a number of years in a large organisation. So I think something like that for people that are coming out of the work force or the unemployed would be fantastic. I would also like to comment on what Mary was saying. I am at a point now where managing the growth is my issue, not starting up. We have done that, we have been through a couple of years and we have done well. How do we get to the next stage?

I tried the Women in Business Mentor Program. I was selected to be on it but I do not think I should have been. I think they should have said, 'Sorry, but you are probably a little bit beyond what we can provide through that program,' because they could not find a mentor that was able to assist me at that particular point. So they will take the \$500 and give you some seminars. I found that relatively useful but probably a little bit beginner-ish, but they could not match me

with a mentor. I would have preferred it if they had said, 'Sorry, it's not right for you. Perhaps there's something else out there for you.' The two issues I have found are: (1) getting the information on what is available and then matching you and your issues with the right program, and (2) maybe providing more support for growing businesses in there, making us more aware of what is out there for us.

CHAIR—One of the issues that comes out of the inquiry so far—and Mary actually alluded to it—is that it does not seem to be that there is a lack of material out there targeted at small business. In fact, it seems to be the reverse. It seems to be that there is an overwhelming amount of material out there which is probably in a form that is not easily accessible, and it is being generated by either state, local or federal governments in a variety of forms. Is there a smarter way to deliver some of this? There are some IT people sitting around the table. Perhaps you have a smarter way of doing it. Or is it really a question of taking a step back, looking at all of this stuff and recognising the amount of money that is being spent on this? Perhaps they need to ask, 'If it's not getting to the targets that it's supposed to get to, is it about time the show was rationalised to try to focus in more specific areas where more results might be gained for the expenditure than are being gained at the moment? From the business community's point of view, it seems that they feel terribly unsatisfied with what is being given to them. Probably a better way to put it is that it is not addressing their needs. Yet it seems that between the three tiers of government there are a lot of dollars being spent in producing a lot of material purportedly to assist small business to get over the hurdles or problems that they are confronted with. Could I get your views on that?

Mr Pittman—A lot of what has been said strikes a real empathetic chord with me. I was frantically writing down NEIS and thinking, 'I've got to do something about that,' and then I discovered, just from the comments made, that there is no way that we would qualify for that. As a professional service firm, I do not think it is the government's business to help me be a successful small business, but what I would really like to have happen is for my firm to stop being treated like some sort of pariah. I read in yesterday's *AFR*:

The effective tax rate for Australian companies ranges from less than 8 per cent to almost 38 per cent ...

I do not know about anybody else here, but I know which end of that scale I fall on. I do not have the resources to adjust my taxation so that I can pay only eight per cent. I cannot put my banking payment centre in Queensland to avoid paying New South Wales services tax or whatever the hell the thing is.

I would like to pick up on the comment about whether there is too much stuff for small business. Quite a lot of the stuff does not apply—when you go and look at the fine print you discover that you do not qualify. You might spend a considerable amount of time looking at some of the other stuff. For example, we employed an independent consultant to help us with the R&D Start grant. We spent \$80,000 developing a software product only to discover that it would cost us a lot of money to apply for the Start grant, and then all of a sudden the Start grant dried up anyway. So I really have a lot of sympathy with Emma's comment that you cannot take yourself away from your business long enough to actually apply for that.

We suffer because of the 'alienation of personal services income' legislation. Our business is patchy and we have long-running projects with large individual clients. As a result, the ATO prefers to consider us employees. We employ an office manager. At the end of the financial year, I have to pay my tax. The driver for our cash flow is the professional service fees earned by the directors, but I have to pay myself in preference to paying my employee's wage. I am not

blaming the government for the tough times in IT, but times are tough and when my office manager is laid off—which she very likely will be, because we are going through one of the patchy periods in our business—it will be three months earlier, because the government has insisted that I pay myself in preference to paying her; and this is at a time when I would not otherwise be taking a wage, because I am off charge.

I am not asking for special treatment, but I am saying in response to Senator Barnett's comment that, yes, I would like lower tax. If there are people out there paying eight per cent tax, I do not see why I should be paying the full 36 per cent or whatever. I would like the ATO to treat me like a business instead of treating me like a deemed employee. It is extremely frustrating for us, and it is going to cost our office manager her job three months earlier than it otherwise would. One final thing on the employment side, and I know that I am drifting off the topic: paid maternity leave is going to be a problem for us.

Ms Panossian—Yes.

Mrs Enright—I agree.

Ms Gervay—I agree, too.

Mr Pittman—We just scrape by as it is. I am a family man and I think we should support families, but not to the extent that it comes out of small business pockets. That is just something to bear in mind.

Mr Wilson—Back to the dissemination of information: there is an amazing book from the federal government. It is in its sixth edition and it is called the *Style manual*. It is all about Australian English, diverse cultures, being aware of diverse cultures when you are speaking to people through various media and so on. It is quite thick, but it is an amazing reference tool. There are a number of ways that we could pull all this information together so it is practical and useful for small business. One way is perhaps to have something like a small business handbook that is published by the federal government every year. It would be something that sits on the shelf and, if you need to reference employment or tax or whatever, you can turn around and there it is—it is tabbed and indexed, and it gives you quite a palatable piece of information pertaining to that subject matter.

It could also be disseminated via a CD-ROM. I know IP Australia provides to small business a CD-ROM on protecting your intellectual property. That comes to us on a regular basis, which is extremely helpful. If you have a slow Internet connection or have difficulty accessing a particular web site or even navigating that web site, the CD-ROM is a great alternative to that. But, in terms of the speed and changes of legislation, the Internet is the most effective way of distributing information quickly. It also keeps down, obviously, the postal costs and everything else. But, again, it has to be accessible, concise and, above all, practical—and it can only be practical if it speaks to small business people. Perhaps it could be written by small business people, or perhaps there could be a small business operator on the panel who could contribute to it and test it. At the moment, a lot of governmental web sites are created by web developers. I am one of them. I know how web developers work, and they do not tend to be consumer or public focused. They tend to be focused on functionality or pretty pictures or lots of text—and people do not like to wade through lots of text. People like bullet form, point form and practical,

straightforward information which they can access and read and which gets down to the point; then they can get back into their business and start using that information. They are a few suggestions.

Mr Torrevillas—One point about finding solutions is: how do you spot the problems from the beginning? Perhaps when you go to register a business for the very first time, prior to being given a certificate or registration, there should be some kind of form that you fill out to show how much you know about the business, so you can be assessed as to whether you need to seek more information or get educated prior to starting up the business.

A person like me, for example—who did not have any business background, who decided to start up a business, who went through a lot of hell during three years and who almost went bankrupt—could be given that information up front, told, ‘You really need to have a look at this course,’ and taken through a training scheme. I am not sure whether or not the government should pay for that scheme. Prior to coming here, I found on the Internet that there were 24,000 bankruptcies last financial year. Who pays for that? There are a lot of creditors. Does the government pay for that percentage of losses? There are a lot of people making money out of people who go bankrupt. But, had the families owning those businesses been given certain information or educated in the process of developing a business plan from the very beginning, I am sure it would have alleviated a lot of that stress.

CHAIR—What that does not measure is the number of businesses that go bad but do not go bankrupt, with people losing a lot of equity in the process. That amount of money is never measured or calculated in terms of the cost to the economy. I am glad you raised the issue about the licence, because we have raised it on a number of occasions. There is an argument for some sort of licensing regime. You do not want it to be onerous, but at least there would be a test for people to establish whether or not they are readily equipped to start a business. It is about protecting them, quite apart from protecting the community or the government, so that they do not throw their money down the drain. If you did institute a licensing type arrangement, who would be the best group to manage that? Would it be done through government or through an industry association where you would have people who know what the ingredients are to be successful or not successful in various industry sectors?

Ms Gervay—I feel like the Australian spirit is being killed. If I wanted to start a new business—and I would not want to lose my equity and I would not like to lose my money or whatever—if I had a dream, and I had to fill in a form and get an official okay for my dream, I would start to feel confined. I would be so regulated that I could not even have my dream. I would like us to leave people alone. I would like us to be intelligent enough to pick up a course if we need one. I would like us to be intelligent enough to say, ‘The NEIS program is not appropriate and I need to take a course that will give me what I need for a three-year-old business.’ I would like to say to Senator Barnett that I like to pay taxes because the more money I make and pay the government, the better my business. I do not want to be doing forms and fulfilling regulations; I want to do my business. I do not want to be getting a licence for a dream.

Miss Whyte—I understand what you are saying, but I do not necessarily agree with that point. I agree with Luke. If I had had a specific level of knowledge that I had to achieve before I started my business, I know I would have achieved my dream a lot more easily and a lot sooner than I did. I do not think it is a bad thing. I think what Luke was saying is that you need help not

only to protect yourself and make sure that you achieve the dream but also to protect other people like your employees or those who are using your business and your facilities—to protect everyone involved. It would be not another complicated thing but a helping thing.

Ms Gervay—But someone has to give you the A-OK. Luke did not get an A-OK from NEIS.

Miss Whyte—No, and he had three years of hard work. If he had had the knowledge and had had the A-OK—

CHAIR—If we could avoid the cross-table arguments, that would help us.

Miss Whyte—If he had had the knowledge and had got the A-OK, he might have had only one year of struggle and his business might now be totally booming. Instead, he has had three years of struggle without any skills and has had to learn it all himself and make every mistake in the book.

Ms Sheil—If I could pick up on a couple of points that Matt was talking about and a couple of points that you were talking about, Paul. I thought Paul's idea about the handbook in either written or CD-ROM form was a fantastic idea, but what he said about making sure that the information is concise and easy to read is, to my mind, a problem. I do not see how that can be done, because—just going back to the earlier example, and I keep mentioning it because it is something that is very much on our minds at the moment—with something like the privacy legislation the privacy tab would have to be a book and a CD-ROM on its own. I think that issue has to be addressed when the legislation is written, making sure that it relates back to what it is actually trying to do. The essence and the intent of the privacy legislation is admirable and I understand what it is trying to do, but it has to be extended a step further to look at its practical application and to make sure that, when you are looking at that practical application, you can actually get a yes or no answer to a question—and that applies to a whole range of issues.

Matt was talking about the tax issue, and I think a couple of other people have mentioned the BAS and the GST. I do not know how much of an issue everyone else is finding the GST. You have the two types, the cash and the accrual, and, if your turnover is above a certain amount, you are automatically on an accrual system. We have found that incredibly onerous in the sense that we constantly have to pay out money that we have not even collected. In terms of cash flow—and I know one of the terms of reference for the inquiry was about small businesses' ability to employ people—if you are constantly struggling with your cash flow, your ability to employ people is crippled because you think, 'Sure, I've got the business, I've got enough work to take on an extra person but I'm not sure that I'm going to be able to pay them. My cash flow is on a roller-coaster ride because I have to pay out money I haven't collected.'

Mrs Enright—We have a business that started from nothing, then grew and downsized. We were up to nine employees at one stage; we now have two subcontractors. We will not employ anybody; it is too risky, too expensive and too luxurious. We just call somebody in when we need them, pay them for what they have done and work a lot harder for a lot less.

CHAIR—Emma, we hear you are somebody who is employing a lot of people.

Ms Larkins—A friend approached me about starting up a business and I said, ‘If you’ve got a choice, don’t start a business where you have to employ somebody,’ because it is just so difficult. I was faced last year with an unfair dismissal claim and I went through all the proper avenues that I should have—counselling, written warnings et cetera. When I tried to issue the written warning, the staff member became irate, abusive and volatile and swore and physically threatened my business partner, yet he was still able to sue us for unfair dismissal. Whatever we did, it was going to cost us big time. In my mind, and I am sure in everybody else’s, he was not unfairly dismissed.

The way the procedure was set up, I could conciliate or arbitrate; either way it was going to cost me the same amount of money. Basically, I paid him out because, if I had not, I would have paid the same amount in solicitor’s fees to arbitrate. It is so unfair that somebody can physically and verbally threaten their employer and then still come out with a payout. How does that work? But it was the cheapest option for me. Whatever avenue we chose, it was going to cost us—whether it was paying him out outright or paying a solicitor to defend the case.

Senator CHERRY—Why did you feel you needed a solicitor to defend the case?

Ms Larkins—Because he had one.

CHAIR—Was his solicitor an ambulance chaser, as the saying goes?

Ms Larkins—I do not know. I tried to deal with him as infrequently as I possibly could—no offence to anybody in the legal profession. Again, this also came at a time when the business was trying to grow. It was just the best decision for us. I did not feel that we would have stood any ground going into arbitration undefended.

CHAIR—Was this under the state jurisdiction?

Ms Larkins—Yes, it was.

Mrs Heywood—When I was in a very large business with several thousand employees we had a number of cases that went to that. Every time, we realised it was cheaper to pay them out, because every time we went to arbitration we lost. I think it is the same in small business. We had huge resources and lots of lawyers we could have used, but we knew we were going to lose every time. In my experience, it always goes for the employee—in 99.9 per cent of cases, anyway. Certainly we found it was 100 per cent in that business. As a small business employer I take exactly the same attitude. I am very lucky it has not happened to me yet but, if it did, I would pay them out. The situation I have is when employees decide to leave and take some business with them. We have very watertight contracts that they sign, but we cannot enforce them. We cannot afford to chase them and I do not think we would win even if we did spend the money. When one person walks out the door we may say goodbye to several thousand dollars, because they are taking clients with them. Those are some of the issues where I find legislation does not help me in a small business.

CHAIR—Jason, have you any ideas as to how we deal with these legal people?

Mr Elias—Mine are up against the wall! These issues are things that my clients bring to me all the time, because I have got the two sides of the equation: working in the employment industry and dealing with lawyers. A lot of people are moving towards contracting people as an alternative to employment. I have found that I have had client demand to put temporary staff into their environments, particularly on the secretarial front. I am finding that that is a very hard thing for me to do, even though I want to service my clients, because of the compliance issues. For example, if somebody goes in and works half a day, I still have to do PAYG forms and I have to set up a new super fund for them or help them roll over their super. The compliance issues just become so much.

Another thing that no-one has touched on yet, and one that has been a major bone of contention for me, is the insurance industry. I want to do everything right, and I have rung several people and asked to get professional indemnity insurance to cover me. No-one can answer yes or no as to whether, as a recruiter, I need professional indemnity insurance and whether it will cover me. Rather than take that risk I have told people I would like to do it. They have told me there is a three-month waiting time from when I lodge my forms to their being able to come back and tell me how much a policy will cost me. The quotes that I got back varied between \$900 and \$6,000—there is quite a bit of leeway within that. As a few people have said, I found that it almost became a case of putting it in the too-hard basket. Even though I know I can probably do a very good job and my client wants me to do that job, it just becomes so much of a hassle that you just say, ‘No, I’m not going to be bothered’—in which case not only am I missing out on an opportunity but I am also depriving 10, 20, 30, 40, or however many people, of an employment opportunity. I find that the counterpoint to that is that the people at the big end of town—I am up against a lot of multinationals and they have got US dollars or pounds to play with—set up a branch operation in Australia, and they are not facing the sorts of issues that we are at the other end of the spectrum.

CHAIR—Who are these—Manpower, Drake International?

Mr Elias—TMP, Michael Page—all the bigger players.

Mr Pittman—I would like to pick up on a point you made about the professional indemnity and also the offshore players. In the IT industry we have to have professional indemnity, and our premiums have doubled every year for the last three years. I have been in the IT industry for 20 years.

CHAIR—Why is this happening?

Mr Pittman—I do not quite know. There has never been a landmark case. Essentially what we are talking about here is professional negligence. To prove negligence in software development is a pretty tough ask, because you have a lot of science and mathematics on your side that protects you from faults in the software.

Senator CONROY—Didn’t Toshiba have a case with the Notebook?

Mr Pittman—Yes, but I do not think that was a software case. I think that related to hardware. The one that has been publicised a lot was the other way round. A subcontractor sued NAB for some X billion dollars.

Senator CONROY—More than the capitalisation of the company.

Mr Pittman—Yes. I do not know why professional indemnity in general is going up so much. One thing I can tell you is that my clients require it of me, and all my contracts state that we have professional indemnity insurance to a specific amount. I know for a fact that there are subcontract providers in the market who simply do not have it. They sign the contracts and they simply do not have professional indemnity insurance.

Senator BARNETT—So they act in breach?

Mr Pittman—Absolutely. This is professional IT; it is not just somebody turning up for temporary work. You usually end up working a year or two for a client. I would go so far as to say that the majority of small players and offshore players who are offering discounted professional services in our industry do not carry the kind of insurance that they are required to. You find that the client simply does not ask the question, because if they were to ask the question they might be complicit in an answer and, if they need the staff, they have a problem. So I do think that professional indemnity is an issue.

CHAIR—Emma, you were trying to say something before.

Ms Larkins—It was a further point on unfair dismissal. This issue really needs attention because unfair dismissal is a job for some people. They get a job, do the wrong thing, get dismissed and then sue for unfair dismissal knowing that they are going to get something. One of the conditions of the settlement between me and my former staff member was that he resign and not be dismissed. With hindsight, I probably should not have agreed to that. Honestly, my main concern was how much it was going to cost me, because I could not absorb any more than I did. I have since found out through talking to people in the industry that this person has done it two, three or four times in the past but, because that has been a condition of his settlement every time, when people did reference checks on him they found that he left of his own accord; they would be bound by this document that they had signed to not say that he was dismissed. That costs us and it costs the government. It needs to be addressed. There needs to be more equity between employers and employees.

Ms Sheil—As someone who is in the recruitment industry,

Ms Larkins—I know that it is a very common complaint from our clients. They are constantly coming to us for advice about these issues, and often the cases are as flagrant as the one that Emma mentioned where there is a threat of physical violence or where there is some sort of verbal intimidation. We still have to advise these people that, even though that is happening to them, they still need to go through the three-step process: a written warning; a counselling process, which has to happen over a period of time; and then, rather than their going through a lengthy arbitration process which they may or may not win, even though they do have right on their side, they often do exactly the same as Emma had to do—they just pay it out so that it goes away. The person then goes on to do it again.

Mrs Heywood—Is there any register of people who have been through arbitration that you could check before employing somebody? I presume that information on whether someone has

had legal representation through legal aid or arbitration or the employers federation would be public knowledge. That could help us to stop—

CHAIR—There would be public records in the industrial commissions of any cases that got to that stage.

Mrs Heywood—But it is the ones that get settled before—

CHAIR—They would not be consolidated. The old black list that employers used to circulate is now illegal.

Mrs Heywood—The Privacy Act. I did not realise that that was happening. That is pretty scary when you are employing someone—

CHAIR—I was actually on a few in my day.

Mrs Heywood—It is pretty frightening that it goes on.

Senator CHERRY—Thank you very much. I shall pick up the rest of this roundtable from the *Hansard*, so speak clearly.

Senator BARNETT—Thank you for your time. John and I have to catch a plane. I apologise for that. We leave you with our colleagues.

CHAIR—Can I just say that, in relation to the unfair dismissal issue—and then maybe we can move on—in some areas active consideration is being given to amending the unfair dismissal laws so that the only remedy available would be reinstatement. The logic being argued behind that proposal is that, if the only remedy is reinstatement, that will cut out effectively the ambulance chasers and the people who deliberately set up the circumstances to make money out of the process, to get paid settlements, and will effectively leave you with the genuine cases of unfair dismissal. If the employer were found to be wrong, then the remedy would be that the person would be reinstated as an employee. What do you say to that?

Mr Elias—It is not practical. You should realise how adversarially nasty some of these proceedings can be if you are litigating against someone in one instance and then they are part of your team, particularly if you are in a small business and there are only two or three of you sitting across the desk from each other. For example, the BabyCo case—where there is someone sitting in a shop and they are far away from everything—is one scenario. But where we are concerned, once there has been fundamental breach, breakdown of trust or irreconcilable relationship rift, it is not as simple as waving a magic wand and saying, ‘Let’s get them back in.’ It is an impracticable solution. If the counterpoint is to say, ‘Let’s get rid of unfair dismissal; this is a good way of doing it,’ that is probably not equitable either from an employee angle.

Ms Lyden—I agree that is going to make it worse. When you get to that point usually it is pretty hard to get back on track. I know from my own experiences that you just want get on with your business and not focus on negative things—and that is a very negative thing. I do not think that is a practical solution.

Mr Pittman—My view on this is that the unfair dismissal legislation is there to protect the employee, but I find it hard to understand that small business is unfairly dismissing people. The point made by Jason is that you are working hand in glove with a small number of people. If you are going out of business you need to get rid of people—that is the way that it goes—but you do not turn around to somebody who is doing their job and say, ‘I want to find a way to get rid of you.’ If the person comes back after a finding in their favour under the unfair dismissal legislation, that is just as much a punishment to small business. I am making a presumption that the small business is getting rid of the person because they are not doing their job properly, so having to employ them when they are not doing their job is a punishment in itself.

Mr Elias—I agree with Matthew again. It is similar to the divorce analogy. Nobody believes that fault based divorce is a viable option any more. As long as you can say that there is an irreconcilable breakdown of a relationship, it does not matter who is right or who is wrong; it is just not going to work. It is the same in a small business environment. The moment the boss does not think that the employee can work in that environment it should be yibbida yibbida, because that is the end of the story. If you have got a small team around you and you cannot work with that particular person, that person can no longer contribute valuably to the organisation and they have to go. I do not know, but if that manifests itself in the introduction of a carve-out for unfair dismissal legislation for small businesses, as has been touted, it just seems to make commonsense.

Ms Larkins—There needs to be some avenue for somebody to assess whether or not there is a case for unfair dismissal. I do not think that conciliation has to come before arbitration, because getting two people to agree—getting the employee to agree that he or she was not unfairly dismissed or getting the employer to agree that they dismissed the employee unfairly—is not going to happen. The conciliation is all about how much I will pay and how much he or she will accept. Why is that the first port of call? I do not understand. That should be the last port of call. The first port of call should be the arbitration where some third-party organisation—court, government or whatever—says, ‘Yes, you were unfairly dismissed; your employer did not abide by the regulations,’ or, ‘No, you were not unfairly dismissed.’ Then, if the unfair dismissal is kept standing, you work out how much it is worth. I do not understand why the money comes first. I think either 93 or 97 per cent of cases are settled before arbitration. That is phenomenal.

Senator CONROY—One of the things that we are considering as an option is to have something similar to the small claims court. You could have a small business tribunal where someone will pass judgment, in the way that you are describing, on a prima facie case. No lawyers will be allowed in so it will keep the ambulance chasers out. We are trying to keep costs down, and hopefully that will drive away a lot of the shonks who are just making a business out of it. Instead of an exemption for small business, what we are considering is that small business can go somewhere first and there is a test.

I am flexible about the idea of who does it, whether it is a tribunal, a court or a magistrate. But in terms of building a prima facie case that you have or have not dismissed a person unfairly, there is a judgment. If it is yes then, all right, you move onto the next stage and you are possibly into conciliation, money and those sorts of things. But there is a threshold that the case has to pass before it moves to there. I would be very interested in what your thoughts are on that; whether you think it is just another level of bureaucracy. As I said, it would be one that

excludes lawyers, so you would not get up on a Saturday morning and find an ad in the *Sydney Morning Herald*: 'Have you been unfairly dismissed? Call me and I'll get your case in.'—something which you could get now—so the ambulance chasers are loose in this industry.

CHAIR—On the last occasion that the law was before the parliament—the 'fair dismissal' bill as opposed to the 'unfair dismissal' bill—we moved amendments in the Senate to change the onus in the procedures to that onus. In other words, you had to establish prima facie that there was a case to answer before you got through to the rest of the procedures. That was rejected by the government. They refused to accept those amendments. They refused to accept any amendments to their bill.

Ms Larkins—Can I ask why?

CHAIR—Because their way was going to be the only way. We do not think they were serious about wanting to get their bill through anyway, other than to have legislation on the books for the purpose of a double dissolution down the track.

Ms Sheil—If I could just pick up on Senator Conroy's point, I think that would be an excellent idea, not only in unfair dismissal cases but in other claims that can affect small business. We recently had to attend a number of tribunal hearings of the Department of Fair Trading. For the first hearing a client of ours had brought an action against us. It was very clear, I believe, where the fault was. I think there was a prima facie case that the right was on our side and that the wrong was on theirs. At the initial tribunal hearing, the client was not very happy with the way the hearing was going, so they basically hijacked it. They abused the arbitrator, got up and walked out. As a result, we had to go through another hearing, starting from scratch. No consideration was given to the fact that the reason why the matter was not resolved at the initial hearing was that the people who had brought the action had hijacked it.

Senator CONROY—If someone walks out, then you just dismiss the case. You are not going to cop that.

Ms Sheil—It could have been stopped at that point if that arbitrator had had the power to say, 'Look, there's a prima facie case for you being in the right and them not being in the right; let's call it a day now.' Whereas we ended up going through two hearings. We ultimately had to settle, because they were trying to do exactly the same thing at the second hearing and it was going to go on and on. My partner and I had to take two days out of the business in order to go to these hearings. We had to prepare a lot of documentation. It was going to drag on forever, so we did exactly the same thing: we settled. So I think that is a very good idea.

Senator CONROY—I do not know how you would draft this in legislation, but that is the sort of circumstance where a case should just be dismissed. If they are not prepared to stay and argue the point, then they are not serious.

Proceedings suspended from 3.54 p.m. to 4.03 p.m.

CHAIR—We will get the proceedings under way again. Luke, I think you want to table a couple of pages. You may do that now by giving them to the committee secretary.

Mr Torrevillas—Can I give you the notes after the session?

CHAIR—Do you need them?

Mr Torrevillas—Yes.

CHAIR—For the purposes of *Hansard*, we will make the point that they have been tabled. You can hang on to them and make sure we get them after the session because they will have to go into the *Hansard*.

Mr Torrevillas—Yes.

CHAIR—Are there any other issues that people want to raise? I must say that I very impressed by the number of young people around the table. I do not know whether or not this has been deliberately done by the organisers.

Mr Wilson—I would like to raise the point that we live in a very litigious society. We have been talking a lot about legal issues and the problem with fighting a legal case—the cost issue. Representing a web development group that spends a lot of time with other small businesses developing intellectual property rights and recommending that they see a trademark or an IP lawyer to protect those rights, one of my biggest concerns is that, if I as a small business ever came up against some of the big media groups in this country, we would have no chance of fighting them when it comes to intellectual property. We would have to effectively give up.

My biggest concern is that there is little avenue in terms of information or even a little bit of arbitration or information from a legal perspective from the federal government just to prevent that taking up of lawyers' time, the payment involved and also going to court, which is a very lengthy and costly process. So any more information that could come—and it could be a part of that handbook that I am talking about—in legal information to help small business protect itself would be advantageous, particularly when it comes to intellectual property. As you know, we are putting a lot of equity into intellectual property these days as well and it is becoming a bigger issue when it comes to small business and the value of that small business.

Mrs Enright—That is a good point, Paul; I would like to add to that. When we want to employ somebody, there is another fear because we are essentially training our competition down the track. We in the Sign Association and the sign industry feel that if we have an employee and they work with us for so many years and they learn everything from us it is wonderful, because we are good teachers, but off they go and start up their own business and essentially become our competition. We are in a dilemma here: do we employ, do we train, exactly what do we do? In our business now, at our stage of our life, when we are looking at the big picture and beyond our business, we are at a crossroads and this is why we have suddenly decided: no more employees; we will now use subcontractors. That is very sad in a way because I was always led to believe that small business was the backbone of the country and where most employees could be employed.

Mrs Storch—In the conveyancing industry, we have the same problem: you employ people and they stay for a certain number of years, get the experience and then perhaps go off and start up their own small businesses. I view that as a fact of life. This is just part of what the business is. I do not know whether this is an industry issue or a government issue but sometimes you employ somebody and it will often take you a year to train them to the standard that you expect

of them. Yet you have to pay them—not top dollar but very well from the onset—and then increase their salary, and by the time you get them up to the desired standard they might leave. I do not know whether there is some avenue to subsidise some of their payment, whether it is an industry thing—for example, the conveyancers society or the Australian Institute of Conveyancers—or whether it is a government initiative. I know they used to have something for people who were unemployed. If you employed an unemployed person, the government would subsidise their training and subsidise their working for you.

CHAIR—There are still government subsidised training schemes out there, new apprenticeship schemes and so forth, which provide subsidies for employers to train employees. Historically, the small business community are notoriously bad trainers, yet one of the big complaints that we have heard is that one of the problems for small business is the lack of a skilled work force available to them. There is a bit of a conundrum in terms of how you deal with that issue because small business does not want to train—in many respects it does not have the capacity to train—yet it wants a skilled work force available to it. Somebody has to do the training; something has to pay for that training.

Historically, the old government departments, public enterprises and public utilities trained probably 80 per cent of the skilled work force in this country, but they have all gone—they have all been privatised. They are all lean and mean now. In many respects, even large businesses are so lean and mean they do not have the capacity or the fat within them to do the training that perhaps they should do to regenerate the labour force of the future. There are problems in that area. There are some studies being done by a couple of the ACCs into this whole issue of training and what is happening at various age levels within the work force in their area of concern.

Ms Lyden—We employ a few people on a casual basis. I do not mind paying superannuation—that is fine; I think it is a great scheme—but usually what happens is that we have a casual worker who comes and works for maybe six months. They have to go and set up their own superannuation fund because usually the one that they had before will not let other employers contribute to it. Over the course of six months, they might have a couple of hundred dollars in it from us. It will not be very much. From the employee's point of view, if they are doing a lot of casual jobs throughout their life they are going to have all these super funds everywhere and they will get eaten up by admin costs. For the individual, it is not fair. They often do not even realise that they have it, do not know how to access it, or do not know that much about it.

I know that it is not an easy subject, but I wanted to raise it because it is not an ideal situation for the employee. They do not really get the benefit from it, whereas they would if they had one fund throughout their whole career. The days when somebody worked for one company for 20 years have pretty much gone, and the legislation around that is still living in the past. So it needs to be tailored to a more flexible worker because that is what is out there these days.

CHAIR—A Senate select committee on superannuation is currently looking at those issues. A report should be released very shortly.

Ms Lyden—There is one other thing. The hardest transition for us with the GST and BAS was not so much the reporting and all that—although that took a bit to get going—but the idea of having to pay company tax or PAYG immediately after the period. That has quite

dramatically affected our cash flow. As a comparison, it used to be that, when we owed tax for that quarter, we would quite often not have to pay it for at least a year or 18 months down the track, but we are now faced with paying it 21 days after the quarter has ended, and that has dramatically affected our cash flow. That is something that I do not hear a lot about now in the media. When the GST came in, everyone was complaining about that and its effect on the cash flow when you are on accrual basis and that sort of thing. We have found the whole thing of having to pay your tax immediately quite hard. We have done it, but we have had to really carefully manage our cash flow to be able to do it.

CHAIR—I would be interested in hearing your views on this matter. When we had the roundtable in Perth, one businessperson said that the regulations dealing with the taxation system—all the compliance issues which small business was now faced with—had now put her in a position where she faced a choice: either to operate illegally or to go out of business. In all of the roundtables, I think without exception, it was said that the cash economy is on a growth phase, that people are ignoring more and more the regulations and the rules, that they are dealing in cash and dealing under the table. If they get caught, the consequences are there; but the other alternative is that they just get swamped with the rest of it. Is that also your experience? Is that what is happening out there in the real world?

Miss Whyte—Yes, I think so.

Ms Larkins—If you can get away with it, yes, absolutely. I remember when the GST was being sold that one of its selling points was that it was going to reduce or eliminate the cash economy. It has not happened. In my industry, the security industry, I know of more than several operators who operate on a cash basis. I know this because when their staff look around for other employment, they still want that cash system. The benefits of a cash system are that you do not have to pay superannuation on top of it and it does not come into your workers compensation. There are a lot of benefits from it. Having said that, I am a real scaredy-cat when it comes to getting caught doing the wrong thing. So, even if it is hard to do the right thing, I do the right thing because I am just terrified of the consequences. Perhaps those of you in other industries have different experiences, but in my industry the GST has done nothing to reduce, let alone eliminate, the cash economy.

Ms Sheil—It has done the reverse.

Mrs Enright—In our industry it is totally different. We used to pay 22 per cent sales tax. When the GST came in and it was 10 per cent, our business changed dramatically. Nobody was asking for cash. It eliminated the problem.

CHAIR—Maybe all we have done is shifted the goalposts.

Mrs Enright—I think that is what has happened: it has moved to a different area.

Ms Daunt—I think there is a big difference between whether you are a product provider or a service provider with the GST.

Mrs Enright—Yes.

Ms Daunt—For product providers it has become easier for them. They are used to dealing with multilevels of tax. For many of us as service providers it has been a new thing to have to deal with. The movement has gone underground to the service providers.

Mrs Enright—Yes.

CHAIR—That is interesting—making that distinction.

Mrs Storch—I am a service provider. I would disagree with that because I am very much focused on the GST and all the different bits and pieces that you have to charge on all the different areas, which comes with the conveyancing process. Whilst it is good in a way and you keep a better record of your books and you can see where things are, it has cost us an extra \$12,000 a year to have a bookkeeper in every month who is entering all that data and calculating all the GST on top of the accountant's cost. In addition to our normal accounting costs, it is an extra \$12,000 for a bookkeeper to come in. I have not got the time to do it, plus I do not understand it all to be able to do it. Having said that, there are a few issues there with my little amounts of GST in relation to statutory inquiries that we provide to people—no-one can answer whether we should be claiming it on that or not claiming it on that. I cannot get an answer from the tax office and I cannot get an answer from the accountant.

CHAIR—It is interesting that the demand for bookkeepers is on the rise.

Mrs Storch—They are doing well.

CHAIR—It is an old skill that has been revived.

Ms Sheil—Emma made the comment about her industry that she has found that it has not eliminated the black economy. I think in many sectors—not necessarily speaking from a recruitment point of view, but because I am in recruitment we deal with such a broad cross-section of industries—if anything it has been the reverse. The black economy is flourishing more strongly than ever. I think the majority of people do want to do the right thing. When Emma was talking about being a scaredy-cat and being afraid, obviously that is a strong motivation, but I think most people—and I am sure Emma would be the same—actually want to do the right thing but it is becoming increasingly difficult.

CHAIR—I think this was the point that this person in Perth was making. She did not necessarily want to be in the illegal side of the business but she was being forced to make a choice as to whether she stayed in business or whether she went down that route.

Ms Sheil—With respect to one of Amy's earlier points about superannuation, until recently we were in a ludicrous situation with superannuation—we have quite a large temporary work force because we do temporary placements as well as permanent placements—of having to pay superannuation to people that were here on working holiday visas that they could not even claim. Considering how large the recruitment industry is in this country, there were millions of dollars being paid in superannuation that the people could not even access.

CHAIR—We had a novel suggestion put to us yesterday from Restaurant and Catering Australia, who also have this problem with paying superannuation to backpackers,

holidaymakers et cetera. They said they were not concerned about paying the money but the reality was that these people picked the money up as soon as they left the country. It was paid out to them so they took it with them. So it really was not serving the purpose it was set up for. What would be wrong with setting up an account for that industry where that money could be paid into that account and that money could then be used to train new employees for the industry here? It is a novel issue, I suppose, and something worth having a look at. They were not arguing about not paying the money; they were simply saying that it was defeating the purpose of it in the first place and it was therefore—

Ms Sheil—I am arguing about it being paid if it is just going to sit in a fund and ultimately be accessed by the government or just whittled away in super fund admin fees.

CHAIR—That is a different issue. I think there is a real issue about this multiplicity of small accounts sitting around the place, and that is something that the Senate select committee is looking at. I have been through a few myself recently, but mine is all in an industry fund with very minimal account charges and until last year it was earning a very good return. I think they all earned negative returns this year.

Mr Pittman—I would like to pick up your comment about skills and how small business is not good at training. We in the service industry—an industry, by the way, which I think does comply very closely with the GST legislation and does not have too much a problem with it—find that we are the position of the double whammy. If I have a software engineer and I send him on a training course, not only do I have to pay for the training but that engineer is off charge. For example, in a previous organisation I worked for—we did the sums once on the basis of permanent staff—if we gave everybody in the organisation two weeks training a year, that would erode almost the entire profit margins for the company, because the whole business is about having a large number of people out on charge. That is how it works. So I wondered whether there was a way that you could get some kind of double tax rebate for training that would act as an incentive to take people out of the productive work force—I do not think it is exclusively a service problem—and send them on training courses. We are happy to do that but it is a real hit.

CHAIR—There has been a report recently released by the Dusseldorp foundation, which used to be run by Lend Lease but is now a separate organisation. It has pointed to the decline in training generally across the industry and been proposing, in a modified form, a revival of the training levy, which was one percent, to equalise everyone's contribution to training. If you do the training, you do not pay the levy, but if you do not do the training then you pay the levy, which goes into a fund to provide training resources. What is your view on that? Is that a way of more equitably distributing the commitment and contribution to training?

Mr Pittman—I still end up paying one way or the other, unless I misunderstand how the levy works. I do not actually get an additional rebate. If I pay \$3,000 to send somebody on a one-day training course, which is the kind of training cost that we face, it would be great to be able to claim back more than \$3,000.

CHAIR—Presumably, your problems of your staff being off charge would be avoided if it were a general levy.

Mr Pittman—I probably do not understand how the general levy would work. If I did not send them on the training course I would have to pay the levy anyway, and I am still paying the \$3,000 and they are still off charge. So where do I—

CHAIR—The principle of the levy is that you collectively have a responsibility to train. You can do it individually. If you train to a point beyond the value of the levy then you do not pay the levy. If you decide that it is too difficult for you to train individuals then you pay the levy but at least everyone makes a contribution to the skills development in the country that way. That was the argument, basically, that was run in the eighties, when the levy was first introduced.

Mr Pittman—I would look more favourably at something like the R&D type tax rebate, because that means that my profit is less hit by training. That R&D rebate is probably not available for most of the kind of work that we do. You have to be a big organisation to get that R&D break, and maybe a training break would be a better option.

Ms Daunt—I think the training levy is a punishment system, whereas Matthew is talking about a reward system. I would prefer that we had some kind of reward system rather than a punishment system, which is how I see the old training levy.

CHAIR—I understand what you are saying but the report by the Dusseldorp foundation said that there have been reward systems in place, new apprenticeship schemes and so on, yet our training is in decline. That is the point that they are making—despite the fact that those reward systems are there. The amount that we are spending on training has been declining continuously over the past decade, and they are arguing that it is a collective responsibility—it is not just the responsibility of some in the community to do it, it is a collective responsibility. It is worth accessing their web site and having a read of the report.

Mr Elias—To be quite frank, I think they are missing the point. There is nothing any of us would prefer more than to have a highly skilled and highly trained work force. We are all facing fairly tough competition. We are all facing very heavy compliance costs. We are all facing the various issues we have raised here. The margins in small business are not so large that we can afford to be superadventurous with these types of things. If you impose higher taxation, higher levies or anything like that, it will just become a bigger obstacle that is going to squeeze smaller business. Really, people are facing the options: how can they escape from it and how can they obfuscate the process? Do they move on to the black economy? Do they fudge the figures on what they do with training?

If you work on the basis that the majority of us are trying to do the right thing and are still struggling, then to impose more sanctions from above is really not the way of doing it. There should be more incentives and breaks to help us to compete and to deal on a level playing field with bigger business. Once the economy turns and people become more profitable, have a bit more cash flow and do not have to worry about how they are going to meet their PAYG instalments each quarter, the first thing they will look at is: ‘Wow, things are going well. Who can I hire? How can I take my business to the next step? How can I train up my existing people? How can I deliver a better service to my clients?’ I think it is putting the cart before the horse. We have to feel comfortable and confident enough about how our businesses are going and the rest will naturally follow.

CHAIR—I found it interesting that you used the comment, ‘When the economy turns.’ Considering we have had an economy that has been growing between 3½ and 4 per cent for the past seven or eight years, you are still waiting for it to turn—hopefully not dying with GST!

Mrs Enright—Does that suggest that confidence is not good in small business still?

Mr Elias—In my industry, the economy is still not as good as it should be, because I am dealing with lawyers that are dealing on international transactions. So, whilst the US and Hong Kong have dipped, it means that people are less comfortable. With the global economic downturn, irrespective of the fact that Australia is slightly isolated, there is less business confidence. The deals that were going ahead before are not going ahead, so people are less likely to put on staff. That is where I am coming from.

CHAIR—I understand the conflict.

Miss Whyte—As far as I am aware, the training, assistance or Jobstart—things that you were talking about that are available—is all for people who are already unemployed. We can get some incentive for them or young people straight out of school, without any—

CHAIR—It is very much targeted, to be honest.

Miss Whyte—They are not really the kind of people that you are looking for in small business. A lot of us have so few people with us that we need people who have some kind of skill level and experience. I had a shop for a year that I could never have left with a young girl or boy on their own; I just would not have felt right about it. As Jason was saying, you want to further train the people that you have got. It is ongoing training rather than initial training that we need in our situation.

CHAIR—But therein lies a dilemma. Small business have been saying that they desperately want skilled workers. If they could find skilled workers, they would put them on, but they cannot find them. But someone has to train those skilled workers; they have got to get their skills from somewhere.

Miss Whyte—We cannot afford to do it.

CHAIR—So do you take them off your competitor or someone else.

Miss Whyte—Yes.

Ms Gervay—My background is 16 years of teaching, and I have been running a business for 10 years now. I have always found that the best person you have is the person in your office who you can train. In a way, it would be nice to get away from the back end of the business, the compliance and all that, and do on-site training and produce the most fantastic, the best, in the business you are in. To tell the truth, in small business I think the person next to you is actually the next rising star. Whether or not they move on is not really a problem because you are sending them off into your industry, knowing full well they have been trained very well.

But we cannot train them while we are locked down, facing possible antidiscrimination claims, all the forms that one gets to fill out or looking at the computer because it has had a hiccup. Someone said that every business has to have a computer now because we have to be GST compliant. We have got a lot of things that have come to bear on us over the last five years or so. If you would let us be good at what we are good at, and also take along the people who are sitting next to us, you would be amazed at how well we can train.

Ms Larkins—I understand that the regulations are in place for various reasons and I understand that we all have to be GST compliant. I understand all of that. Basically, Elizabeth, I do not think that anyone is going to give you what you want. I do not think that the government is going to change things so that you do not have to follow XYZ regulations, but what might help us is if we had more time, as small business operators, to comply. I will give you an example. For the period ending 30 June, superannuation has to be paid on 28 July. That is only four weeks. Would it really hurt anyone if you gave us another four weeks or another 10 weeks to do that? I cannot see that extending the period of compliance for payment of superannuation is really going to upset anybody's superannuation funds or limit the amount of money that it makes. We have all discussed the fact that most of them this year are returning a negative. I do not see that it is really going to hurt anybody to give us a few extra weeks to comply. I was very ill for the first three weeks of July. My partner does not know anything about this area because it is not what he does in the business. For me to get everything done in that week was next to impossible. Maybe the emphasis should not be on 'we do not want to comply'—because I think we all agree that it is not going to happen—but rather on making it easier for us to comply and giving us more time to comply. We have already discussed the issue of giving us more information about compliance.

CHAIR—Maybe we can look at this question of time lines that people are forced to meet in terms of the various regulations.

Mr Torrevillas—I would like to raise the issue of the consistency of legislation from state to state. I am not sure how many different businesses are affected by this. In the hospitality industry, for example, we have an unlicensed restaurant; to get a licence in our state costs \$15,000, but that same licence in Victoria costs \$500. For businesses wanting to start up a cafe that has that basic business requirement, it is going to cost \$15,000 up front in our state, whereas in Victoria it will cost \$500. It is quite a competitive marketplace as it is, and you do not get to trade with the same opportunity as your counterparts in other states.

CHAIR—This is a problem between federal and state governments, and between state governments. Local governments within states also have different regulations. That is certainly an issue that we will be addressing in the report: there is a multiplicity of regulations out there that, for no rhyme or reason, are different.

Mr Elias—Emma raised a point about super. I hate numbers hence I am a lawyer. I have a bookkeeper I spend an absolute fortune on so that I do not have to worry about those sorts of things, and she picked up a mistake I made on my super. Being the diligent soul that I am, I rang up the super fund on the day that it was due and said, 'I've realised that I looked at the wrong column and I have underpaid one of my employees. I'd like to fix it up.' The answer was, 'Tough.' I said, 'What are you talking about?' They said, 'The due date is today. Unless you can get us a cheque to Perth today, you are going to get fined a penalty and you will not get your

deduction for the year.' I said I could electronically send it to them because I have Internet banking. The answer was, 'I don't care, sir,' and that is the end of the story. There has to be some sort of flexibility in the system. That was a super fund—it was not a government body—but I am liable to lose thousands of dollars in deductions for a mere admin error, although I was trying to do the right thing.

Ms Daunt—I want to add to Luke's comment about the difference in the regulations. As someone who moved a business from Queensland to New South Wales, it was quite a shock for me to find out, in regard not only to the cost but also to compliance with many things, that the rules and regulations were so different in this state. It is quite a trap, as a small business, to have to get across all of those things and meet a whole new lot of compliance in another state.

Ms Panossian—I am going to pick up on your comments about regulations that differ between federal, state and local jurisdictions. I had a contract with a state government department. I found when working for them that they were clearly unaware of restrictions on security work. That is a state government thing—the police govern the security industry. The other department was totally unaware of those requirements. I find that, even within the state, different government offices do not know what they are doing between them.

CHAIR—We find that all the time.

Ms Panossian—So we have no chance of knowing what the hell we are supposed to be doing.

Ms Sheil—The time line comment that Emma made was a very good point, but one thing to say on a positive note is that I have found the tax office to be quite cooperative in that way. Do not leave it to the last minute. If you go to them and say, 'I'm having a compliance issue,' or, 'Because the instalment is particularly big for this quarter, can we pay it off in such and such a way?' they are usually prepared to be cooperative. That would possibly apply in your situation, too, Jason. If it had not been at the last minute, you might have got a bit more help—or you may not have, judging from the person you were talking to. I have found, particularly with the tax office, that they are prepared to be quite helpful as long as you do not leave it to the last minute. If you go to them and put your case, you do get some flexibility. We have been encouraged by that.

Miss Whyte—And you have 45 minutes to wait for them to answer the phone.

Ms Sheil—Write to them.

Mr Pittman—Picking up the comment about the ATO: we made an application for determination to the ATO comprising over 100 pages of carefully thought-out documentation. They called us up and said a number of things. First of all they told us that the determination had been accepted in our favour, but then they changed the story, saying that because it was a verbal conversation we did not have a leg to stand on. They actually asked us to withdraw the application because they did not know how to deal with it: 'We don't know how to get to an answer on your determination, so can you withdraw it.' Advice from our lawyer and accountant was absolutely not to do that, because then they would have every reason to come after you and you would have nothing to fall back on. In the end, after many months of to-ing and fro-ing

with letters, we ended up sending them a letter saying, ‘We are going to assume that the determination was found in our favour, because you have not got back to us. If you differ with this view, please contact us.’ That is still hanging over us. From our perspective, the ATO have been anything but helpful. I have never found them to be anything other than very difficult to deal with. I am always very cautious about what I say to them, because I feel it will be used against us, on the basis that you are guilty until you prove yourself innocent.

CHAIR—One of the problems with the ATO—one which a lot of people complain about, and I think it is true—is that, given that their main task is raising revenue, there is always an assumption that everybody is trying to rot the system. When you seek a ruling, an exemption or a delay, they make an immediate assumption that you are somehow rotting the system. That is to a large degree their starting point when they start to deal with you, which is a bit unfortunate.

Mr Wilson—I would like to talk a little as a small business operator about media and isolation. Last year we won the Yellow Pages eBusiness of the year award. We thought it was quite an important issue for us and also for small business. I think there was a tiny piece in Sydney’s *Sunday Telegraph* about it, but there was no mainstream media release.

I think it is important for the government to encourage and support small business, hence the Senate inquiry and today’s meeting. Part of the government’s dissemination of its message is through its PR people, and there do not seem to be too many small business messages coming through from the government that the government is actually working for small business. The Nine Network recently cancelled Australia’s only small business television program. Now there is literally no information there in terms of mainstream media for small business, unless it is about a factory that goes out of business and there are people who are left hungry and so on—that is the only time we hear about small business, which tends to be in a negative light. The PR from the government has a role to play in encouraging small business, letting small business know that we are not alone and that the government is there batting for us, caring about us, and disseminating information through mainstream media, because at the moment there seems to be an extreme lack of information. We tend to hear a lot about BHP—the stocks and shares—don’t we? We hear all about the banks and so on, but that is not being real when it comes to small business and the majority of people who work and support other employees in this country.

CHAIR—That is a good point. Anyone else?

Ms Heywood—On that point, Paul, it is not so much that the press releases do not go out; I think it is that the media journalists do not necessarily pick up small business stories or find them particularly interesting. We spend a lot of money on PR and have probably been in the *Sydney Morning Herald* twice in the last six months in quite obscure places in quite big articles that have not really represented a return on the investment we put into it and have been quite disappointing. The feedback we kept getting was that they do not want to hear from companies and brand names they have not heard of; they want to hear from BHP, Westpac and everything else. It is the journalists that are the issue; it is not so much the press releases.

Mr Wilson—I was a journo for 10 years, and what I found was that it perpetuates from industry to industry. Of course the blue chips and the big companies want to think that they are important; they want society to think that they are important and that they are the only one worth listening to. The problem is that it is also perpetuating from government. So you are

getting a lot of media releases from the government, and journos are forever hearing: 'Okay, you're going out to this government release; this minister's speaking,' and so on; 'You're going out to cover this story,' and so on. My point is that, if more information came from government, perhaps journos and papers and so on would start saying, 'Perhaps there are some more relevant issues that we should be addressing when it comes to small business.' I agree with you that it is hard. You can send the releases out but those editors are sitting there saying, 'No, it's not BHP,' or, 'It's not Packer or Fairfax; it's not interesting.'

Ms Sheil—On that point, probably all of us sitting in this room as small business owner-operators or whatever have a responsibility too. I agree with you totally about mainstream media, but we need to make representations to mainstream media to say that we are interested in reading about it: 'If you publish stories about small business or if you have small business programs we will watch them.' I am sure, for example, that the reason Channel 9 cancelled the show was because no-one was watching it.

Miss Whyte—But it was on at 8.30 on Sunday mornings—as if!

CHAIR—Yes: 7.30!

Mr Wilson—It is a money issue.

Ms Sheil—Yes, I understand that, but they live and die by their ratings. They are commercial enterprises so if people are not watching it—and I can put my hand on my heart and say I never watched it—

Miss Whyte—I do not want to do anything at 8.30 on Sunday.

Ms Sheil—I think everybody in the room has a responsibility to be in touch and say, 'If you publish these stories, if you have these shows on, we will watch them and support them.' If you show that there is a demand they will cater to it.

CHAIR—Anyone else? Get it on the record.

Mr Wilson—There is one more thing that I think would be extremely handy to small business. I will give you an example. When you employ someone, often you have to give them a number of forms: a job description, an employee payment form, a workplace agreement and so on. If there was some sort of repository of forms on the Web that small business could download and then tailor it would save us a lot of money putting that together. Often a problem is that you have holes in the documents that you prepare, and it is not until something goes wrong that you realise. It is usually a lawyer or solicitor who says, 'If you had come to me at the beginning when you were setting that up there wouldn't be this big hole in the middle of the document.' And it is usually because you created it yourself and you had no terms of reference. So, again, a repository of forms, tables—tax tables and so on—on the Web that small business could access would be useful.

CHAIR—I think we have made a note of all those points that you have made about the directory, which I think is a very useful suggestion. Whether that is done in physical or electronic form is something we can look at. The rationalisation of a lot of this information is

out there and the sort of mix and match of various bits and pieces. We will take all of that into consideration when we are preparing the report which is due about the end of November. You are aware of the business entry point, aren't you?

Mr Wilson—Yes. I think it is a fantastic start but, again, it is not structured well and it is not written well for the dissemination of information.

CHAIR—That is the point you made earlier.

Ms Daunt—I would like to pick up on something that Emma said earlier. It is very niche, but it is about training, which is the industry I am involved in. The cost of complying and the huge number of hoops that you have to leap through to comply are overwhelming for small providers. Many small niche training providers out there in the industry are doing quite well but are not even bothering to go through those hoops because of the time and the cost. There is little support there for the small providers.

CHAIR—This has probably exhausted the contribution that people want to make. On behalf of the committee, thank you all very much for making the time available this afternoon to participate in the roundtable. I know how valuable time is to small business people. It has been refreshing to see so many young people involved—perhaps it is a reflection of Sydney, the big bright city. It is encouraging also to see the number of young women, in particular, involved in the process.

As I said, our report is due for presentation in November. We will be writing that report during the month of October. If there are any other issues or ideas that you think might contribute to solving some of your problems, by all means send them through to us and they can be taken into consideration when we write the final report. On behalf of the committee, thank you all very much. Hopefully, we will get something out of this report which will address at least some, if not all, of your problems.

Committee adjourned at 4.48 p.m.