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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES
MATTERS OF PUBLIC IMPORTANCE

Small Business

SPEECH

Tuesday, 24 November 2009

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Questioner
Speaker Emerson, Craig, MP

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Dr EMERSON (Rankin—Minister for Small Business, Independent Contractors and the Service Economy, Minister Assisting the Finance Minister on Deregulation and Minister for Competition Policy and Consumer Affairs) (3.59 pm)—I am very happy to award the member for Lyne a six.

Mr Oakeshott—You said nine!

Dr EMERSON—All right, we can negotiate. We will go for a nine. I did not agree with everything he said—

The DEPUTY SPEAKER (Hon. BC Scott)—The minister will not use his prop!

Dr EMERSON—but I will deduct one out of 10 for the relatively minor things with which I disagreed. I record that they are very harsh judges over there, so even a six would be a distinction by the tough standards that they have applied to me in the past.

I do welcome very much the contribution and initiative shown by the member for Lyne in raising this matter of public importance. Small business truly is a very important matter for debate. I endorse the comments by the member for Lyne about the fiscal stimulus. It does involve more than 70 per cent in spending on infrastructure. The member for Lyne probably did not have time to fit this in, but I refer to one of his media releases earlier this year entitled ‘Oakeshott welcomes over \$15 million in primary school infrastructure funding’. So the member for Lyne has never been backward in coming forward in acknowledging the value to his local community of the stimulus package and, in particular, the infrastructure component. He goes on to say:

Also, in this current economic climate it is a great opportunity for local contractors, trades people and suppliers to put their hands up for the work, so they need to register their interest with the NSW Department of Education and Training who will forward their details ...

That shows a very active local member taking the initiative to ensure that the local businesses and tradies in his area are aware of the opportunities, and I commend him for doing that.

The short story is that the government has recognised in its two years of government—two years today—the importance of supporting small business in regional Australia and, more broadly, around

Australia. Of course, the global financial crisis and the meltdown associated with that could not have been fully anticipated before the election of this government. But when it did arrive we acted early. We were really conscious of ensuring that the benefits of that stimulus spending were spread fairly around Australia. The Minister for Infrastructure, Transport, Regional Development and Local Government has been really conscious in ensuring that regional communities do benefit because often, as the member for Lyne will attest, when there is an economic downturn it is our regions that really feel the brunt of it. If it is just an across-the-board policy that is not attuned to the needs of regional Australia, then our small businesses, our tradies and our contractors in those areas will suffer. I come from a small country town in north-west New South Wales called Baradine near Coonabarabran, just on the edge of the Warrumbungles. My father lost his job during a drought in timber quotas in 1970, and that is why I ended up in Sydney and, to cut a very long story short, how I ended up in parliament. It is just another example of how vulnerable regional communities are to an economic downturn. We have always been conscious of that.

I thank the member for Lyne for his support, too, of the small business tax break. It has actually received quite a lot of criticism from the coalition. The last time we had a debate on a matter of public importance it was initiated by the member for Moncrieff. I think he had to do that because he just cannot get a question up. It has been 543 days today since I last had a question from him. In that speech he announced a tax effective investment scheme. The shadow minister for small business said:

From the outset I questioned the wisdom of this policy ... we really questioned how many of those 2.4 million small businesses Labor’s policy would actually assist. The answer, as has been played out in the various surveys, is not many at all—the reason being that Labor’s policy requires a small business to have a dollar in order to spend it.

He went on to say:

... the only meaningful expenditure from the small business sector has been on vehicles. So it has hardly been the great economic boost that the Treasurer and the small business minister claim it to be—in fact, it has largely been a flop.

So there is a contrast: the member for Lyne supporting the small business tax break and the coalition

describing it as a flop. It is really interesting and timely to report on an MYOB survey that has been released today which indicates that 77 per cent of all business owners report awareness of the tax break and that 71 per cent have taken action or may take action in the future. If six out of 10 is a good number, 71 out of 100 is a beauty. We have the shadow small business minister saying that they are really not going to take it up; only very few have taken it up. Well, 71 per cent is a large number, and the CEO of MYOB says this:

Overall, this latest MYOB Business Monitor finds business improving across Australia, and a good deal more confidence than six months ago.

He also says:

Support for the Federal Government may have also been boosted by the recent Business Tax Break, which over half ... of business owners surveyed say has been or could be helpful to their business.

As I said, it is 71 per cent. So the point there is not really a political point. It is good that the small business community appreciates what the Rudd government is doing, but it is far more important that it is taking advantage of this tax break, and I certainly welcome the support of the member for Lyne.

Figures out yesterday on motor vehicle sales show an increase of 3.7 per cent in October—3.3 per cent higher than a year ago. Market commentary on those figures from the National Australia Bank says:

These data point to businesses on another buying spree into the end of the calendar year when the 50 per cent investment allowance runs out.

And:

... indications that private buyers are stepping into showrooms over recent months to buy attractively priced vehicles as signs of labour market stabilisation accumulates.

What they are saying there is that the showrooms around Australia are doing very well, and I know from my experience in country towns and regional centres that there are always motor vehicle showrooms. They are small businesses. They benefit from the tax break. They have families. They employ people. They should not be derided by the shadow small business minister saying, 'All this has just involved a few people buying a few cars.' People buying cars is important. The member for Holt, who is at the table, would attest to that, because in his local area there are car component manufacturers. It is really important in another part of Australia—most particularly, outer urban Victoria, where there are a lot of car component manufacturers. So I would not be criticising or deriding an increase in car sales and activity.

In relation to direct support and advice for small business, I can advise the member for Lyne that we were really conscious of this before the election—so much so that we committed to funding 36 business enterprise centres around Australia. There were around 108 at the time—and we dearly would have loved to have funded all 108. These business enterprise centres are very capable in delivering one-stop shop advisory services. I would like to be able to advise the member for Lyne that there is one in his electorate; but that is not the case, so I will not pretend otherwise. The 36 business enterprise centres that are being funded are spread right around Australia and they are substantially concentrated in rural and regional Australia. In addition, the 34 pre-existing advisory services are being funded through an initiative announced by the Prime Minister at a small business summit in Brisbane in October last year. I know that these are not directly in the member for Lyne's electorate, but I will just refer to the Clarence Business Enterprise Advisory Service in Grafton and the Enterprise Training Company in Coffs Harbour. It is better than nothing, but, again, we would have liked to have funded more centres.

I think the right way to handle this matter of public importance is by responding to the points the member for Lyne has raised. I am a big fan of decentralisation. I suppose that falls easily from the tongue—and you might say, 'Well, what are you doing about it?'—but, moving beyond the school modernisation program, much of the infrastructure investment is in rural and regional Australia. In 2006 I wrote a book, *Vital Signs, Vibrant Society*, which sets out a plan for providing more infrastructure and services in regional Australia. My view is that people will come to regional Australia if the costs are low, the infrastructure is provided and they can move fairly readily back to the cities to see relatives and so on. That would help make regional Australia that much more attractive. I would recommend it to the member for Lyne. It is not rocket science, but it is an endorsement of the sorts of policies that he is talking about.

In terms of direct funding for local government, I think the point the member for Lyne made is that it is effective. But you need to take some care about it. It is not just about giving money unconditionally. Again, this government has been quite systematic in doing that—through the Minister for Infrastructure, Transport, Regional Development and Local Government. We have had two major local government soirees, big meetings, here in Canberra, and they have been very well received and well attended. So, again, we are in the groove with the member for Lyne there. Similarly with regional development authorities and so on, it is a model that the Minister for Trade was very keen

on when he was the shadow minister for industry and regional development.

probably a six-plus, and going all the way up to a nine. It was a very elegant contribution indeed. Thank you.

In respect of award modernisation, I would point out that 4,000 different awards and instruments are being collapsed into just 121. This is a major microeconomic reform that will be of benefit to small businesses. Of course there are some grumbles about some of the details. I know that Restaurant and Catering Australia, through John Hart, have made strong representations. They were sufficiently persuasive that the Minister for Employment and Workplace Relations asked for a new consideration of the award by Fair Work Australia. So we are receptive to legitimate concerns. But let us not lose sight of the overall magnitude of this reform. Collapsing 4,000 awards and other instruments into 121 awards is a mammoth task. It is something that previous governments have talked about. The complexity of the award system has been the subject of complaint by the previous government and by business organisations around Australia. This task is now nearing its end. There is a five-year transition period to address some of the issues that were raised by the member for Lyne. But I put it to this chamber that this is a major reform of large net benefit to small business.

I want to go on to the whole area of a single, national industrial relations system. Just think of the absurdity of incorporated businesses being in the national industrial relations system—which they are now—while unincorporated businesses are caught in the state systems. That is where we are at the moment. The former Prime Minister, Mr Howard, was a very big supporter of a national system. He spoke glowingly of the pressing need for reform in this area. Speaking at the Sydney Institute in 2005, he said:

... six different industrial relations systems is an anachronism for a nation of 20 million people in a region that will be the world's economic centre of gravity in the 21st century. It is time they recognised that a single system of workplace laws is in the national interest.

Well, we do—but now the coalition do not; now the coalition are opposing it. I think that is a tragedy because, as the minister mentioned during question time, this could be a once-in-a-generation opportunity because those referrals would have to be done a second time. So we really are saying to the coalition: stop being opportunistic and get in there because small businesses will benefit from being in a single system, as the member for Lyne so eloquently explained. As small businesses grow from being a partnership or a sole trader to being a company, they would have to shift out of the system that they have been in, which would just be ridiculous.

I thank the member for Lyne for his initiative and for the quality of his debate. It was definitely a six,