



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES
MATTERS OF PUBLIC IMPORTANCE

Small Business

SPEECH

Thursday, 15 March 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Thursday, 15 March 2012
Page 3122
Questioner
Speaker Billson, Bruce, MP

Source House
Proof No
Responder
Question No.

Mr BILLSON (Dunkley) (15:31): Not one Labor member of this parliament stood up to support this urgent discussion about the adverse impact of its government policy on the small business community. What a surprise! That is entirely in keeping with this Gillard-Rudd Labor government strategy of talking a good game at times but certainly not lifting its game when it comes to the impact on small business. You cannot find an example where small business has been front and centre of the federal government's mind. It is of very serious concern how poorly understood and appreciated small business is by this government. We need to support our small business and family enterprise community. They deserve our support, they warrant our encouragement and they deserve considered policy that will actually support the prosperity. The coalition knows that prosperous small businesses feed into the vitality of local communities and opportunities for Australians, something this government have never understood. They continue to show their ignorance on this topic by their inaction on the matters that really matter to the small business community.

Remember the time when the Howard government was in office? We saw the number of people running their own small businesses exceed the number of union members. Small businesses were being developed right around our country, in every corner of our continent. There was a sound economic environment and supportive policies that, rightly, recognised that small business was the engine room of our economy. When you talk to operators of small businesses today they are almost whimsical about those past times. They look back to when the Howard government was in office and they recall vividly that it was a golden era for them and for the communities that they are so embedded in and such a part of. Now small businesses are looking at the end of a very long, dark tunnel and seeing that the only bright light is the prospect of an election. But they want to know how long they have to hang on. The economic funk and the despair that this government has driven small businesses into are very worrying for many small business people. As the government fails to act on the matters of key concern to small business, they are cannibalising the capital that people have invested in those businesses. They are not only demonising successful entrepreneurs but demoralising the entrepreneurs. The sons and daughters of people who are currently entrepreneurs of our country are looking at what mum and dad are having to go through. It is a bit like my LNP colleagues pointed to some years ago: in the rural community the sons and daughters of farmers were thinking, 'Gee, I'm not sure what I'm going to do with my life, but I'm pretty sure farming's pretty tough going.' This is now the mood that is undermining confidence in the small business community and impeding the next generation of entrepreneurs, who we really need. Boy, has the mood changed! Confidence is down, entrepreneurship is under attack. We have a federal government whose disposition is hostile to small business, a government wanting to talk a good game but never lifting its game in terms of the support small businesses deserve.

Just have a look at what is going on. Have a look at the state of the nation through the eyes of the small business community. Have a look at why they are feeling that this government is not interested in their interests and certainly not responding to the concerns that they have. There is an urgency and a need for decisive action to try to give small businesses the support that they need. There is a need to nurture the policies that will give us growth and economic vitality to spread opportunities. Instead, all we get from this government is more new taxes. When the Howard government left office, the ABS estimated that 5,061,000 people were employed in small businesses around Australia. That was more than half the private sector workforce; in fact, it was 51.3 per cent. Just a few short years later, in June 2009, the ABS reported that job losses in small business had already totalled 300,000 and that private sector employment that small business provided had gone from 51 per cent down to 48 per cent.

The ABS has changed its numbers and its methodology again. Rather than the government pushing off from those earlier numbers, the ABS is now saying that there are 4,747,000 people employed in small business and it is down to 47.2 per cent of the private sector economy. We are seeing jobs shrinking out of the private sector in the small business community when we should be out there trying to nurture and support growth in that area. When we look at what is going on in insolvency, we see the Dun and Bradstreet report, a very worrying report, showing that the number of small business insolvencies is up by 45 per cent and the number of new business start-ups is down by 95 per cent. This is the climate. This is the ditch that this government has driven many small

businesses into. When you ask small business people what their major concerns are, they say they are worried about incompetence from a government that does not seem to understand that its actions have profound impact on the men and women in small business and they ask, 'What is the government going to do at a time when costs are punishing business?' They are just going to put costs up with the world's largest carbon tax. The Queensland Chamber of Commerce and Industry recently surveyed their members. Three out of four respondents believe that the carbon tax will have a negative impact on their business. Eighty-four per cent urge the scrapping of it in the name of their business, the jobs that they try to create and to try and stave off yet another nail in the coffin of many of those businesses. The Australian Association of Convenience Stores found that 96 per cent of their respondents in a recent survey said the Gillard Labor government's carbon tax will have a negative impact on their business and two-thirds of them said it will negatively impact on future employment levels.

You can imagine my surprise when in a recent weeks the state Labor shadow employment minister was calling on the Baillieu government to reduce taxes and charges to try and deal with the jobs losses in Victoria, a jobs crisis in Victoria, but the new minister said, 'What jobs crisis?' There is a jobs crisis. We are losing jobs because of this government's policy approach and their unwillingness and lack of preparedness to actually tackle the causes of it. That is why this matter is of such importance today.

When you look at the carbon tax, the world's largest carbon tax, you see there is barely an industry in the Australian economy that is not going to be hurt and harmed by that measure. We heard today the experience of tenants in Westfield shopping centres. The decision of Westfield to include a carbon tax clause in their latest rent agreements for shopkeepers is further proof that the Gillard Labor government's carbon tax is going to hit every Australian business. It will not just be paid by the big 500; we will all be paying and we will be paying for a long time. The Prime Minister spoke in the House today, and I do not know where she gets her information from. Shortly after, Zarraffa's Coffee House put out a press statement about recent lease negotiations. Remember that the Prime Minister is saying, 'This clause has been around for so long. What are people going on about?' What they are going on about is the punishment this carbon tax is going to inflict on small business. In this particular example Westfield is now introducing a carbon tax escalation clause in their leases to say that they will pass on carbon or greenhouse gas emission related charges and recover the same from the lessee. Zarraffa's are saying, 'We are really struggling right now.' They say the carbon tax adds insult to injury by not delivering on a long-term solution to carbon and indiscriminately weakening businesses across all industries. They point out that they cannot keep carrying increased costs and expect to survive into the future. They point to the carbon tax impact on transport, on power, on rents and so on. Now you see a major shopping centre owner putting it in as a reason to further escalate the lease costs that people face. That is the clause. The Leader of the Opposition showed the Prime Minister the clause. She retreated to the argument, 'It has been around forever; what are you going on about?' This ignores the very statement that someone with premises across a number of Westfield stores is engaged in current and recent lease negotiations where this has appeared for the first time.

But go further, even just accounting for what the impact is in the suburbs and regions across Australia. The *Geelong Advertiser* thought they would go and have a chat to some of the tenants in their Westfield shopping centre. Interestingly, at a time when the Prime Minister says this has been around for a long time, I will quote another Westfield tenant who said they recently signed a new lease to open another cafe in the complex and the person said it would not surprise him if Westfield included the clause in future contracts. So what he is talking about is a relatively fresh contract that was being entered into that did not have these clauses while other tenants are saying they are involved in negotiations right now where it is going to be pushed in. And the Prime Minister says, 'Look, it's nothing to worry about. It has been around for a long time.' It is very important for the Australian public to be able to separate fact from fallacy because we know this government's reputation on not giving us the full story. Remember 'There will be no carbon tax under the government I lead'? Small business remembers that.

The decision by Westfield to include this carbon tax clause in its latest rent agreements with shopkeepers shows that this carbon tax will impact on the prices of every Australian household, on every Australian business. This is something the retail sector is alert to. They are already doing it tough, yet now they have got further cost pressures on their very thin margins at the moment. In the case of the Geelong centre there was a proposition where the person was quoted as saying, 'There is no doubt that people cannot afford to pay any more rent. I would say about 25 per cent of businesses would be out of business in Westfield Geelong if this was included.' That was the Nextra newsagent, Wayne Crouch. Who do you believe: someone who is paying the rent, someone who is looking carefully at these lease agreements, or the glib, distracting non-answer we get from the Prime Minister saying, 'Don't worry about it, it has been around forever.' In everything you buy this will be embedded.

We have heard in recent days about the carbon tax impact in the transport sector. Just because it might not be in the government's mind a tax on what comes out of the tailpipe of cars does not mean there will not be a carbon tax impact on everything that leads to the fuel being combusted in the first place. When you talk to the Australian Convenience and Petroleum Marketing Association they say, 'Don't believe there will be no impact on us. The forecourt area lit up, the pumps running with their precision calibrations, all the supplies that are sold in the business, the refrigeration.' They are pointing to a direct impact of the carbon tax on petrol prices, not because it is on the pipe but because it is on everything that goes into making the fuel available in the first place. This is a carbon tax that will cost Australians 400 times the per capita impact of the EU scheme. That per capita impact is extraordinary.

What do we get from the government when these concerns are raised? We get a glib response from Greg Combet, the minister for carbon tax, who says a dry cleaner is not competing against dry cleaners in China. What a genius! Drivers cannot get their cars serviced in India. It would just be a whole lot more expensive. We already know for anyone who talks to a local mechanic that people are less inclined to do the routine maintenance on their vehicles. They are coming in when their car is in trouble. But there is a whole lot of demand impact already flowing through the system. You see it in the building industry, where the building industry is saying the proposed carbon tax will have a substantial adverse impact on the building and construction sector. You see how they describe the sector as one of low margins with long supply chains, how this tax will compound and impact on every step along the way. In manufacturing, the poor manufacturers—why have they deserved to get this negative tariff that is going to make an already difficult time for them extraordinarily challenging into the future?

It is not a surprise to see those Dun & Bradstreet figures. It is not surprise to have small businesses telling you about their concerns. It is a surprise when the new minister is not even aware of the crisis that small business is facing. But in an effort of unvarnished plagiarism what have we seen in the last three weeks? We have seen the Gillard government without an idea of its own lift three coalition policies in the last fortnight and claim them as their own. It is quite a remarkable thing to see, if you look at what is going on. I am sure the House will be quite interested. I am holding the coalition's policy document at the last election. Look at what the Prime Minister said when she was announcing the measure. You would have at least thought they would have come up with their own talking points rather than just lift out the concepts and ideas from the coalition.

We saw that also in the appointment of the new Minister for Small Business. And I would like to congratulate him on his appointment. So committed were the government to having this minister in cabinet that it has taken four reshuffles to get one there. They have bolted it onto homelessness and housing. I hope they are not seeing a connection between small business and homelessness as their mortgages are called in because of the failing of their businesses. I hope that is not the connection. But we still have not seen competition policy lifted. We still see that as a junior minister. At least it is up from a parliamentary secretary.

These are some of the real challenges that small business faces. If you are wondering why the Prime Minister announced 'the minister in cabinet' and the 'ombudsman', which they have called a commissioner—a bit of badge engineering—and 'our red-tape reduction', just go back to 8 July 2010, which is the date of the press release where we announced them. They picked up the coalition policy. As the government have no ideas of their own I urge the government, in the name of small business survival, to pick up the rest of our policies. Better still, why not cut out the middleman? We know there are costs and fat in the middleman. Why not just elect the coalition to implement it, because we are the ones genuinely committed to doing the right thing?

Let me look at another issue. Remember the solar rebate system for hot water, which just disappeared. Who is going to look after the small businesses that geared up with forward orders to account for the expected increase in demand and that are now left with all of this stock? I suppose they could put it in a warehouse with the fluff and foam they had from the Home Insulation Program. Why don't you look at what you are doing to independent contractors? Day after day you come in here and undermine independent contractors. They are a legitimate enterprise and they deserve to be supported.

Finally, if you really want a policy, pick up the coalition's one. Peter Strong was out there yesterday saying, 'It is a very good place to be at the moment for small business.' I would hate to tell you about the phone calls from people who were choking on their morning tea when they heard that. They are not sure what good place they are talking about. It might be a good place for people who are able to pick opportunities, but have a look at the business pressures being faced by small business. (*Time expired*)