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Annex D2



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## Council of Small Business Organisations of Australia Ltd.

Chairman: P. Greenwood, Tel: (02) 247 8044  
Chief Executive: R. Bastian, Tel: (06) 239 6944 A/H

10 May 1994

The Hon Michael Lavarch  
✓ Attorney-General  
Parliament House  
CANBERRA ACT 2600

Attention: John Jarrett

FAXED

  
Dear Attorney-General

Thank you for taking the time to personally advise COSBOA through me, that you do not intend to lower the existing Exempt Proprietary Company Registration fees for the new simplified structure. You are aware of our disappointment and the purpose of this letter is to formalise yesterday's request that you reconsider.

I have reflected on our discussion and checked with my peers. It is this Council's position that we have not "misunderstood" the government's original promise to provide a simple, low entry cost corporate vehicle. We believe that during the protracted period since the Close Corporation concept was explained to us, Attorneys General have listened to the wrong experts and that the ground has shifted, substantially.

Without doubt, the new proposals will improve the administrative structure for a great many firms and save costs for both those firms and for the Australian Securities Commission. They do not, however, reach down to provide the vehicle explained by your staff in soliciting our support for the passage of the original NCS legislation, nor do they meet the requirements described during the Beddall Report (1990) into Small Business in Australia and which, in leading to the framing of its *Recommendation 55*, accented repeatedly the need to lower costs, whilst not "...finalising a price structure".

We acknowledge the existence of the Close Corporation Financial Bill, but repeat, its task was to set a "...virtual registration fee" in addition to the \$50 liquidation fee.

Setting aside history, the more serious matter is that the probable effect of the retention of a high entry cost will, in our view, largely negate the central purpose of the NCS legislation. By failing to encourage the widest application of the corporate vehicle, you will leave vast numbers of businesses operating in similar market circumstances, but markedly different taxation and other regulatory situations. This was the reason your predecessors sought COSBOA's support and this is the reason it was given.

We ask you to review as a matter of urgency:


- a) the Hansard record of the Senate Inquiry on this matter;
- b) the Hansard coverage of the parliamentary debate on this matter; and
- c) the Beddall report coverage.

For us, the issue is not one of funding the ASC. It is to provide the proper legal support for the very small firms which contribute 30-40% of our Gross National Product and employ over half the private sector work force. These matters benefit the Australian citizen more than the simpler task of tracking legal entities to protect consumers.

We trust these comments reflect accurately the position put to you yesterday.

Turning to our request for your input to our Council meeting on Wednesday 18 May at the National Press Club, we understand that Ian, Phillip, and your parliamentary staff must attend the Law Simplification meeting in Sydney, but we do view this difference as potentially serious. May we ask for 30 minutes of your Departmental Secretary, Mr Alan Rose's time on that day?

In anticipation of your support.



**ROBERT BASTIAN**  
Chief Executive

cc: Directors

✓The Hon David Beddall MP, Minister for Resources

✓The Hon Michael Duffy MP

The Hon Lionell Bowen

✓Mr Alan Rose

✓Mr Ian Govey

✓Small Business Coalition (after 18 May) *Forward 12 May*

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## Council of Small Business Organisations of Australia Ltd.

Chairman: P. Greenwood, Tel: (02) 247 8044  
Chief Executive: R. Bastian, Tel: (06) 239 6944 A/H

10 May 1993

Dr Glenn Withers AO  
Director  
Office of the  
Economic Planning Advisory Council  
PO Box E4  
QUEEN VICTORIA TERRACE ACT 2600

### NATIONAL GOALS

Dear Dr Withers *Glenn*

Please find attached four "goals" of a national character which have been prepared in response to your letter of 25 January. These National Goals are attended by seven relatively straightforward recommendations.

As can be seen, the thrust of this submission is a call to tidy up existing policy in the Small Business area. Much has been done to better understand the economic contribution of this sector in the last ten years, but supportive initiatives remain piecemeal and redress of our problem areas is not proceeding to any proper or speedy agenda.

Should these proposed goals strike any chord, either with Government or staff within your Office, COSBOA is well equipped to expand on the detail.

Thank you for your support.

Regards

*Robert Bastian*  
**ROBERT BASTIAN**  
Chief Executive

Attachment: Four proposed National Goals

### Recommendation 6

The Prices Surveillance Authority be tasked to select say, 20 product lines which have undergone significant concentration of ownership (paint, light bulbs, matches, boot polish, retail tenancy space, motor vehicles etc.) and publish their individual and collective increase in price between 1973 and 1993 relative to the CPI.

### NATIONAL GOAL

TO RESURRECT THE CONCEPT OF "PRICE" AS THE PROPER MEASURE OF EFFICIENCY OF DELIVERY IN THE AUSTRALIAN ECONOMY.

14. In key areas of Australian economic activity the traditional "price" of goods and services no longer relates to the real cost of production, ie.

|          |  |
|----------|--|
| Wages    | have given way to a raft of unquantifiable "on costs" and no longer measure the cost of labour.  |
| Rent     | has given way to undefinable "occupancy costs" and shadowy deals and no longer measures the cost of commercial tenancies.  |
| Taxes    | have become confused by a wide range of Government cost recovery mechanisms and public sector entrees into commerce. They no longer reflect the real price of the public sector. |
| Interest | is confused by entry costs, exit costs and a plethora of socially motivated "types" of money and funding.  |

15. The net effect of these and other distortions is that many laws have become confused as legal definitions expand and become complex to administer. Simple economic and/or policy debate has become impossible.

16. COSBOA believes this confusion to be a major part of the growing sense of disaffection evident in the community, toward the political process and asks that the problem be given serious attention.

17. In a society oriented towards the market, clarity of price is essential. In many areas we are simply losing the plot.

### Recommendation 7

That the finite components of "wage", "rent", "tax", "interest" et al be appropriately proscribed by government in order to re-establish their value as the best measure of "price" in their area.