



National Campaign Headquarters

16 August 2010

David Purchase
Victorian Automobile Chamber of Commerce
VACC House
464 St Kilda Road
MELBOURNE VIC 3004

Dear David

ALP Response to Issues Raised

by the Victorian Automobile Chamber of Commerce

Shortage of skilled labour including apprentices

At the height of the Global Financial Crisis trade apprenticeship commencements declined by about 19 percent. The Federal Labor Government has tackled this decline and the serious implications it has for our economy – with the result that commencements have returned to pre-recession levels within two years. By contrast it took the Coalition 13 years to return trade apprenticeship commencement rates to pre 1992-3 recession levels.

Federal Labor invested \$145 million to establish the Securing Australian Apprenticeships initiative which assisted more than 30,000 businesses in national skills shortage sectors, enabling more than 52,000 apprentices to remain in work or complete their training.

Federal Labor established Apprentice Kickstart with an \$80 million investment to triple the first year Government incentive payments to employers in skills shortage trades. The program was aimed at teenagers aged between 15 and 19 years of age. Apprentice Kickstart assisted Australia's employers to take on more than 24,000 young trade apprentices in areas of skills shortages between December 2009 and February 2010. Apprentice Kickstart has now been extended and a further \$80 million

investment to assist small businesses to take on 22,500 young tradies over the period 12 May 2010 to 12 November 2010.

The Government has backed these investments in with an additional \$30.3 million commitment to national trade apprenticeship mentoring (\$410 million previously announced and \$20 million additional funding announced during the election campaign) that will assist these apprentices to complete their training.

From 1 January 2011 the Gillard Labor Government will deliver an additional \$1,700 tax exempt bonus to apprentices in skills shortage occupations as they reach milestones in their training and a total \$5,500 tax exempt payment over the course of their training.

An additional 50,000 apprentices are expected to start and stick with their apprenticeship and around 200,000 apprentices will benefit.

This is a major investment in the next generation of skilled workers, improving our capacity to address skills shortages by training and employing more Australian Apprentices.

We are reforming pre-apprenticeships through the National Trade Cadetship initiative and the \$20 million Apprentice Kickstart pre-apprenticeship program for up to 4,000 young Australians.

Automotive training arrangements

The Gillard Labor Government supports a sustainable training framework for all the sectors of the automotive industry in Australia and has brought training arrangements within the orbit of national Industry Skills Councils. At a time of major innovation in automotive design, production, retailing and servicing it is important that training arrangements in the sector are linked to national skills planning and development.

The Government supports the recommendation of Mr Steve Bracks to create an autonomous automotive industry subsidiary of Manufacturing Skills Australia and is assisting the smooth and timely implementation of this important step forward. The Government considers this the most efficient means of bringing the key sectoral stakeholders together to consider training and skills issues.

Availability of vehicle service and repair information

The Gillard Labor Government is aware of the need to ensure that the car fleet is well serviced and that independent repairers play an important role in doing that. We understand that the VACC and FCAI have discussed these matters and that information from vehicle makers is made available by a variety of means and often entails some cost. The government is happy to facilitate further discussions on these matters.

T AUTHORISED N.MARTIN for the ALP, 5/9 Sydney Ave. Barton ACT.

PO BOX 20429 WORLD SQUARE NSW 2002

T 61 2 9384 2222 F 61 2 9264 2271 E campaign10@alp.org.au ABN 38 318 251 221

Single Category of Vehicle Write-off

The Gillard Labor Government, if re-elected, will consider working with State and Territory Governments for one type of write-off and to achieve high standards of vehicle safety.

Industry specific codes of conduct

The Gillard Labor Government has strengthened the Franchising Code of Conduct to apply to all industries, rather than introduce ad hoc provisions to apply in specific areas.

The changes to the Franchising Code of Conduct give more certainty to franchisees, and will ensure franchisees are better informed when they enter into a franchise agreement.

As of 1 July 2010, franchisors offering new franchising agreements are required to:

- disclose what will happen at the end of a franchise agreement, including any right of renewal; and
- provide six months notice before the end of the franchise agreement about whether or not it will be renewed.

The changes will also make it clear to prospective franchisees whether under their franchise agreement there is the potential for contract variations, requests for capital expenditure, and confidentiality obligations. Franchisors will be required to disclose the circumstances in which they have unilaterally varied a franchise agreement in the last three financial years, and the circumstances in which unilateral variations to their agreement may take place in the future.

The changes also provide guidance to franchisees and franchisors to assist them with dispute mediation. Franchisees will benefit from new funding of \$2.7 million to provide early intervention dispute resolution services.

The Gillard Government has also enacted new powers for the ACCC over franchising. The ACCC can now issue public warnings about rogue or unscrupulous franchisors, conduct random audits and seek remedies on behalf of all franchisees who are party to an agreement. On top of this, new fines of up to \$1.1 million for businesses engaging in unconscionable conduct and \$220,000 for individuals can now be applied by the courts.

Given the comprehensive nature of the changes, the finding of the Expert Panel that considered the changes to the Franchising Code that the Code be allowed to operate for a period of three to five years without any further changes, has been accepted. This will provide sufficient time to evaluate the effectiveness of the changes.

T AUTHORISED N.MARTIN for the ALP, 5/9 Sydney Ave. Barton ACT.

PO BOX 20429 WORLD SQUARE NSW 2002

T 61 2 9384 2222 F 61 2 9264 2271 E campaign10@alp.org.au ABN 38 318 251 221

A re-elected Gillard Labor Government will re-introduce a Bill into Federal Parliament to strengthen the unconscionable conduct provisions of the Trade Practices Act and help protect small business operators from bad business behaviour by more powerful businesses. These amendments will make it clear that the unconscionable conduct law covers bad business behaviour not only before a contract is signed, but also in relation to the contents of the contract and its ongoing operation. The changes will enable the Australian Competition and Consumer Commission and the courts to take strong action against business operators who bully, harass or coerce others who are in a weaker position.

Motor Vehicle Insurance and Repair Industry Code of Conduct

In February 2010, the Government received a copy of the independent review of the operation of the code which was undertaken in accordance with the Code's requirement that it be reviewed every three years.

By their nature industry codes, whether voluntary or mandatory, will be effective when they have broad support and where compromises are made to the benefit of both sides. While the NSW Government has made the Code mandatory, Federal Labor believes it is a matter for other State and Territory Governments to consider whether they will go down the same path as NSW.

Luxury Car Tax

The Government is not considering any changes to the Luxury Car Tax.

Unfair dismissal provisions of Fair Work Act

The Gillard Labor Government believes all employees have a right to be protected from being sacked unfairly.

Under Federal Labor's Fair Work system Australians have greater job security. Once employees have gone through a reasonable probation period of 6 months (or 12 months for employees of small businesses) they have a right to challenge an unfair dismissal with a process that is fast and fair.

Federal Labor's unfair dismissal laws are efficient and include special assistance for small business. A special Fair Dismissal Code for Small Business means that by following a simple eight paragraph code and filling in a checklist, small businesses can be confident that they will have dismissed someone fairly. There are new measures in the Fair Work Act to help make sure claims are processed quickly and efficiently.

These new measures are working well. Under the first 11 months of the Fair Work Act, 83 per cent of matters that were conciliated were resolved, this compares with 75 per cent under the last year of Work Choices. The majority of conciliations – 93 per cent – have been conducted by telephone, so

T AUTHORISED N.MARTIN for the ALP, 5/9 Sydney Ave. Barton ACT.

PO BOX 20429 WORLD SQUARE NSW 2002

T 61 2 9384 2222 F 61 2 9264 2271 E campaign10@alp.org.au ABN 38 318 251 221

that employees and employers are not unduly disrupted. Less than one per cent of applications have required a hearing to determine an outcome.

Appointment of Federal Small Business Ombudsman

In May 2008, Dr Michael Schaper was appointed as the ACCC's Small Business Commissioner, fulfilling a 2007 election commitment.

In his role at the ACCC, Dr Schaper combines his extensive experience in the area of small business with all the powers and resources of the ACCC, including the new powers mentioned above to issue public warnings about rogue or unscrupulous franchisors, conduct random audits and seek remedies on behalf of all franchisees who are party to an agreement.

The Gillard Labor Government will continue to work with the ACCC and the Small Business Commissioner on the particular needs of small business, including their use of alternative dispute resolution services.

Small Business Minister in Federal Cabinet

Cabinet posts, if the Gillard Labor Government is re-elected, will be determined by the Prime Minister.

Tax and Charges

The Gillard Labor Government appreciates the important contribution small businesses make to national prosperity and to supporting jobs. The Government understands that small businesses take a risk in going out on their own and that they work hard to achieve commercial success.

The Government's breakthrough agreement on resource taxation, the Minerals Resource Rent Tax, underpins major economic reforms that will strengthen Australia's economy. These arrangements will fund company tax cuts and an up-front tax break for small business, as well as less red-tape to help them grow and thrive.

The Gillard Labor Government will expand the existing capital allowance concessions available for small businesses. From the 2012-13 income year, small businesses will be able to instantly write-off assets costing up to \$5,000 (this is up from \$1,000 under the present law) and will be able to write-off other assets (apart from buildings and other capital works) in a single depreciation pool at a rate of 30 per cent – a more streamlined arrangement.

Enhancing and expanding the existing capital allowance concessions available for small businesses will increase cash-flow, cut red-tape and compliance costs and simplify the depreciation calculations for small businesses.

T AUTHORISED N.MARTIN for the ALP, 5/9 Sydney Ave. Barton ACT.

PO BOX 20429 WORLD SQUARE NSW 2002

T 61 2 9384 2222 F 61 2 9264 2271 E campaign10@alp.org.au ABN 38 318 251 221

In addition, the Gillard Labor Government will reduce the company tax rate to 29 per cent for eligible small business companies from the 2012-13 income year. This reduction will increase the cash-flow of eligible small business companies and enable them to reinvest more of their profits back into the company to expand and grow their businesses.

Increased superannuation contribution

The superannuation guarantee will be gradually increased to 12 per cent, benefiting around 8.4 million Australians.

The superannuation guarantee increase will be phased in over nine years. The first two increases will be 0.25 per cent in 2013-14 and 2014-15, and it will take until 2019-20 for the superannuation guarantee to reach 12 per cent. This transition has been designed to give businesses time to adjust.

The gradual increase in the superannuation obligation on business will be accompanied by the Government's cut to the company tax rate, down to 29 per cent, and the improved tax arrangements for small business.

Kind Regards

ALP Information Services

T AUTHORISED N.MARTIN for the ALP, 5/9 Sydney Ave. Barton ACT.

PO BOX 20429 WORLD SQUARE NSW 2002

T 61 2 9384 2222 F 61 2 9264 2271 E campaign10@alp.org.au ABN 38 318 251 221