



Australian Government

Small Business Information Kit



This kit is printed, authorised and distributed with the compliments of:

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Supporting Small Business in the Enterprise Economy



Three quarters of a million Australian small businesses employ almost four million people. Australia has a further 1.1 million non-employing small businesses – mainly micro-businesses and independent contractors. That’s a huge contribution to our nation’s prosperity.

The Rudd Government believes in reward for effort, risk-taking and entrepreneurship. We understand that small business owners take a risk in going out on their own and they work very hard to achieve commercial success.

Small business operators get no protections. They don’t get sick pay or holiday pay or penalty rates. If they don’t have customers or clients, no money comes in but expenses go out. The Government wants to ensure that small businesses have strong incentives for success.

The Government’s first responsibility to small businesses is to help create a strong and low-inflationary economic environment in which small businesses can prosper. Incentives for success can be provided by keeping taxes low and removing unnecessary red tape, enabling small business owners to keep most of their earnings and spend more time growing their business.

This Small Business Information Kit has been developed to provide some important information for those considering going into business for the first time and for those who are already in business and are looking to expand.

If you have any further questions about programs available through the Federal Government, please do not hesitate to contact my office on (03) 9348 9699 or email me at senator.marshall@aph.gov.au

Yours sincerely

A handwritten signature in black ink, appearing to read "Gavin Marshall". The signature is fluid and cursive, with a large initial "G".

Senator Gavin Marshall

Please note that every effort has been made to ensure that information provided in this kit is accurate. The kit is intended as a guide only, providing an overview of general information and it is not intended to be an exhaustive source of information and should not be seen to constitute legal advice. You should, where necessary, seek your own legal advice for any legal issues raised in relation to establishing or expanding your business.

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Chapter 1

Going into business for yourself

1

Before you get started

Before you get started find out if people are interested in buying your products or services. Find out who your competitors are and whether the market can sustain your business.

Conduct some research to see whether your idea is really feasible. Some questions you should consider include:

- What product or service will you provide?
- Is your idea feasible?
- How will you protect your idea?
- Is there a market for your product or service?
- What skills do you need?
- Who are your competitors?
- What difference will you bring to the market?
- Do you have the financial capacity?

You also need to consider what sort of business you would like to be in – is it better to start a new business or to buy an established one?

Starting a new business requires a great deal of time and money. Before starting out you should carefully consider the type of business, your own financial position and local competition.

The alternative is to purchase an established business. You still need to consider many of the same issues as starting from scratch as well how much you can afford to pay for the existing business.

Where can I get advice and assistance?

Anyone who is considering starting a business or buying an existing business should take the time to get some advice. There is no substitute for good advice and there is plenty available.

In small business, just like other parts of life, if it sounds too good to be true then it probably is.

BUSINESS ENTERPRISE CENTRES

Most towns and suburbs have a local Business Enterprise Centre or one located nearby.

Business Enterprise Centres offer support and assistance to people looking at going into business for themselves including:

- Business information;
- Training programs;
- Referrals to local accountants, solicitors, consultants and other relevant business experts;
- Information on government programs;
- Local business networking opportunities;
- Workshops and seminars.

CHAMBERS OF COMMERCE

Local Chambers of Commerce and other business organisations can also provide help and assistance. In addition to being an important business networking opportunity, many Chambers of Commerce provide information on starting a business and mentoring activities that are useful for people looking to enter into business for the first time.

Other sources of assistance

WWW.BUSINESS.GOV.AU

The Federal Government operates the website www.business.gov.au which provides information on starting, operating and growing your business.

The website also contains links to other Federal Government departments and programs which may be an additional source of information and support.

GOVFORMS

govforms.business.gov.au

The GovForms website allows you to conveniently find and often fill in a range of forms from all levels of government.

The GovForms website contains forms that can be downloaded for everything from registering for an ABN or a Tax File Number right through to various forms from your local council.

STATE AND TERRITORY GOVERNMENT ASSISTANCE

State and Territory Governments have also established websites that provide additional information and a starting point for small business operators. These sites can be found at:

New South Wales	Ph: 1300 650 058
www.smallbiz.nsw.gov.au	

Victoria	Ph: 13 22 15
www.business.vic.gov.au	

Queensland	Ph: 1300 363 711
www.business.qld.gov.au	

Tasmania	Ph: 1800 440 026
www.development.tas.gov.au/business	

South Australia	Ph: 1800 188 018
www.southaustralia.biz	

Northern Territory	Ph: 1800 193 111
www.nt.gov.au/business	

Western Australia	Ph: 131 249
www.sbdc.com.au	

What business structure should I use?

The three most popular structures are:

- **Sole trader** – there is only one business owner;
- **Partnership** – there is more than one business owner;
- **Limited liability company** – a separate legal entity with its own tax return.

Other options that you might consider include:

- **Trust** – the “trustee” manages property or income for the benefit of others who are known as “beneficiaries”;
- **Cooperative** – all members participate equally with the general aim of providing services for members rather than making a profit.

Each business structure has its own potential advantages and disadvantages depending on your individual circumstances and the nature of the goods or service that you are looking to provide.

SOLE TRADER

Some of the characteristics of a sole trader are:

- You are in business for yourself;
- Generally low establishment costs;
- No legal separation between you and the business so your liability for any debt is unlimited and could extend to your personal assets;
- Profits treated in the same manner and subject to the same rates as personal income.

PARTNERSHIP

Some of the characteristics of a partnership are:

- More people to share the costs of start up, profits and losses;
- Allows for two or more people to combine their skills;
- Liability for any debt is unlimited and could extend to your personal assets;
- Wise to have a partnership agreement produced independently of those in the

business to provide a guide for dealing with future disputes;

- Each partner will be taxed on their share of income in accordance with personal tax rates.

LIMITED LIABILITY COMPANY

Some of the characteristics of a limited liability company are:

- Shareholders own the company and it is run by the directors;
- Shareholders can also be directors and employees as in the case of a family business;
- Liability is limited for the debts of the business;
- The business is a separate legal entity that pays income tax on the profits of the company;
- The owner pays income tax on any salary and/or directors' fees.

To make sure that you choose a business structure that works for you and your business you should seek some professional assistance. Assistance can be obtained through your local Business Enterprise Centre, business adviser, your solicitor or accountant.

Business names and their registration

The name of your business will play a central part in the presentation of your business to your customers and the general public.

It is therefore particularly important that you choose a name that will allow you to identify and distinguish your business from your competitors.

Once you have chosen your business name you need to check that it has not been used by someone else.

Business names in each of the States and Territories can be checked through the business names register in each State while company names can be checked through an Australian Securities and Investments Commission (ASIC) company name search.

Generally a search can be performed online as can registration.

The business structure you choose earlier will dictate the registration process required for your business.

If you are a sole trader, partnership or trust, but not a company, you will need to register your business name in each of the States and Territories in which you wish to operate. A business name that is not exactly the same as the owner's name must be registered.

If you have decided on a company structure then you will need to register as a company which gives you the right to that company name throughout Australia without having to register it in each State and Territory.

More information on registering a company is available through ASIC by calling 1300 300 630 or by visiting the ASIC website which is located at www.asic.gov.au

Trade marks

Registration of a business name or a company name does not give you proprietary rights – these rights can only be gained through a trade mark.

A trade mark is used to distinguish the goods and services of one trader from those of other traders. Registration of a trade mark gives the registered owner exclusive use of the trade mark throughout Australia.

A trade mark can be a word, phrase, letter, number, sound, shape, logo, picture, aspect of packaging or a combination of any of these that distinguishes your good or service from others.

An appropriate trade mark can be an important part of the marketing strategy for your business.

The public will identify a certain quality and image with goods and services bearing your trade mark. It can become an important means of maintaining goodwill with your clients and improving your bottom line.

TRADE MARK REGISTRATION IS NOT COMPULSORY BUT IT IS ADVISABLE

If you are thinking about trade mark protection, then it is worthwhile considering IP Australia’s TM Headstart Service which provides an assessment which can help you determine the suitability of your proposed trade mark for registration.

The Service is simple and offers you the opportunity to speak with an IP Australia staff member about the registrability of your proposed trade mark. Using the Service may help you to overcome difficulties associated with meeting the requirements for registration of your trade mark.

More information on IP Australia’s TM Headstart service is available through the IP Australia website which is located at www.ipaustralia.gov.au

Registration for taxation

Tax can be confusing at the best of times but it can become especially confusing when you are thinking about going into business.

The Australian Tax Office (ATO) website provides information and resources that will assist you through the process of registration for tax purposes. The ATO website is located at www.ato.gov.au

TAX FILE NUMBER

Your Tax File Number (TFN) is the basic requirement for completing your annual tax return.

If you are a sole trader your personal TFN will cover both your income from your business and your personal dealings.

If your business is a partnership, company or trust you are required to have a separate TFN which can be obtained at the same time as you apply for your Australian Business Number (ABN).

AUSTRALIAN BUSINESS NUMBER

All businesses need an Australian Business Number (ABN) to:

- Register for GST and other taxes;
- Deal with other businesses where your ABN will need to be quoted;
- Avoid having amounts withheld in payments from other businesses.

You can apply for your ABN through the Australian Business Register website which is located at www.abr.gov.au

The Australian Business Register is an Australian Government database of information provided by businesses when they register for an ABN. The database makes it easier for other businesses and governments to interact with your business through the unique ABN identifier.

INCOME TAX

Income tax for businesses is calculated in a similar manner to income tax for individuals.

Your taxable income is calculated using the following formula:

$$\text{Taxable income} = \text{assessable income less allowable deductions}$$

Sole traders and partners should not confuse amounts drawn from the business to live on ('drawings') with taxable income. You have to pay tax on the taxable income of the business, regardless of the amount of drawings you make over the year.

You must lodge an income tax return for any year in which you carry on a business, even if you expect to have no income tax liability.

WHAT ARE THE CURRENT TAX RATES?

2008/09 Taxable income	Tax rate
\$0–\$6,000	Nil
\$6,001–\$34,000	15c
\$34,001–\$80,000	30c
\$80,001–\$180,000	40c
\$180,001 and over	45c

The general company tax rate is 30 per cent. This rate is applied equally to all the taxable income of a company.

Employees of a company (which usually include the owner or director) must include any wages or salary from the company in their individual tax return.

The Government is implementing genuine tax reform that will benefit small business owners and their employees.

An incentive crushing tax system is incompatible with the Government's support for reward for effort, risk-taking and entrepreneurship.

Eliminating the gap between the personal income tax rate for small business owners and the company tax rate will remove the incentive for tax-minimising behaviour. In moving towards this goal, the Government will reduce the 40 cent rate to 37 cents by 2010/11.

The Government has a goal over the next six years that by 2013/14 the personal income tax system will have the following features:

- A reduction in the number of marginal tax rates from four to three;
- A reduction in the current 45 per cent rate to 40 per cent; and
- A reduction in the current 40 per cent rate to 30 per cent.

Small business owners would be among the biggest beneficiaries from this plan with the typical small business owner facing a tax rate of 30 cents – the same as the company tax rate.

Achieving this six year goal will depend on economic conditions and the need to maintain fiscal responsibility.

GOODS AND SERVICES TAX (GST)

Goods and Services Tax (GST) is a consumption tax charged at the rate of 10 per cent on the sale of most goods and services.

GST is charged at each step in the supply chain. Registered businesses include GST in the price of the goods and services they sell.

If your GST turnover is greater than the turnover threshold of \$75,000 per annum you must register for GST.

If your GST turnover is less than \$75,000 per annum then you may choose whether or not to register for GST. The advantage of registering for the GST even though you might not be obliged to is to take advantage of the benefits such as claiming GST tax credits on business expenses.

If you are registered for GST, you can generally claim a credit for any GST included in the price you pay for things purchased by your business. This is called a GST credit.

You account for your GST obligations on the Business Activity Statement (BAS) at the end of each tax period. Carrying on a small business, you normally have quarterly tax periods but you can choose to have monthly tax periods.

A tax invoice is a document that records the sale of goods or services and complies with the GST law. The information that has to be included in a tax invoice is explained in the Tax Office publication GST for small business.

You can register your business for GST through the Australian Business Register website located at www.abr.gov.au

SIMPLIFIED ACCOUNTING METHODS

Some small food retailers, such as bakeries, milk bars and convenience stores, make both GST-free and taxable sales. If these businesses don't have adequate point of sale equipment, they may find it difficult to separately account for different types of sales. Simplified accounting methods can be used to make this easier.

These methods will help you work out the amount of GST you are liable to pay at the end of each tax period.

You may be eligible to use a simplified GST accounting method if:

- You are registered for GST;
- You are a retailer who sells both taxable and GST-free food at the same premises (unless

you want to use the purchases snapshot method); and

- Your turnover is not more than \$2 million.

It does not matter whether you use a cash or non-cash basis of accounting.

After electing to use a simplified GST accounting method, you cannot change your method of GST accounting for 12 months.

If you stop using a simplified GST accounting method by revoking your choice, you cannot choose to use another simplified GST accounting method in the first 12 months after revoking your decision.

More information on the simplified accounting methods is available from the Australian Tax Office by phoning 13 28 66 or by visiting the ATO website at www.ato.gov.au/business

BAS Easy

The Government is implementing its commitment to cut down on the time and effort required of small business owners to complete their BAS. The Government will offer an option called *BAS Easy* that would allow you to complete your BAS in minutes.

BAS Easy is being considered by the Board of Taxation as part of a wider effort to simplify the administration of the GST.

PAYG WITHHOLDING TAX AND GST

Pay As You Go (PAYG) withholding is the amount that you are required to withhold from employees, contractors or suppliers who cannot provide an ABN.

Anyone carrying on a business should quote their ABN in relation to goods or services to another business. If they don't the general rule is that the payer must withhold 46.5 per cent from the payment to the supplier and sent the withheld amount to the Tax Office.

Information on PAYG for your employees is contained in Chapter 3 of this Kit.

OTHER TAXES

Depending on the nature of your business you may also need to register for other taxes such as:

- Fringe benefits tax (FBT);
- Wine equalisation tax (WET);
- Luxury car tax (LCT);
- Excise duty;
- Stamp duty;
- Land tax;
- Payroll tax.

TAX OFFICE ASSISTANCE

The ATO recognises that issues surrounding tax, reporting and bookkeeping requirements and other obligations in relation to compliance can be difficult and confusing for those who are new to small business.

A useful source of information on small business tax obligations is the ATO publication *Tax basics for small business* which can be downloaded from the ATO website.

Additional assistance on tax matters can also be obtained from your local Business Enterprise Centre, business adviser or from your accountant.

Business planning

Before entering into business it is important that you have a plan that sets out some clear, realistic goals and how you intend to achieve them.

Your business plan should be written and set out all aspects of your proposed business from the type of good or service you intend to provide through to your marketing strategy and key financial considerations. Taking the time to write your plan allows you to test your ideas on paper so that you can gauge whether or not your idea is likely to be profitable before you start.

Your business plan can also be used as your long term management tool which will help you to make decisions in the future. It can also help you judge the performance of your business.

Your business plan might include:

- The objectives of the business;
- An overview of your business that outlines the products or services you intend to provide and background on the industry;
- Background on the skills and abilities of the owners to check for any skills gaps;
- Market analysis and a marketing strategy;
- Estimates of the financial requirements to establish and operate the business and the best source of finance;
- Consideration of the costs of providing your good or service including the costs of materials, labour and any overheads to inform your pricing decisions;
- Consideration of the location of your business; and
- What regulations, licenses or other laws you have to comply with and from whom you need to obtain the necessary approvals.

Business planning is not an exact science but if you spend the time on going through the process it will enable you to gain a better idea of where you are, where you intend to go and how you intend to get there. It will also provide you an opportunity to refine your ideas and adjust them as necessary.

Home-based businesses – important considerations

Home-based businesses are a popular and expanding type of business with more than two-thirds of all Australian small businesses being home-based. Home-based businesses take on different forms – being either a base for a business (such as a tradesperson with a home office) or as the main place of business activity.

Home-based businesses have their own unique considerations that should be taken into account before commencing operations.

Running your business or working in your business at home has some advantages and disadvantages that may affect the performance of your business. For instance, while an advantage of working at home may be to cut down on the operating costs of the business, your business might also suffer from its relative isolation from other businesses and from networking and support services.

Some of the issues that you should consider when deciding whether or not to operate from your home include:

- Will you disturb your neighbours?
- Will you be employing people?
- Do you need a planning permit or other form of permission from the local council?
- Will customers or clients need parking?
- Does your home have access to all the infrastructure and support services you may need?
- Will you need to renovate to meet occupational health and safety law requirements?
- Will your current insurances be sufficient?

In addition to considering what impact operating your business from home might have on your business activities, operating a home-based business will also have an impact on your family and family life. It is for this reason that it is important to be able to separate your home life from your work life even though they are physically combined.

There are support services available to home-based businesses to assist in overcoming the difficulties associated with isolation and provide for networking opportunities. You should contact your local Business Enterprise Centre for more information on programs and networking opportunities that are being organised in your area.

Entering into a retail or commercial lease

A retail or commercial lease is a legally binding contract between tenant and landlord that allows you to occupy a shop or premises.

The lease will outline the responsibilities of both you and the landlord while you are a tenant. The lease agreement will include issues such as:

- Payments for rent;
- Outgoings;
- Review of rent;
- Insurance requirements;
- Permitted uses and access; and
- Any other obligations.

While securing a good location for your business is important you should take the time to discuss your obligations under the lease in detail with your landlord and seek advice from your solicitor, accountant or local Business Enterprise Centre before signing.

State and Territory governments have laws protecting tenants but there are differences in these laws. For more information on retail leasing in your State or Territory you can contact:

NEW SOUTH WALES

Retail Tenancy Unit Ph 1300 795 534
www.retailtenancy.nsw.gov.au

QUEENSLAND

Retail Shop Leases Registry and Tribunal Ph 1800 807 051
www.justice.qld.gov.au

VICTORIA

Small Business Commissioner Ph 1800 136 034
www.sbc.vic.gov.au

TASMANIA

Consumer Affairs and Fair Trading Ph (03) 6233 2225
www.consumer.tas.gov.au

SOUTH AUSTRALIA

Office of Consumer and Business Affairs Ph (08) 8204 9533
www.ocba.sa.gov.au

WESTERN AUSTRALIA

Small Business Development Corporation Ph (08) 9220 0222
www.sbdc.com.au

NORTHERN TERRITORY

Business Tenancy Unit Ph (08) 8999 5185
www.nt.gov.au/business

AUSTRALIAN CAPITAL TERRITORY

ACT Government Ph 132 281
www.act.gov.au

Buying an existing business – what should you consider?

Instead of starting a new business from scratch you may be considering buying an existing business.

While it may seem easier to purchase an established business and take the business forward it is still important that you carefully consider all the relevant issues when starting a new business. One of the main causes of business failure is people paying too much to buy a business.

If you pay too much for a business you can quickly find yourself using too much of your income paying off loans instead of making a return on your invested capital.

HOW IS AN EXISTING BUSINESS VALUED?

While the process of arriving at a valuation of the business is important there is also a need to include some commercial judgement in the final decision. This may include gaining some experience in the business you are considering buying or seeking some advice from industry sources or associations.

Once again, there is no substitute for sound, independent advice and before you agree to purchase a business you should consult a business adviser or experienced accountant or solicitor or your local Business Enterprise Centre.

The primary considerations in valuing an existing business are goodwill and the ability to earn a

sufficient income to cover your operating costs and the investment in the business.

Goodwill is an intangible asset which reflects the reputation and the potential of a business. When considering goodwill you need to be mindful of the types of goodwill that combine to make total goodwill – personal goodwill and corporate goodwill.

Personal goodwill exists where key people in the business have a personal following. When a business with a high level of personal goodwill is sold it is highly likely that the clients and customers of that business will follow the previous owner. No part of personal goodwill should be included in any assessment of the price of a business unless the vendor can guarantee that the customers and clients will be retained.

Corporate goodwill is the goodwill that attaches itself to a business independent of any of the individuals who own it or work in it. This form of goodwill is generated when the business provides a high quality good or service and the customer is not concerned about who provides that good or service.

Chapter 2

Franchising

2

The franchise sector is one of the most rapidly growing small business sectors in the country with estimates of industry turnover at more than \$128 billion a year and involving an estimated 650,000 people. Some of Australia's most recognised businesses including Domino's Pizza, KFC, McDonalds, Gloria Jeans Coffee and Kip McGrath Education Centres are franchised businesses.

Franchising allows one business to operate under the name of another business's established brand and sell a prescribed product or service.

Franchising can seem like an easy way of starting your business, but it's not something you should rush into without the proper knowledge. Whether you are buying a franchise or franchising your own business, it requires a significant investment of your time and money.

Buying a franchise

Buying a franchise gives you the right to run a business and sell a prescribed product or service. Before you buy a franchise, you should consider the same issues as when purchasing any other business, in addition to the specific issues of franchising.

It's important to understand that when you buy a franchise and sign the agreement, you are agreeing to run the business according to the requirements established in the contract. You are also bound by the Franchising Code of Conduct. Consider consulting a business adviser, accountant or solicitor or local Business Enterprise Centre for advice.

The franchising agreement

The franchise agreement is a legally binding document spelling out the rights and responsibilities of both the franchisor and franchisee.

Before you sign the agreement you should obtain as much information about the franchise as possible. Consider the following questions:

WHAT ARE THE DETAILS OF THE BUSINESS?

- Do you have all the relevant information on the business?
- What is the track record of the franchisor?
- What are the franchisor's current motives for franchising?
- Does the franchise have a strategic plan and what are the plans for the future?
- What is the success rate of other franchisees in the same business?

WHAT IS INCLUDED IN THE SALE?

- Does the sale include the use of business name, products, goodwill, site location, advertising budget or back-up assistance?
- What are your intellectual property rights and obligations?
- What are the terms of sale of goods; can you purchase from outside the franchise network?

WHAT ARE YOUR OBLIGATIONS?

- What are your occupational health and safety obligations?
- What are your obligations upon termination of the franchise?
- Are there guidelines or costs when you sell the franchise?
- Are the operating procedures, employee responsibilities, and standards spelled out in the franchise manual?

WHAT FEES DO YOU NEED TO PAY?

- An initial franchise purchase fee?
- Franchise renewal fees?
- Franchise service fees or royalties?

- Advertising fees?
- Transfer fees?
- Training fees?

The ACCC has an online checklist for buying a franchise located on its website at www.accc.gov.au and more information can also be obtained by contacting the small business helpline on **1300 302 021**.

The Franchising Code of Conduct

The Franchising Code of Conduct is a mandatory industry code of conduct that has the force of law under the *Trade Practices Act 1974*.

The Franchising Code regulates the conduct of franchisees and franchisors, with the aim of ensuring that franchisees are sufficiently informed about a franchise before entering into it. The Code also provides a cost-effective dispute resolution scheme for franchisees and franchisors to resolve any disputes.

The Australian Competition and Consumer Commission (ACCC) is responsible for the administration and enforcement of the Franchising Code of Conduct. It provides small business consumer information for people buying, extending or renewing a franchise.

To obtain a copy of the Code you can visit the ACCC website at www.accc.gov.au

The Franchisee Manual is also available for download from the ACCC website. The Manual contains information on your rights and obligations as a franchisee as well as the advantages and disadvantages of franchising that you should consider before entering a franchising agreement.

Resolving franchise disputes

If possible, it is best to avoid disputes before they begin. Good communication between a franchisor and franchisees is often the key to avoiding disputes. It is also very important to have procedures to follow should a dispute arise. Having easy to follow procedures for resolving disputes gives everyone the tools they need to identify a problem, discuss the problem and hopefully work out a solution that will work for those involved.

A franchisor and franchisee can set up their own procedures to deal with disputes. Some franchise systems have their own internal dispute resolution processes. It is wise to implement a simple system for resolving disputes at the earliest possible time after they begin.

An internal dispute resolution procedure usually provides for negotiation involving different levels of management sometimes going as high as the Chief Executive. If a solution cannot be found, some systems have a preferred mediator whom they ask to become involved.

The Office of the Mediation Adviser (OMA) was established in 1998. The role of the OMA is to appoint mediators to assist franchisors and franchisees to resolve their problems without going to court.

The OMA has a specialist panel of mediators across Australia. These commercial mediators are trained in mediation are familiar with franchising issues. Their role is to facilitate a commercial outcome.

The OMA will appoint a mediator for a dispute covered by the Franchising Code of Conduct upon request.

The OMA can be contacted for a confidential and free discussion on **1800 150 667** or by visiting the OMA's website at www.mediationadviser.com.au

Chapter 3

Operating your business

3

Insurance

When you're in business you deal with a variety of potential risks each day. Risk is not something you can avoid, but it is something you can manage.

Insurance is an essential part of running any business. If you are operating a small business you need more than just property insurance. Taking out the right insurance will help protect your business and minimise its exposure to risk.

Your insurance requirements will vary according to the type of business you are operating, but you should be aware that some forms of insurance are compulsory, such as workers' compensation and third party car insurance.

There are three broad types of business insurance:

- Assets and revenue insurance;
- People insurance;
- Liability insurance.

ASSETS AND REVENUE INSURANCE

To protect your assets and revenue-generating capacity, here are some of the types of insurance available:

- **Building and contents** – covers the building, contents and stock of your business against fire and other perils such as earthquake, lightning, storms, malicious damage and explosion.
- **Burglary** – insures your business assets against burglary, and is most important for retailers or a business which maintains unattended premises.
- **Business interruption or loss of profits** – covers you if your business is interrupted through damage to property by fire or other insured perils.
- **Fidelity guarantee** – covers losses resulting from misappropriation by employees who embezzle or steal.

- **Machinery breakdown** – protects your business when mechanical and electrical plant and machinery at the work site break down.
- **Motor vehicle** – it is compulsory to insure all company or business vehicles for third party injury liability.

PEOPLE INSURANCE

Insurance cover for you and your employees:

- **Workers compensation** – you must provide accident and sickness insurance for your employees – workers compensation – through an approved insurer.
- **Personal accident and illness** – if you are self-employed you won't be covered by workers compensation, so you need to cover yourself for accident and sickness insurance through a private insurer.

LIABILITY INSURANCE

Types of liability insurance you need to consider:

- **Public liability** – public liability insurance protects you and your business against the financial risk of being found liable to a third party for death or injury, loss or damage of property or 'pure economic' loss resulting from your negligence.
- **Professional indemnity** – professional indemnity insurance protects you from legal action taken for losses incurred as a result of your advice.
- **Product liability** – if you sell, supply or deliver goods, even in the form of repair or service, you may need cover against claims of goods causing injury or damage. Product liability insurance covers damage or injury caused to another business or person by the failure of your product or the product you are selling.

Employing people

Good employees can be your greatest asset, so recruiting and retaining the right person or people is very important.

You and your employees have certain obligations to each other under the law.

Before you decide to employ anyone you should consider all of the aspects of managing the employment relationship. Just as when you carefully considered your business plan before starting your business, carefully considering all of the employment issues in advance of hiring can result in a better employee management system and can help you put in place the systems needed to solve the vast majority of disputes that may arise in the future.

RECRUITMENT

If you need to employ someone, consider what you want the employee to do and what skills you require. Also consider the employment conditions, level of pay and other costs of employment, including the physical accommodation of the worker.

Prepare a job description that defines the responsibilities and functions of the job, keeping in mind the level of skill, knowledge and experience that you need in your employee to best match the needs of your business.

Your recruitment process will run more smoothly if you know how you are going to go about:

- Advertising;
- The interview process;
- Applicant selection;
- The documents associated with any offer of employment.

LEGAL OBLIGATIONS

Some of your obligations as an employer are to:

- Pay correct wages;
- Reimburse your employees for work-related expenses;
- Ensure a safe working environment;
- Not provide a false or misleading reference;

- Forward PAYG tax installments to the Tax Office;
- Make appropriate payments under the Superannuation Guarantee legislation.

You may also need to deal with Centrelink as you may employ Centrelink customers and be asked to provide wage and employment details for your employees. Centrelink also has resources to aid you in finding out payments and services that can help both your business and your staff.

To make it easier for business owners to meet any Centrelink requirements, there is a **Centrelink Business Hotline – 13 11 58**.

Alternatively, more information can be found on the Centrelink website which is located at www.centrelink.gov.au

The most important thing to remember when putting in place all the necessary administrative infrastructure needed to employ someone is that good record keeping makes it easier for you to manage your business and to management your responsibilities in the employment relationship.

Wages and conditions

Many jobs are covered by a federal or state award that outlines the rights and obligations of employers and employment conditions for employees.

The wage clause in state awards specifies the minimum wage that must be paid for each classification grade of employee covered by an award.

Minimum wages for employees covered by the federal system are no longer included in awards. Minimum pay rates are contained in Australian Pay and Classification Scales. The Australian Fair Pay Commission is responsible for making adjustments to the pay scales contained in the Australian Pay and Classification Scales. The Commission conducts annual wage reviews and announces its decisions in July, with an implementation date in October. More information on the Commission and its wage reviews can be found at www.fairpay.gov.au

Some workplaces and individuals are covered by an agreement that sets out wages and conditions of employment.

Written contracts of employment can also set out wages and conditions for employees not covered by an award or agreement.

For more information on the awards and agreements in your state you can contact:

NEW SOUTH WALES	Ph 13 16 28 www.industrialrelations.nsw.gov.au
QUEENSLAND	Ph 1300 369 945 www.wageline.qld.gov.au
SOUTH AUSTRALIA	Ph 1300 365 255 www.safework.sa.gov.au
TASMANIA	Ph (03) 6233 3281 www.dpac.tas.gov.au
VICTORIA	Ph 1800 287 287 www.business.vic.gov.au
WESTERN AUSTRALIA	Ph 1300 655 266 www.docep.wa.gov.au
FEDERAL*	Ph 1300 363 264 www.workplaceauthority.gov.au

* **Note:** Employers and employees in the Northern Territory and the ACT are covered by the federal workplace relations laws.

Employment and taxation

Employment brings with it additional responsibilities in relation to tax, particularly in relation to withholding amounts from employees to cover their tax liabilities.

Payments to employees and/or directors are the most common payments you need to withhold amounts from.

If you run your business through a company or a trust, you are probably providing services to the company or trust, either as an employee or as a director. In this case, the company or trust has the same responsibilities to you as it would to any other employee – it pays you a wage or director’s fees, and has to withhold an amount from these payments and send those amounts to the Tax Office.

If you operate as a sole trader or a partnership, you probably draw money from the business to live on, but this is not a wage and you don’t withhold from these drawings. You make some provision for your income tax liability through the PAYG instalments system.

If you have other employees, you should withhold from payments to them under the PAYG withholding system. To work out how much to withhold from payments to employees you use:

- The PAYG withholding tax tables published by the Tax Office; and
- Information employees give you in a Tax File Number declaration and (if applicable) a Withholding declaration.

You report and pay any withheld amounts using an activity statement provided by the Tax Office.

Remember to report all amounts you withhold from employees and other workers.

Payment summaries (also known as group certificates) show the total payments made and the amount withheld for each worker during the financial year. Generally, you must give:

- Each of your workers a payment summary by 14 July each year (or earlier if requested); and
- An Eligible Termination Payment summary to an employee within 14 days of making an eligible termination payment as a cash payment.

It is important that you keep good tax records. Under the law you are required to keep all records of your PAYG withholding transactions, in a written form (which can include an electronic form such as a computer system) for at least five years.

The Tax Office provides comprehensive information on your requirements as an employer in relation to tax. For more information and advice you can visit the Tax Office website at www.ato.gov.au or phone 13 28 66.

You can obtain the publication *PAYG withholding for small business* from either the ATO website or by contacting the ATO’s publication distribution service on 1300 720 092.

Superannuation guarantee obligations

The introduction of compulsory superannuation by the previous Labor Government has had a positive and enduring impact on Australia's economic health, and on the retirement savings of Australian workers.

This reform extended superannuation coverage to nearly all employees. Importantly, if the Government had not introduced the superannuation guarantee arrangements in the early 1990s, then it is unlikely that the majority of low and middle income, casual or part-time workers would have added financial security for their retirement incomes today.

Since the introduction of compulsory superannuation, individual superannuation balances have grown to the point where today they represent, for many people, their most significant asset aside from the family home.

As an employer you have an obligation to pay super contributions on behalf of all your eligible employees. These contributions are in addition to your employees' salaries and wages.

This compulsory contribution is called the superannuation guarantee and it requires you to:

- Pay super for your eligible employees;
- Contribute to the correct super funds; and
- Pay contributions by the cut off date **each quarter**.

The minimum super amount you have to pay is 9% of each eligible employee's earnings base. From 1 July 2008, ordinary time earnings should always be used to ensure that all employees are treated the same for superannuation guarantee purposes. This means that payments to employees such as performance related bonuses, commissions and some allowances are to be included for the purposes of calculating superannuation contributions.

Generally, you have to pay super for your employees if they:

- Are aged between 18 and 70;

- Are paid \$450 (before tax) or more in a calendar month; and
- Work full-time, part-time or on a casual basis.

CHOICE OF SUPER FUND

Many employees can choose the super fund into which their employer superannuation contributions are paid.

If you have a new employee who is eligible to choose a super fund, you should provide a standard choice form within 28 days from the day he or she started working for you.

Once an eligible employee chooses a super fund, you have two months to arrange to pay contributions into that fund. After this time, any superannuation contributions must be paid to the employee's chosen fund.

You need to start paying superannuation contributions to your employer-nominated fund, if:

- An employee does not choose a fund within 28 days; or
- You have not accepted their choice of fund because they have not yet provided all the information you need.

SUPERANNUATION CLEARING HOUSE

To assist small businesses to meet their obligations with respect to choice of superannuation fund the Government will create a superannuation clearing house giving small businesses the option of making payments to a central location. The clearing house will then disburse the superannuation guarantee payments to the difference employee super funds, free of charge for businesses with less than 20 employees.

The superannuation clearing house will be available from 1 July 2009.

Occupational health and safety

As a small business owner you have certain rights and responsibilities regarding health and safety in your workplace. Knowing and understanding the occupational health and safety (OH&S) laws

will help you avoid the unnecessary costs and damage to your business caused by workplace injury and illness.

Safety in the workplace is critical to the success of running a business, no matter what size it is. As a small business owner you have certain rights and responsibilities regarding health and safety in your workplace. Even if you don't have any employees, you must ensure that your business doesn't create health and safety problems for your customers and the general public.

Under OH&S legislation you are obliged to provide:

- Safe premises;
- Safe machinery and substances;
- Safe systems of work;
- Information, instruction, training and supervision; and
- A suitable working environment and facilities.

If you don't comply with these legal requirements you can be prosecuted and fined.

Workplace health and safety authorities in each state and territory and the Australian Safety and Compensation Council (ASCC) have responsibilities for enforcing the OH&S legislation. They provide information and advice on safety and health at work and education and training. You can get information about your OH&S obligations and other valuable OH&S resources both in hard copy and online from their websites.

Please note that legal obligations of employers vary according to circumstances. You may wish to seek independent legal advice on what is applicable to your situation.

OH&S HARMONISATION

As part of the commitment to cut the red tape that places a considerable burden on small business, the Government is working with State and Territory governments to harmonise OH&S laws, streamlining the different state systems, reducing complexity for employers and employees and reducing the compliance burden on businesses that operate in more than one State.

Workers compensation

Workers compensation provides valuable protection to workers and their employers in the event of a workplace-related injury or disease. Through workers compensation, injured workers can receive weekly payments to cover loss of earning capacity, payment of medical expenses and vocational rehabilitation expenses, where necessary, to assist them return to work.

Workplace injuries can have a big impact on your business. An injured worker is entitled to make a workers compensation claim where the injury occurs during the course of his or her employment.

Under state and territory laws, an employer must notify certain events - such as death, serious injury or a dangerous incident that could have caused death or injury. Under these laws you must also take reasonable steps to provide an injured worker with rehabilitation or suitable duties while being paid compensation.

Occupational health and safety laws require that injured workers have access to first aid, fair workers compensation and return to work rehabilitation.

For more information on occupational health and safety laws and workers compensation schemes in your state or territory you can contact:

AUSTRALIAN CAPITAL TERRITORY	Ph (02) 6205 0200 www.workcover.act.gov.au
NEW SOUTH WALES	Ph 13 10 50 www.workcover.nsw.gov.au
NORTHERN TERRITORY	Ph (08) 8999 5010 www.worksafe.nt.gov.au
QUEENSLAND	Ph 1300 362 128 www.workcoverqld.com.au
SOUTH AUSTRALIA	Ph 13 18 55 www.workcover.com
TASMANIA	Ph 1300 366 322 www.workcover.tas.gov.au

VICTORIA Ph 1800 136 089
www.workcover.vic.gov.au

WESTERN AUSTRALIA Ph 1300 794 744
www.workcover.wa.gov.au

Complaints, disputes and employee relations

All employers are required to create a workplace that is free from discrimination and harassment.

Harassment and bullying is unwelcome conduct that humiliates, offends or intimidates people.

Under federal anti-discrimination law an employer, regardless of size, may be legally responsible for discrimination and harassment which occurs in the workplace. Employers must actively implement precautionary measures to minimise the risk of discrimination and harassment occurring.

Employers should take 'all reasonable steps' to reduce their liability.

'All reasonable steps' is not defined in the legislation because what is reasonable for a large corporation may not be reasonable for a small business. However, it does mean that employers must actively implement precautionary measures to minimise the risk of discrimination and harassment occurring.

GOOD MANAGEMENT

Employers or managers should demonstrate effective leadership by setting an example with their own behaviour and promoting a climate of mutual respect in the workplace.

POLICIES

It is recommended that small businesses, particularly those nearing 20 employees, have a written policy on discrimination and harassment, particularly sexual harassment. Generic model harassment policies for large organisations can be adapted by small business to suit their particular needs.

The Human Rights and Equal Opportunity Commission has developed the '*Good practice, good business*' resources to provide

practical information for employers to ensure that Australian workplaces are free from discrimination and harassment.

To order a copy of HREOC's publication you can contact HREOC on (02) 9284 9600 or email an order to publications@humanrights.gov.au You can also download an order form from the publications section of the HREOC website which is located at www.hreoc.gov.au

Skills development and training

The business environment is constantly changing and to help you and your staff keep pace with those changes it may be necessary to invest in additional skills development and training.

Before investing in training and skills development it is important to identify any skills gap in your business and identify the best training option for your employees so that the outcome will be suit the needs of your particular business.

A good place to start looking at training options and helping you through the process of assessing your training needs is the website www.training.com.au

As part of its Skilling Australia for the Future initiative, the Rudd Government has announced that it is expanding the role of Australian Apprenticeships Centres to establish a network of Skills and Training Information Centres.

The Skills and Training Information Centres will provide skills and training information and advice to employers and other interested parties.

For more information on the advice and assistance that a Skills Training Centre can provide your business, contact your nearest Australian Apprenticeships Centre on **13 38 73** or visit www.skillsandtraininginfo.com.au

Employers may also consider seeking advice on their training needs from Industry Skills Councils (ISCs). ISCs support the development, implementation and continuous improvement of quality nationally-recognised training that meets the skill needs of industry.

AUSTRALIAN APPRENTICESHIPS

Apprenticeships are available in more than 500 occupations in industries from traditional trades to areas like electro-technology and aviation.

Australian Apprenticeships are a way of recruiting and training new staff, or in some cases existing employees. They involve a mix of on-the-job experience and formal training.

Australian Apprenticeships attract financial assistance for eligible employers to help reduce the cost of training. Employers hiring an Australian Apprentice may be eligible for Federal, State and Territory Government incentives and personal assistance.

Operating from more than 300 sites, Australian Apprenticeships Centres provide a free service to employers to help them sign up and administer an Australian Apprenticeship.

To find your nearest Australian Apprenticeships Centre or for more information on Australian Apprenticeships visit www.australianapprenticeships.gov.au or phone 13 38 73.

THE EDUCATION REVOLUTION – VOCATIONAL EDUCATION AND TRAINING

The Rudd Government recently announced \$1.9 billion in funding for 630,000 new training places to address current and future skills shortages. The new places will include up to 85,000 apprenticeship opportunities and up to 392,000 places for existing workers.

The first 20,000 places are directed at providing support for job seekers to get into the labour market. Job seekers who are registered with an employment service provider such as a Job Network member or Disability Employment Network must be referred to training under the Program by the employment service provider.

Termination of employment

Employment ends when an employee resigns, is made redundant or is dismissed.

REDUNDANCY

A job becomes redundant when the work performed by an employee is no longer necessary, because the job has been replaced by technology or the work is restructured.

A SIMPLE, FAIR DISMISSAL SYSTEM FOR SMALL BUSINESS

As set out in Forward with Fairness before the last election, the Rudd Government will establish new laws regarding unfair dismissal that are fair to small business owners and their employees.

The objective is to ensure good employees are protected from being dismissed unfairly, while enabling employers to manage under-performing employees with fairness and with confidence.

SPECIAL ARRANGEMENTS FOR SMALL BUSINESSES

Special arrangements will apply for small businesses with fewer than 15 employees. These arrangements recognise the special circumstances of small business owners. They do not have human resource management departments, they cannot afford to lose time and they cannot readily redeploy employees into other positions or workplaces.

Compared with larger businesses, small business owners will benefit from:

1. A doubling of the qualifying period from six to 12 months, during which time employees cannot take a claim for unfair dismissal; and
2. A simple six-paragraph Fair Dismissal Code which, if followed by the small business owner, will ensure a dismissal is fair.

A FAIR DISMISSAL CODE FOR SMALL BUSINESSES

The Code sets out the circumstances in which a summary dismissal (a dismissal without notice or warning) is warranted, including cases of theft, fraud and violence.

For under-performing employees, the Code simply requires the employer to give the employee a valid reason, based on the employee's conduct or capacity to do the job, why the employee is at risk of being dismissed and a reasonable chance to rectify the problem.

Multiple warnings are not required. It is desirable, but not necessary, for a warning to be in writing.

A SIMPLE CHECKLIST TO AID EMPLOYERS

A simple checklist has been developed to help small business employers to comply with the Code.

EXCLUSIONS FROM MAKING AN UNFAIR DISMISSAL CLAIM

Only those casual employees who have completed the relevant minimum qualifying period (12 months regular and systematic employment in a small business) will be able to make an unfair dismissal claim.

Other exclusions from unfair dismissal remedies include seasonal employment and specified-task employment at the end of which an employee's work is no longer required. The ending of employment that was for a fixed period or task is not considered to be a dismissal.

SIMPLE, NON-LEGALISTIC PROCESSES

Where a claim of unfair dismissal is made, a simple, streamlined process will apply.

Unfair dismissal claims must normally be lodged with Fair Work Australia within seven days. Fair Work Australia will take a flexible approach in gathering information. It will be able to make initial inquiries and discuss the issues with employers and employees, including in informal conferences at mutually agreed locations, with a view to achieving a mediated resolution.

The new system will be non-legalistic, the aim being to keep lawyers and contingency fee agents out of the process.

A REMEDY OF REINSTATEMENT OR CAPPED COMPENSATION

Reinstatement will be the remedy unless it is not in the interests of either of the parties. Where reinstatement is not feasible, compensation may be ordered but a cap on compensation will apply. The maximum compensation will be six months' pay, but normally compensation will be well beneath the cap. Employers will no longer need to pay 'go-away' money, since the process will be quick, simple and informal.

Copies of the Code and checklist can be found at:

www.workplace.gov.au/workplace/Publications/News/IntroducingAustraliasnewWorkplaceRelationsSystem.htm

Chapter 4

Growing your business

4

Growing your business through export

The development and availability of new methods of communication means that many Australian businesses not only look to other states to expand their business but they also look to other parts of the world.

In much the same way that it takes careful thought and planning to commence any business venture, expanding into overseas markets takes just as much thought and planning.

The first thing that you need to do once you have decided to explore opportunities overseas is to develop an export plan.

DEVELOPING A SOUND BUSINESS PLAN FOR EXPORT

Just as a business plan is an essential part of starting and developing your business, an export strategy is an essential component of your plan to break into overseas markets.

When developing an export plan the same principles that you used in developing your business plan apply - keep it simple, but make sure everyone involved in achieving export results is aware of the plan and has a sense of engagement with it.

Your export strategy will help you define your export aims and allow you to take into account everything that you need to consider. It will allow you to consider the markets you wish to target, identify potential customers, allow you to clearly articulate your goals and, like your business plan, become the basis on which you can judge your success and refine your strategies.

WHAT DOES EXPORT MEAN TO YOUR BUSINESS?

The Australian market is open to international forces so if you are successful in Australia there is

a good chance your product or service will meet international competition.

Developing a new market anywhere (interstate or overseas) requires an investment of time and resources. You need to be sure at the start that the export will benefit your company.

TALK TO YOUR BANKER AND ACCOUNTANT EARLY

Exporting requires financial resources and the capacity to fund market development. Make sure your business has the capacity to finance its expansion into export activity. A basic export strategy will provide you with an indication of the budget you will require in the early years when you are building your export business.

Austrade

Whether you're a seasoned exporter or just beginning to expand overseas, talking to Austrade is one of the best moves you can make, no matter how big or small your company is.

General information is provided free of charge and is available either through the Austrade website located at www.austrade.gov.au or by phoning **13 28 78**.

Austrade's services include:

- Advice on how to prepare for export;
- Advice and information on the New Exporter Development Program (NEDP);
- Export capability assessment and export advice tailored to your individual business needs;
- Export Market Development Grants (EMDG) and information on export financing;
- Selecting markets and market entry strategy;
- Buyer identification and selection;

- Assistance in overseas markets, including advice on local practices and culture, market challenges, help with translation and interpreting and logistical support;
- Proactive help in identifying new export opportunities.

ALTERNATIVE APPROACHES

If you feel you don't have the resources or expertise to begin exporting in your own right there are other options to get you started:

- Use the services of an export merchant who will be an experienced international trader prepared to buy from you and sell overseas;
- Sell through an export agent who will do the overseas marketing for you on a commission or retainer basis;
- Use an export consultant to develop one or two markets before handing marketing responsibility back to your company after a specified period.

Visiting the market

At an early stage in the export process it helps to go and see for yourself which market offers the best opportunities and where to focus your efforts.

You should always visit before entering into any agreements with prospective agents, distributors or other business partners that could influence your future dealings in that market.

One of the best investments you can make in a successful trip is ensuring your program is planned and arranged with in-country assistance. This will help you see the right agents and customers who will be briefed and screened for interest and suitability.

Anticipate that you will be asked about price, volumes and/or capacity and delivery times. Talk with shipping agents in Australia about delivery times and costs, as well as constructing an export price.

REVIEW YOUR IN-MARKET STRATEGY:

- In preparing for export you will already have developed a general export strategy - review this and perhaps add to it further for this particular market;
- Review your unique selling proposition, ie. the distinct and appealing selling message that sets your product or service apart from that of its competitors;
- Set down on paper exactly what you want to achieve from this visit – and if possible the individual meetings that you are scheduling;
- Develop a series of questions you want to ask at each type of meeting.

DON'T BE RUSHED INTO AN AGREEMENT

When prospective agents see your company can offer a market advantage, they may try to rush you into signing an agreement and lock you into an arrangement. Be very careful. Agreements are hard to modify and costly to break.

If possible, delay any agreement until you have returned to Australia and have considered the proposal. Consult your export adviser. Match the proposed draft agreement with one that you consider best reflects your interests.

Export risks and risk management

International transactions can involve different risks from those encountered domestically. These include foreign exchange risk exposure, political risk (which may result in the buyer's inability to remit foreign currency), shipping risks (loss, damage or delay), customs clearance delays, quarantine, local legal issues and standards regulations.

The following are highlighted risks, which are not experienced on the domestic market:

- **Political risk** – Some countries may experience major political instability, which could result in defaults on payments, exchange transfer blockages, nationalisation or confiscation of property.

- **Legal risk** – Differences in law may have an impact in such areas as import procedures, taxation, employment practices, currency dealings, property rights, the protection of intellectual property and agency/distributorship arrangements.
- **Graft and corruption** – Graft and corruption are illegal in virtually all countries but may exist to varying degrees in some countries. Under Australian law it is an offence to offer illegal payments and action can be taken against you on your return to Australia.
- **Credit/financing risks** – To protect yourself against payment default it is prudent, at least initially, to use payment methods which provide you with some security, eg: irrevocable letters of credit. Banks can also advise how you can protect yourself against changes in currency relativities.
- **Quarantine compliance** – Just as Australia does, overseas countries have strict quarantine requirements and the need to ensure they are enforced.

A simple risk management plan that addresses your exposure at each point in the transaction will enable you to better understand and manage those risks. There may also be financial instruments available to you to assist in your management of credit and exchange rate risks.

MINIMISE RISK WITH MANAGEMENT PLANS

Like any business transaction, export involves risk. There are a number of techniques to protect your company from the risks associated with export. Developing a simple risk management plan is a good starting point.

WHAT IS A RISK MANAGEMENT PLAN?

Risk management is a process of thinking systematically about all possible undesirable outcomes before they happen and setting up procedures that will avoid them, minimise or cope with their impact. There are six basic elements of the risk management process:

- Establishing the context;
- Identifying the risks;
- Assessing probability and possible consequences of risks;
- Developing strategies to mitigate these risks;
- Monitoring and reviewing the outcomes;
- Communicating and consulting with the parties involved.

Financing export

Developing an export business involves market promotion, new production capacity, overseas travel, complying with overseas standards and a host of other factors. A return on this expenditure can take time. Fortunately, the cost of export marketing has been reduced by the use of the internet, electronic transactions and international telecommunications. Your bankers will be familiar with a range of financial schemes to help you through the export market development process.

State and territory governments can also provide financial assistance. These schemes can help you in the preparation of your export strategy and other costs involved when starting to export.

The Export Finance and Insurance Corporation (EFIC) is an Federal Government corporation that provides specialist finance and insurance services to Australian companies exporting and investing overseas.

EFIC operates EFIC Headway which is available to eligible small and medium-sized exporters who need to extend lending facilities. EFIC Headway is a guarantee from the EFIC to a bank providing security to a bank to enable it to lend additional funds.

It has been designed to meet shortages in working capital of small and medium-sized exporters may experience while they are growing their business.

For more information on EFIC Headway visit www.efic.gov.au or phone **1800 887 588**.

The New Exporter Development Program

The New Exporter Development Program is designed for small and medium sized Australian businesses that are new to, or have limited experience in exporting. The program helps eligible businesses develop the skills and knowledge required to seek out and be ready for export opportunities.

Delivered by Austrade and TradeStart, the program gives participants the best possible start to exporting by providing valuable advice and information, tailored export coaching and assistance on the ground in selected overseas markets.

To be considered eligible for the program your business should have:

- A current Australian Business Number (ABN);
- Australia as its main place of business;
- Never previously been signed on to the New Exporter Development Program;
- Not exported more than three times in the last three years, or have not achieved exports with a cumulative value of more than \$200,000 in the last three years.

In addition, your business must be export capable and have:

- A product, service or patented intellectual property with clear export potential;
- Management commitment to becoming an exporter and developing the export side of the business, including a willingness to visit the market if appropriate;
- An ability to assign export budget and financial resources to get into export, including a budget to visit the market;
- A growth strategy;
- An understanding that the company will need to participate in coaching before going on an overseas visit or mission;
- Marketing materials, such as a website or brochure, with an understanding that

materials specific to the international market may need to be developed;

- The capacity to build supply capability.

WHAT WILL YOU GET?

Participants on the New Exporter Development Program work with an assigned export adviser over an 18 month period and receive:

- Assistance in selecting an export market or markets;
- Export coaching tailored to the needs of the business;
- Twenty hours of assistance at no charge delivered through Austrade's overseas network in a maximum of two markets.

For more information for the New Exporter Development Program (NEDP) contact Austrade on **13 28 78**.

Export Market Development Grants

The Export Market Development Grants (EMDG) scheme is a key Australian Government financial assistance program for aspiring and current exporters. Administered by Austrade, the scheme supports a wide range of industry sectors and products, including inbound tourism and the export of intellectual property and know-how outside Australia.

To access the scheme for the first time, businesses need to have spent \$15,000 over two years on eligible export marketing expenses.

Eligible expenses claimable under EMDG include overseas marketing visits, producing promotional brochures for overseas markets, providing free samples to potential buyers and many other expenditure items.

The Government is delivering on its commitment to boost Australia's trade performance through the revitalisation of the Export Market Development Grants program.

The Government has introduced changes to the EMDG scheme to improve the ability of the

scheme to assist businesses. Export promotional expenditure incurred from 1 July 2008 will be subject to more generous assessment criteria and a higher maximum grant during 2008/09.

The changes to the EMDG scheme include: more generous thresholds; the inclusion of patenting costs in the scheme; access to the scheme for non-profit export development bodies; restored accountability through a 'Net Benefit To Australia' test; and allowing all services to be considered eligible unless otherwise specified.

AUSTRADE EMDG STATE OFFICES

New South Wales and Australian Capital Territory

Level 23, AON Tower
201 Kent Street, Sydney
Tel: (02) 9390 2787
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Victoria and Tasmania

Level 31, 140 William Street, Melbourne
Tel: (03) 9648 3142
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Queensland

Level 16, 307 Queen Street, Brisbane
Tel: (07) 3364 7793
Fax: (07) 3364 7749

Western Australia

Level 25, Exchange Plaza
No 2 The Esplanade, Perth
Tel: (08) 9261 7900
Fax: (08) 9261 7906

South Australia and Northern Territory

Ground Floor, 50 Hindmarsh Square, Adelaide
Tel: (08) 8202 7812
Fax: (08) 8202 7808

Alternatively, you can call Austrade on 13 28 78 and ask for your local EMDG office.

Expanding your business using the internet

Each day more than 9.1 million Australians search the internet with nearly 80 per cent of them shopping for specific goods and services.

The internet is an important piece of business infrastructure with high-speed connections often allowing the adoption of new technologies that reduce your business costs. A presence on the web is now also an important consideration for the expansion of your business, allowing for low-cost access to customers around the globe.

SETTING UP YOUR WEBSITE

A well-planned and designed website will make it easier for you to do business, not only with your customers but also with your suppliers.

- Careful planning will help maximise the benefits of your new online business and reduce the risk of things going wrong.
- Choose an Internet Service Provider (ISP).
- Select your domain name – your unique electronic address on the internet.
- Design and build your website – your website should entice and encourage people to look at your products.
- Promote and market your website – you need to let your current and potential customers know about your new website.

WHAT'S IN A (DOMAIN) NAME?

A domain name is your unique electronic address on the internet (eg. **www.yourbusinessname.com.au**) where your website is located. It is a valuable part of your business identity and an important marketing tool.

There are two main types of domain name:

- Domain names that end in .com, .net, .biz etc are available for use by anyone around the world and are generally referred to as 'global domain names'.
- Domain names that end with a 'country extension' such as com.au, org.au, net.au.

WHAT CAN I HAVE AS MY DOMAIN NAME?

There is a common misconception that because you already have a company or business name, or a registered trade mark, you have an automatic right to register the corresponding domain name. This is not the case. No-one has an automatic right to a domain name. Domain names are licensed on a "first come, first served" basis to eligible applicants. Prior to applying you should check that the domain name you are seeking is available. You can do this by visiting the AusRegistry site at www.ausregistry.com.au. You should also ensure that your proposed domain name is not infringing a registered trade mark either in Australia or on major overseas markets which you intend to target. Failure to do so could have costly repercussions for your business.

There are rules that govern whether or not particular .au domain names can be allocated, and there is also a reserved list of names that may not be licensed.

HOW MUCH DOES IT COST AND HOW LONG DOES IT TAKE?

The cost varies depending on the type of domain you've chosen, the registration period, and the services included with your registration – all of which vary between registrars and resellers, as do the terms and conditions offered. For .au domain names visit the auDA web site (www.auda.org.au) for links to registrars and resellers to confirm current fees and options.

Registration of a domain name is usually done online and becomes effective almost immediately.

WHAT RIGHTS DO I HAVE IN USING MY DOMAIN NAME?

You don't own a domain name – it is licensed for a set period of time and is subject to terms and conditions. Securing the rights to your domain name ahead of anyone else gives you:

- Exclusive right to use the domain name for the duration of the licence period subject to eligibility criteria being met; and

- Some protection against cyber squatting and infringement of your trade mark.

It is important to remember that having a domain name such as "yourbusiness.com.au" does not give you the right to stop others from holding similar domain names, eg: "yourbusiness.com", "your-business.com" or "yourbusiness.co.uk".

WHAT CONSUMER PROTECTION IS AVAILABLE?

As the registrant of .au domain name, you have a number of safeguards protecting you. For instance auDA provides:

- An industry Code of Practice for registrars and resellers, Consumer Safeguards and Consumer Alerts which protect your rights when registering domain names;
- A Dispute Resolution Policy, which aims to provide a cheaper and speedier alternative to litigation arising from disputes over domain name rights; and
- A complaints handling mechanism, for those wishing to complain about .au domain names (auDA has no jurisdiction over global domain name disputes or complaints).

The Australian Competition and Consumer Commission (ACCC) also has broad powers under the Trade Practices Act 1974 to investigate complaints relating to internet services and electronic commerce.

.au Domain Administration Ltd (auDA)

Phone: 1300 732 929

Fax: 03 8341 4112

Email: info@auda.org.au

Website: www.auda.org.au

Australian Competition and Consumer Commission (ACCC)

Phone: 1300 302 502

Fax: 02 6243 1199

Website: www.accc.gov.au

Tips for good business online

Online trading can benefit both businesses and consumers. However, the online trading world can be a scary place for some consumers.

The following tips are a general guide for businesses when developing an online presence:

- The trader's full contact details including a street address will give consumers more confidence;
- If trust marks or seals (accreditation schemes established to promote good online practices) are used they should be easy to verify and relevant;
- Secure online payments or the provision of an offline alternative are vital;
- Terms and conditions should be clearly written and displayed, easily accessible and comply with all relevant laws;
- Warranty and refund policies are important to consumers;
- Advertising and any representations made about the product or service should be accurate with no hidden fine print;
- A reliable complaints handling procedure will also encourage consumer confidence in a business;
- Special care should be taken when dealing with minors; businesses should be aware they are dealing with a minor and when appropriate get consent from the child's parent or guardian.

SECURITY AND FRAUD

If your business is connected to the internet, it's your responsibility to protect your business data and information against unwanted intruders. Sensitive information such as customer details, pricing lists and personal records can all be stolen, corrupted or even destroyed unless protected properly.

INTERNET SECURITY TIPS

The following tips will help you secure your computer and make sure your business is using the internet safely:

1. Develop a 'culture of security';
2. Install anti-virus software and keep it updated;
3. Install a firewall to stop unauthorised access to your computer;
4. Protect yourself from harmful emails;
5. Minimise spam;
6. Back up your data;
7. Develop a system for secure passwords;
8. Keep your software up-to-date;
9. Make sure your online banking is secure;
10. Develop and maintain a security policy.

MORE INFORMATION

For more information on doing business online you might also like to consult the Australia Government website www.e-businessguide.gov.au

Chapter 5

5

Federal Government grants and funding and other useful information

Federal Government grants and programs

Grants and other assistance programs are available through the Federal Government that may assist you in your business activities. It is important to consider the eligibility criteria for the grant before starting the process of making your application.

NAME OF GRANT OR PROGRAM	DESCRIPTION
Agriculture, Fisheries and Forestry grants and assistance	Identifies current grants and assistance for Australian businesses in the agricultural, primary food production, fisheries, forestry and natural resources industries.
Australia-China Agricultural Cooperation Agreement (ACACA)	Provides funding for agricultural-oriented exchange projects between Australia and China.
Australian Apprenticeships	Offers financial assistance for eligible employers to help reduce the cost of training and employing new staff.
Automotive Competitiveness and Investment Scheme (ACIS)	Provides support for businesses involved in new investment and innovation in the automotive industry.
Business Ready Program for Indigenous Tourism	Assists individuals, start up and existing Indigenous tourism businesses to increase their potential for commercialising tourism products and/or services.
Certain Inputs to Manufacture (CIM)	Provides import duty concessions on certain imported raw materials and intermediate goods, as well as prescribed metal materials and goods.
Commercialising Emerging Technologies (COMET)	Provides support and funding for innovation and its commercialisation. Assistance can be given to early-growth stage companies, spin-off companies or individuals.
Drought Assistance	Includes payments and services for farmers, small businesses, farm hands, irrigators and industry, and the wider community.
Early Stage Venture Capital Limited Partnership (ESVCLP)	Aimed at registered venture capital funds, to assist them with flow-through tax treatment.
Enhanced Project By-Law Scheme (EPBS)	Provides tariff duty concessions on eligible capital goods of significant sized projects in the mining, resource processing, food processing, food packaging, manufacturing, agriculture and gas supply industry sectors.
Ethanol Production Grants (EPG)	Aims to provide a targeted means of maintaining the use of biofuels in transport in Australia.
Export Market Development Grants (EMDG) Scheme	A financial assistance program for small and medium businesses who are aspiring or current exporters.

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Federal Government grants and programs (continued)

NAME OF GRANT OR PROGRAM	DESCRIPTION
Forest and Wood Products Australia (FWPA) http://www.fwprdc.org.au/	Invests in a range of research and development projects for the benefit of the Australian forest and forest products industry.
Grape and Wine Research and Development Corporation (GWRDC) Projects	Provides funding for research projects within the wine industry.
Horticulture Australia's (HAL) R&D Program	Invests in projects in partnership with the horticultural sector, including research, development and marketing activities.
Indigenous Business Australia Enterprises (IBA Enterprises)	Provides support and funding for indigenous people looking to start or who are already running a business.
Indigenous Capital Assistance Scheme (ICAS)	Provides access to commercial finance, and culturally appropriate professional and mentoring support services.
Indigenous Small Business Fund (ISBF)	Offers funding to Indigenous community-based organisations for the development and expansion of Indigenous businesses and enterprises.
Innovation Investment Fund (IIF)	A venture capital program that invests in venture capital funds to assist small companies and the development of new managers, in the early stages of commercialisation.
Land and Water Australia	Provides funding for research and training related directly to the sustainable use and management of Australia's natural resources.
New Exporter Development Program (NEDP)	Has been designed for small and medium businesses that are new to or have limited experience in exporting. The program helps eligible businesses develop skills and knowledge required for exporting.
R&D Tax Concession	A broad-based, market-driven tax concession which allows companies to claim a tax deduction of up to 125 per cent of qualifying expenditure incurred on R&D.
Renewable Energy Equity Fund (REEF)	Provides smaller businesses with venture capital and managerial advice to help support innovative renewable energy technologies and services.
Small Business Incubators	Provides incubation services to small businesses to help establish and run new small business incubators or to enhance existing small business incubators.
Space Concession Program (SCP)	Provides duty-free entry of goods imported for use in a space project, provided certain conditions are met.
Structured Training and Employment Projects (STEP)	Provides funding and support to private sector businesses that provide ongoing employment to Indigenous Australians.
Textile, Clothing and Footwear (TCF) Expanded Overseas Assembly Provisions (EOAP) Scheme	Provides duty concessions to firms who assemble garments and footwear overseas from predominantly Australian fabric and/or leather and then import them back into Australia for local consumption.

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Federal Government grants and programs (continued)

NAME OF GRANT OR PROGRAM	DESCRIPTION
Textile, Clothing and Footwear (TCF) Post-2005 Strategic Investment Program (SIP) Scheme	Aims to foster the development of a sustainable and internationally competitive TCF manufacturing industry and TCF design industry in Australia by providing incentives to promote investment and innovation.
Textile, Clothing and Footwear (TCF) Product Diversification Scheme (PDS)	Designed to assist Australian clothing and finished textile manufacturers to internationalise their sourcing arrangements. It does this by providing duty credit that can be used to offset duty payable on qualifying finished clothing or relevant finished textile articles.
Textile, Clothing and Footwear (TCF) Corporatewear Register	Allows employers to register non-compulsory occupational clothing, thereby avoiding liability for FBT and allowing employees to claim the cost of such clothing as a tax deduction.
Textile, Clothing and Footwear (TCF) Small Business Program	Provides grants to improve the business enterprise culture of TCF small businesses.
Tradex Scheme	Provides an up-front exemption from customs duty and GST on imported goods intended for re-export or to be used as inputs to exports.
Venture Capital Limited Partnerships Program (VCLP)	Provides for the registration of foreign investors in limited partnerships as venture capital limited partnerships.
Wage Assistance	A payment given to Australian employers as an incentive to employ Indigenous Australians on an on-going basis. Offers salary subsidies for full-time and part-time work.

Other useful websites

Below is a list of useful websites and other Federal Government contact information that may assist you in establishing and growing your business.

INFORMATION AND ASSISTANCE	
Business.gov.au	www.business.gov.au
Australian Competition and Consumer Commission	www.accc.gov.au
Department of Innovation, Industry, Science and Research	www.innovation.gov.au
Business Enterprise Centre Australia	www.beca.org.au
NSW Small Business	www.smallbiz.nsw.gov.au
Victorian Government Small Business website	www.business.vic.gov.au
Queensland Government small business website	www.business.qld.gov.au
Tasmanian Government small business website	www.development.tas.gov.au/business
South Australian Government small business website	www.southaustralia.biz
Northern Territory Government small business website	www.nt.gov.au/business
Western Australian Government small business website	www.sbdc.com.au
Government Forms	govforms.business.gov.au
GrantsLINK	www.grantslink.gov.au
E-Commerce	www.e-businessguide.gov.au
BUSINESS REGISTRATION	
Australian Tax Office	www.ato.gov.au
Australian Securities and Investment Commission (ASIC)	www.asic.gov.au
Australian Business Register	www.abr.gov.au
Skills development and training	www.training.com.au
Centrelink	www.centrelink.gov.au
IP Australia	www.ipaustralia.gov.au
EXPORT ASSISTANCE	
AusIndustry	www.ausindustry.gov.au
Austrade	www.austrade.gov.au
Export Finance and Insurance Corporation	www.efic.gov.au

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Other useful websites (continued)

EXPORT ASSISTANCE (continued)	
Australian Institute of Export	www.aiex.com.au
Trade Queensland	www.export.qld.gov.au
Tasmanian Department of Economic Development	www.development.tas.gov.au/export
WA Small Business Development Corporation	www.exporters.sbdc.com.au
TRAINING	
A Group Training Organisation	www.grouptraining.com.au
Australian Apprenticeships Centre	www.australianapprenticeships.gov.au
Skills and Training Information	www.skillsandtraininginfo.com.au
Skills Info	www.skillsinfo.gov.au
Training portal	www.training.com.au



IF YOU NEED ASSISTANCE WITH ANY COMMONWEALTH GOVERNMENT MATTERS, PLEASE CONTACT MY OFFICE:

Senator Gavin Marshall

LABOR SENATOR FOR VICTORIA

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 North Melbourne VIC 3051
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