

• LETTER OF THE WEEK

**SMALL BUSINESS STATES ITS CASE**

Now that both major political parties are in election mode, I hope they become more sensitive to the wants of the country's biggest employer, small business. Here is the plea.

Since the global financial crisis, banks have seen small business as easy pickings, in effect raising interest rates 3 percentage points above that for the large corporations and using the increased fees to subsidise housing loans. (Banks have found that borrowing short and lending long on passive investments, normally housing, is not smart when the cost of lending rises – and it is a political minefield to raise housing interest rates.)

To counter the unbalanced increase in interest rates, many small businesses have structured their operations through family trusts. Profits generated above the company tax rates are distributed to associated companies and these funds used as working capital within the business. This approach has been accepted by the Australian Taxation Office for many years.

However, as money has become tight and the government tries to balance its books, the ATO has formed the view that is has been missing out on tax, that is, it got the interpretation of the tax law wrong all these years.

A ruling (TR 2010/3) has been produced by the ATO setting out how it intends to deal with the practice. The logic in the paper makes utterings at the Mad Hatter's tea party positively sane. The purpose of the ruling is to raise more revenue for the government. The practicality is it will also substantially increase compliance costs – a double whammy for small business. The ruling can, of course, be challenged – if one has a spare \$100,000.

If either political party is serious about giving small business a fair go, it can

undertake to legislate a confirmation that the family trust structure is acceptable. This would reduce working capital and compliance costs for small business. It would also free up accountants' time to spend on more productive matters.

Geoff Wotzko  
Perth

**WORK SMARTER, NOT LONGER**

I could not agree more with Leo D'Angelo Fisher's article (Time bandits stifle innovation, *BRW*, July 15).

The problem facing most business managers and owners today is this: how do they constantly deliver more and more (revenue growth, market share, profits, etc) with less and less (money, people and time)?

When they just fall over the line and deliver the results, it creates expectations for even better results the next time – with fewer resources.

The usual way leaders cope is by working harder and longer, which stresses them, saps their energy and risks burn-out. As for any sort of work-life balance, forget it.

It's an unsustainable cycle that needs to be broken. To achieve this, managers need to rethink the way they think, interact and work. They have to become faster at solving day-to-day problems and making decisions, in turn freeing up time for innovation at work and quality time at home. This speed thinking is a skill and process that can be learned quickly and easily, and can help managers become more productive and energised.

There is nothing acceptable or laudable about working 60-hour weeks. It damages your health and, as the KPMG study suggests, it makes managers less creative and innovative – the very qualities everyone needs to succeed in a fast-moving, non-linear world.

Dr Ken Hudson  
Sydney



**The Letter of the Week wins six bottles of Wynns Coonawarra Estate Cabernet Shiraz Merlot valued at \$125.95, www.wynns.com.au. The prize is open only to people aged 18 and over. It is supplied and delivered by Wynns Coonawarra Estate under Wynns Coonawarra Estate Ltd liquor licence no. 5080017.**

Send reader contributions to: brweditor@brw.fairfax.com.au or BRW Editor, Level 1, 1 Darling Island Road, Pyrmont, NSW, 2009. Please keep letters to a maximum of 200 words and include a telephone number. By submitting your letter to BRW, you agree that we may edit it for legal, space or other reasonable reasons and may, after publication in BRW, republish it on the internet or in other media.

## Conferences & Events Listing 2010

### FINANCIAL REVIEW NATIONAL HEALTH CONFERENCE 2010



TUESDAY  
17 AUGUST 2010  
SOFITEL SYDNEY

The Financial Review is the authority on business, finance and political news in Australia, and is committed to maintaining this standard in its conferences, events and exhibitions.

#### Financial Review National Health Conference 2010

Tuesday, August 17 Sofitel Wentworth Sydney

#### Financial Review National Energy Conference 2010

Wednesday, September 15 Sofitel Wentworth Sydney

#### Financial Review Leadership Conference 2010

Tuesday, October 12 Sheraton on Park, Sydney

#### Financial Review Chanticleer Lunch

Thursday, October 14 Four Seasons Hotel, Sydney

#### Financial Review International Dispute Resolution Conference 2010

Friday, October 15 Four Seasons Hotel, Sydney

To register, or for further information call **1800 032 577** or visit [www.afr.com/events](http://www.afr.com/events)

For enquiries about sponsorship opportunities for these conferences, please contact John La Rosa on 02 9282 2245 or by email [jarosa@fairfaxmedia.com.au](mailto:jarosa@fairfaxmedia.com.au)

## FINANCIAL REVIEW