

Minnnows in fear of councils

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Small business operators find councils can help or hinder their efforts

THIS is a tale of two cities and their councils. City of Melbourne Council is trying to expand its precinct for small businesses by reaching deep into its pocket, while the City of Perth Council is fining small business for advertising.

These conflicting stories of the role of local councils in helping and hindering small business adds light to a survey late last year which showed that local governments were a significant threat to business operators.

In fact, council obstacles to small business could cost the sector and the economy more than half a billion dollars.

The MYOB Small Business Survey Report, released in October last year, revealed that local government policies were the third-biggest concern for small business, behind interest rates and business costs.

The fear of a local council ranked higher than federal government policies, cash flow, profitability and competitor activity.

Kym Illman, founder and managing director of Messages On Hold, is hopping mad after a City of Perth ranger fined one of his staff members for carrying a cardboard cut-out of cricket great and MOH ambassador Shane Warne outside the city's WACA Ground.

Illman is Australia's most prolific and committed ambush marketer, having gatecrashed events such as a Richard Branson publicity stunt, the Olympics in Sydney and even a meeting between Yasser Arafat and Bill Clinton, when the latter was US president.

Angry about the fine, he protested to the council but was informed that the fine would stand. The rangers issued the employee with a \$100 fine for "displaying a sign without a licence".

"I was so incensed about the law under which he was fined and evicted, I contacted Martin Bennet from Lavan Legal for his thoughts on the matter," Illman said.

"He believed the law was far too wide-ranging and could be used to fine a shopper carrying a Myer bag or a person walking along the street with a Coates Hire T-shirt."

The upshot of this controversy



Court battle: A City of Perth ranger has fined Messages On Hold for carrying a cardboard cut-out of Shane Warne outside the WACA Ground

means the matter is listed to go before the Supreme Court of Western Australia on September 5.

"I have been advised that my costs are likely to be around \$60,000," Illman said.

"However, I am so vehemently against this law that I am happy to invest the money."

The City Of Perth is defending the action. Its statement of defence claims that Illman and his business "don't have a sufficient interest in the validity of the local laws that have standing to bring this action".

A council spokesman said MOH was never issued a fine, but a private individual was fined for displaying non-compliant signage while on council property. "Our local laws regarding signage provide the opportunity for everyone to advertise their business," he said.

"But some limits on location and size exist to ensure signage does not proliferate to a point where it impacts (on) the aesthetics and amenity of public space."

In contrast, the City of Melbourne is trying to encourage business under its Small Business Grants program. One of the projects funded is a retail hub on two floors of a building in Crossley Street, Melbourne. "This will be an independent retail and design hub that will bring to life a building that is not currently being used," said Lord Mayor John So.

"This is a way for people who are beginning their retail careers to get a start by accessing retail space that is cheaper because it is not at street level."

Fashion accessories operations Rogers & Price will also receive a Small Business Grant to establish their shop, Glitzern, in the building.

Grant recipients include IT companies, a film studio, an art gallery, a kayak manufacturer and a boarding service for cats.

Nineteen grants worth a total of \$300,000 have been awarded in this round. Three different grants are available.

■ Start Up — up to \$30,000 for new businesses;

■ Expansion — up to \$30,000 to help expand existing businesses; and

■ Export — up to \$10,000 to assist Melbourne-based companies enter new overseas markets.

More than 170 small businesses have received financial assistance of more than \$4 million from the City of Melbourne since the program was established 11 years ago. This is an initiative that all pro-small business local councils should consider introducing.

Federal Labor's small business spokesman, Craig Emerson, has plans to shake up local government in the event of a Rudd government.

"Labor would create an incentive fund, based on Productivity Commission analysis, for reducing regulation at both the state and local government levels," he said. "It would be modelled on the National Competition Payments Pool."

"Those councils that meaningfully reduced business red tape

would qualify for incentive payments."

Mr Emerson said such a fund had been in place under the Howard Government, but it was terminated in the latest federal budget.

Small Business Minister Fran Bailey said her Regulation Reduction Incentive Fund (RRIF), which had been given \$50 million to encourage councils to work together to reduce small business costs, has been a raging success.

"A Gippsland garden shed business once had to apply for separate paperwork at separate councils before starting jobs," she said.

"Now, 31 councils have worked together because of RRIF and only one piece of paper covers work in all of these areas."

The minister underlined how important local councils could be. "When we introduced this program, we thought it could generate \$450 million of savings for small business," she said.