

Jeff Filsell  
2 Day Place  
Salisbury Downs SA 5108  
17 April 1999

Ref: House of Representatives Standing Committee On Employment, Education & Workplace Relations  
(advertised with submissions invited; Adelaide "Advertiser", Saturday, March 20, 1999)

I refer to the above and your letter of 12 April, 1999 for which I thank you. I will address your central enquiry regarding the forwarding of a Final Document shortly.

As I advised in my previous communication (dated 31 March) I have sought local (SA) support for the concept I am promoting, having passed an earlier Draft to some notable political and government identities in Adelaide and also the Adelaide Metropolitan Area.

I both appreciate and understand your advice in your letter regarding support or otherwise for the proposals I outline, which would have assisted me in submitting a "final" proposal, if appropriate, before 30 April, the closing date for these submissions.

While I feel that the Draft forwarded contains sufficient information regarding the reforms I propose, I had wished to seek feedback in areas like the five (5) year "period of grace" by Centrelink and the ATO (for an investment venture in Australian industries). Realistically it seems unlikely that the government would entertain such a reform for such a duration, however the time frame I propose, while of no less import than the reforms themselves, is something that can be negotiated if/when the reforms are considered practical by the Howard government.

The other aspects I wished to fine tune in communication with the Committee include the treatment of risk capital in the present NEIS Scheme, where a Welfare Beneficiary is risking a large part of his/her capital in the same way. Should the venture be considered viable, by Committees similar to those now in place for NEIS, I can't see any reason why Centrelink Benefits can-not continue during the vital early phases of investment. The central feature of my proposals concerns the consideration of whether or not such an Investor becomes an active partner in the business or whether he/she could have arranged a self-employment contract, even if only a part time (self-employment contract), though, of course, these would require exemption from off-setting against Centrelink and Aust. Tax Office action for the agreed "period of grace".

I understand that The Business Centre in Adelaide already has some provision for venture capital generally, and while AusIndustry (which I see as a central player in my proposed reforms) has some input in to The Business Centre's activities already, I see a relatively simple extension of its role in assisting to facilitate these initiatives.

Mr McMahon, I very much appreciate your prompt reply to my previous communication - again many thanks. I am VERY passionate about the initiatives of less prominent, private Australians having equality of consideration for ideas in these areas, and while I believe the Committee will genuinely attempt to accommodate this equality of consideration, I fervently hope that the "little people" like us are not forgotten following the possible submissions of larger corporate and welfare organisations, which can appear to "bulldoze" their way to prominence with all their "bells and whistles" or power plays, often designed to dominate the scene and, as usual, deprive the masses of even the most basic recognition.

You may have noticed that I have enclosed an up-dated, slightly expanded and revised version of the Draft forwarded on 31 March.

Again, I would like to submit a Final Document, after further consultation with locals, and, if possible, the Standing Committee, and trust that I am not being unintentionally difficult by seeking some feedback regarding the above specific issues.

## Draft Proposal To Review Investment Guidelines For Mature Age Australians

### Introduction:

The proposal seeks to encourage mature age Australians to invest in local industry, especially SMEs, with a view to attaining a Centrelink and Aust Tax Office "friendly" treatment of income earned from successful ventures of this kind.

### Mission:

**To convince the Commonwealth Govt. to review present guidelines affecting unemployed mature age (45 years plus) Australians who invest in, and derive an income from potential growth, yet high risk, local (Australian) companies, including SMEs.**

### Objectives:

- (1) Seek support from local Ws and other pivotal political, government and semi-govt. organisations to relax present Centrelink rules regarding penalties for income earned by mature age Australians investing in local companies, including SMEs.
- (2) Approach various welfare organisations including ACOSS, Salvation Army, Mission Employment .... etc. with a view to securing in-principle support for proposals.
- (3) Retrenched workers unable to obtain employment at mature age (over 45) to qualify for full Job Search/Newstart Allowance regardless of investments in Australian companies, so long as an individual's assets are not above reasonable levels.
- (4) Criteria for Investor eligibility to be strict, with opportunities for participation to be limited to unemployed people aged 45 and over who qualify for full Job Search Benefits.
- (4) Depending on an individual's personal circumstances, investments in, and profits from Australian SMEs to be considered exempt from Centrelink income deeming for the first five (5) years ("period of grace") following the granting of welfare benefits.
- (5) AusIndustry to provide information to Investors regarding investment/s identified with potential for worthwhile returns. However **Disclaimers to be emphasised.**
- (5) Onus for application of due care and diligence solely on the Investor/s.
- (6) Safeguards to be applied to ensure millionaires can-not participate. Thus the additional opportunities for wealth and employment creation **to benefit low and middle income earners** (or "battlers"), who are proposed as priority targets for these reforms. Thresholds to be determined, but with some flexibility, for individual circumstances, e.g. some Investors under 55 unable to access some funds favourably.
- (7) Taxation benefits to be applied similar to investments in the Australian Film Industry.
- (8) Investors to be exempted from seeking employment for first five (5) years following grant of welfare benefit, unless return on investments levels are excessive (above, say 535K per annum **consistently.**
- (9) Investors to be considered as permanent part or full time employed as a result of income derived from investments, but exempted from off-setting against Centrelink benefits during "period of grace".
- (10) Provision to be made, where possible, for Investors to enter in to a part or full time self-employment Agreement/Contract since they will become part owner/s in the enterprise/s concerned.
- (11) Government Funding (via continued, full Centrelink welfare payments) for the program/s can be approved or rejected along present NEIS criteria guidelines, except that "period of grace" to be extended (from present 12 month duration for the NEIS Scheme) for those willing to thus invest in Australia's economic future.

**Immediate Priority:**

**Secure support-in-principle from the Federal Government to proceed with proposals, and to prepare a "Final" submission as soon as possible.**

**Preliminary Summary:**

The benefits to all parties - investors, companies (esp. SMEs, the lifeblood of the Australian economy), all tiers of government and the wider community are potentially inestimable. The potential for **additional job and wealth creation is almost limitless.**