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The Chair
House of Representatives Standing Committee
on Employment and Workplace Relations.
Parliament House
Canberra ACT 2600

18 July 2003

re Employment..Increasing participation in paid work.

I would refer to your letter dated the 9 July 2003 and wish to make a submission for the consideration of your committee.

My wife and I have operated our own companies since 1977,we believe that in most respects that the ventures have been successful,they would have been far more so if we had had adequate funding,mentoring support and from time to time more favorable economic conditions.

To fund our company it was DEMANDED by our bankers that to secure funding then they must have our family home as security,should the company fail then we became personally liable under Directors Guarantees which were signed without the privillage of legal advice.The law has since been changed with regard to this aspect.

It is suffice to say at this time we LOST our house to the bank in 1992.

We still operate our own company without any support from our bankers.

THE FUTURE OF THIS COUNTRY MUST ADDRESS THE NEEDS OD MICRO SMALL BUSINESS,IT MUST STOP TAKING AND ACT.

Accordingly I hereunder set out for your consideration my submission which for the record was in part submitted via my local member initially to Rod Kemp,then Peter Reith both of whom it would appear were unable to read let alone comprehend my submission,I trust that your committee will give the consideration to the proposal which I believe it is due.

In Australia today are many thousands of micro small businesses employing no one and struggling to survive even though they have sound business plans,above average capabilities further more sound viable businesses.

Submission for Consideration

The biggest problem any new micro small business has is lack of CAPITAL this submission will set out a view on how to overcome this problem, it will also show that financial institutions can make substantial additional profits, how both federal and state governments can increase revenue by billions of dollars, how unemployment can be reduced and how our Australian community can prosper.

It is proposed that the Australian Federal Government act as a guarantor for sound small or micro businesses with little risk, yet with great benefits to the community.

A small or micro small business must have a sound business proposition as well as a firm business plan, both aspects must meet the current lending criteria of the major trading banks. The emphasis on sound business meeting a set criteria.

The bank would loan the business up to \$75,000 as a figure for this submission, the Federal government under this programme would guarantee the full loan to the bankers, accepting the bank was prepared to undertake funding of the business, for its part the bank provides to the business a mentor or in the case of a company, a financial director, the owners of the business initially have no equity however they have the right to full ownership of the business at the end of the loan period.

Consider.....the bank has a guarantee from the federal government for its loan of a business it would normally lend to, the government has its interests protected by the bank's personnel in the business activity.

THE BANK MUST USE EVERY ENDEAVOUR TO ENSURE THE SUCCESS OF THE BUSINESS FAILURE TO DO SO COULD END UP WITH LEGAL ACTION BEING TAKEN AGAINST THEM FOR NEGLIGENCE.

Assume a small business with all criteria being met and a \$75,000 loan being approved. The period of the loan is to be six years, annual interest at a rate of 7%, repayment to the bank is principal and interest payable monthly.

At the end of six years the business should be viable further the owners will have 100% equity.

Assume the business in the first year turns over \$100,000 with a minimum increase annually of 15%.

For the record the following figures have been simply produced and a detailed and accurate figure can be produced.

loan repayment first year	\$12.500 interest \$5.25, total	\$17.750
loan repayment second year	12.500 interest 4.375, total.....	16.875
loan repayment third year	12.500 interest 3.500 total.....	16.000
loan repayment fourth year	12.500 interest 2.625 total.....	15.125
loan repayment fifth year	12.500 interest 1.750 total.....	14.250
loan repayment final year	12.500 interest 875 total.....	13.375

estimate of interest earned on a 100% guaranteed loan\$18.384

Estimate turnover \$100.000 first year with minimum 15% increase per annum...

first year turnover.....	\$100.000 estimate all taxes at 20% of gross....	\$20.000
second year turnover.....	115.000	23.000
third year turnover.....	132.250	26.450
fourth year turnover.....	152.080	30.417
fifth year turnover.....	174.892	34.978
sixth year turnover.....	201.125	40.225

estimate of all gross taxes paid.....\$175.070

The above indicates the possible results and I am sure that with fine tuning the end results will be slightly different, however it is the concept that you must consider.

The federal government is handing money out all over the world I believe it must also address many of the problems within the country.

Finally for my submission let us assume that 80,000 small and micro small businesses are helped by this programmer, all meeting the set and established criteria.

Assume that 90% of the new businesses are successful and make the full term of the loans and payment in full is made, it would be fair to further assume that at least 50% of these businesses would end up employing at least one full time employee.

IN CONCLUSION IT MUST BE ASSUMED THAT.....

BANKS MAKE OVER 14 MILLIONS IN ADDITION INCOME
TAXATION EARNED WOULD RUN INTO BILLIONS
INCREASED EMPLOYMENT INTO FULL TIME JOBS
SAVINGS OF MILLIONS IN UNEMPLOYMENT BENEFITS
UNTOLD BENEFITS TO THE AUSTRALIAN COMMUNITY
UNTOLD EXTRA INCOME FOR SUPPLIERS
A HAPPIER AND HEALTHIER COMMUNITY

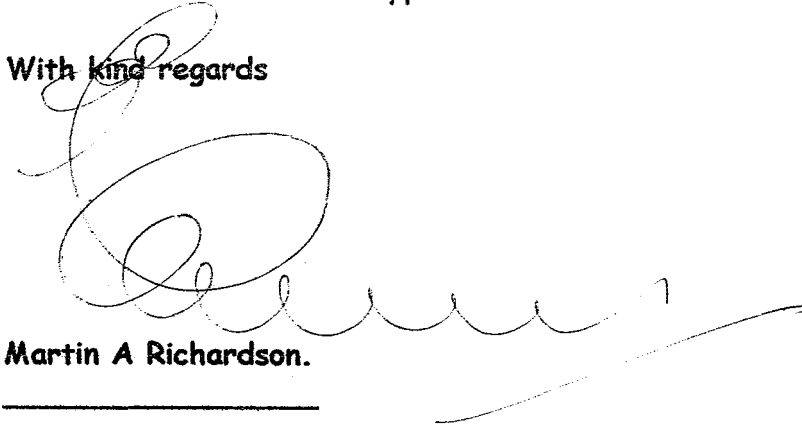
I would like to thank you for giving me this opportunity to present my views to your committee and I sincerely trust that you will carefully consider the proposition for I know from personal experience how to run a small business and the problems that are associated with being self employed

In our country today there are tens of thousands of capable people with sound business experience who are unemployed and over the age of 35 years, most will not have the opportunity of being gainfully employed, nor do they have the luxury of being ex politicians who on leaving parliament end up with well paid employment.

I trust that my comments meet your criteria and are of interest to you.

Your comments would be appreciated at sometime in the future.

With kind regards

A large, stylized handwritten signature in cursive script, appearing to read 'Martin A Richardson'. The signature is written in black ink and is positioned above the printed name.

Martin A Richardson.