

CPA Australia
Small Business Survey Program:
Employment Issues

March 2002

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First published 2001

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Contents

Executive Summary	4
About this Survey	7
The Detailed Findings	8
Incidence of employing staff by small business	8
Whether small businesses have made a decision not to employ staff and if not what will encourage them to do so	8
Employment of casuals	9
Employment of new permanent staff in the last year	10
Employment conditions and rewarding good performance by staff	11f
Employee share plans and staff equity	12
Main impediments to hiring new staff	13
Other family members working in small business	13
Use of contractors	14
Succession planning	15
Attitudes regarding employment of staff	16
Payroll tax	17
Perceived impact of superannuation requirements on employment in small businesses	18
Perceived impact of workcover on employment in small business	19
Extent to which small business clients seek advice on particular areas from their CPA	19
Small business sample details	20
Appendix: The Questionnaires	21

Executive Summary

CPA Australia surveyed 600 small businesses and 105 CPA accountants on a range of employment issues in February 2002. For the purposes of this survey, small business was defined as independently owned and operated businesses employing fewer than 20 employees. The survey was conducted by telephone and participants were selected at random across all states and territories and in both regional and metropolitan areas.

The survey focused to a large extent on small businesses' attitudes and perceptions about employment and the motivating factors behind their employment decisions.

Some of the key conclusions from the survey are:

Almost a third of small businesses believe that they cannot dismiss staff, even if their business is struggling or the employee is stealing from them, under the unfair dismissal laws. The same number of businesses believe that employers' always lose unfair dismissal cases if a dispute arises. Only 58 per cent of small businesses are confident they know how to dismiss staff under the legislation and of these only 30 per cent are very confident. Sixty-two per cent of small business and 81 per cent of accountants believe the unfair dismissal laws require them to follow a complex process. These perceptions are as much a barrier to employment as the operation of the law. The Government, in any strategy to assist small business, should address misinformation and lack of awareness.

Small businesses are employing more casuals and contractors despite a belief that they are not as valuable to their business as full-time employees. The main reasons for hiring casuals over permanents are: varying business income and work; and to reduce costs, however a real barrier to employment in the sector is the view that it is difficult to find skilled and motivated employees for small business.

Forty per cent of small businesses consider payroll tax a barrier to employment and 77 per cent believe the cost is passed on to consumers. Of those that believe payroll tax is a problem, 65 per cent think the rate of payroll tax should be lowered and spread across all employment. Smaller businesses (1-2 employees) that are unlikely to be currently paying payroll tax were more likely to hold this view than larger businesses with 10-19 staff (71 per cent compared to 52 per cent). Seventy-one per cent of businesses with 10-19 staff would prefer to see payroll tax eliminated even if it means an increase in another tax while only 37 per cent businesses with 1-2 staff agree. The average across the sector was 46 per cent.

Summary of the findings

Employment in the small business sector

- Eighty-five percent of small businesses employ staff. Full-time employment is the most common arrangement (72 per cent of businesses), 35 per cent have part-time staff and the same proportion employ casual staff. Only 14 per cent have contractors and 2 per cent have labour hire staff working for them.
- Of the 23 per cent with no full or part-time staff, 57 per cent have made a conscious decision not to employ staff.
- Non-employing businesses are more likely to employ if they had more work or if the on-costs and paperwork associated with employment were reduced.
- Thirty-five per cent of small businesses employ casuals. This trend is growing at the expense of full-time staff, with 24 per cent of them expecting to employ more casuals than permanents in the next 12 months.
- The main reasons for employing casuals include variable business income and work patterns and cost reduction.
- Fifty-three per cent of businesses have a family member working in the business. Family members mostly work full-time and are paid. However 17 per cent of businesses have family members working informally in the business.

Recruitment

- The main reasons small businesses employed in the preceding 12 months were to re-fill existing positions and to cover business expansion.
- Only 21 per cent of small businesses got outside help with recruitment.
- Seventy-five per cent of small businesses that employed staff in the last year had a list of skills and qualifications required for the position but just over half had a written job description.

Employment conditions and performance management

- Small businesses are developing flexible work environments with 59 per cent offering flexible working hours, 32 per cent offering job-sharing or part-time work and 20 per cent enabling staff to work from home.
- Thirty-five per cent of small businesses offer incentive schemes and 28 per cent offer salary packaging.
- Almost half the employing small businesses (45 per cent) pay for off-site training or work related education for their staff.
- Praise and recognition is the most common method of rewarding good performance in small business (82 per cent).
- Other rewards include bonus schemes (57 per cent) and salary increases (51 per cent).
- Promotion, time off and special conferences or training are only used by about a quarter of small businesses as performance rewards.

Employee share plans and staff equity

- Very few small businesses have employee share plans (1 per cent) or have offered staff equity in their business (4 per cent).
- The majority of small businesses (66 per cent) would not consider such approaches to retain staff, however 29 per cent have no objections to them.

Impediments to hiring new staff

- Employee related factors are seen as the main impediments to hiring new staff. Reasons varied with 25 per cent of small businesses citing lack of skilled applicants, 20 per cent said they had difficulty finding motivated and reliable staff, and 7 per cent are put off by the training requirements for new staff.
- Slowing economy and lack of work was also seen as an impediment by 24 per cent of small businesses.
- Wage costs were the main impediment to employment for 18 per cent of businesses.
- Only 5 per cent of businesses considered unfair dismissal to be the main impediment to employment.

Contractors

- Twenty-six per cent of small businesses outsource some work to contractors.
- The majority of contractors have their own workers' compensation insurance and bring their own equipment.
- Generally, small business operators and their advisers believe contractors require less supervision than employees and are twice as likely to believe that contractors cost less than hiring employees.
- While 69 per cent of businesses pay contractors on completion of a job, 22 per cent pay contractors on a regular basis rather than on performance of the contract.

Succession planning

- Only 21 per cent of small businesses have a succession plan in place and of those, 37 per cent expect a family member to take over the business.
- Succession plans are more common in businesses with 10-19 staff and/or turnover in excess of \$1million.

Attitudes regarding the employment of staff

- While 58 per cent of small businesses were confident they knew how to dismiss staff in line with the unfair dismissal laws, 26 per cent were not confident and 76 per cent of CPAs believe small business owners do not understand the laws.
- Small business are polarised on their belief about whether employers always lose unfair dismissal cases with 30 per cent believing they do and 35 per cent believing they don't.
- Twenty-eight per cent think they cannot dismiss staff even if their business is struggling and 27 per cent felt they cannot dismiss staff even if they are stealing from the business.
- A majority of both businesses (62 per cent) and advisers (81 per cent) considered the process they have to follow to comply with the law to be complex.
- Small businesses were divided as to whether they considered counselling staff difficult although 63 per cent of CPAs felt small businesses found it difficult.
- More than half the small businesses and CPAs supported the view that full-time employees cared more about the business than casuals.

- Both groups agreed that OH&S (occupational health and safety) requirements applied to all staff regardless of their status. However, both were more likely to agree with the statement that staff want casual rates but look for entitlements if they injure themselves. This suggests that they do not consider casual staff entitled to these conditions.

Payroll tax

- Forty per cent of small businesses and 45 per cent of CPAs believe payroll tax is a barrier to employment.
- Of the small businesses that consider payroll tax a barrier, 80 per cent believe the rate is too high, 65 per cent believe the rate should be lowered and apply to all businesses and 77 per cent believe the cost is passed to consumers.
- Overall 46 per cent of small businesses would prefer to see payroll tax eliminated even if it means increases in other taxes, however businesses with 10-19 staff were twice as likely to hold this view than those with 1-2 staff.

Superannuation

- Thirty-eight per cent of businesses consider superannuation obligations to be a barrier to employment, primarily because of its cost.
- Other concerns with superannuation were too much paperwork (44 per cent), too complex (35 per cent) and employees not considering it part of their remuneration (44 per cent).

Workcover

- Workcover insurance was also seen as an impediment by small business but fewer businesses (25 per cent) were concerned about workcover than payroll tax or superannuation.
- Generally, workcover is considered too expensive (87 per cent), too complex (36 per cent), too difficult (32 per cent) and employees expect too much (28 per cent).

Employment advice

- CPAs are a major source of advice for small business on employment issues. Over 90 per cent of CPAs are asked for advice on superannuation, employment tax and workcover issues.
- Wage rates and employment arrangements are another area where small businesses use their accountant as a key source of advice (more than 80 per cent of CPAs were asked for advice on these issues).
- Fewer businesses seek advice on issues such as recruitment, termination and performance management, however more than half the CPAs in the survey were asked for advice on these issues by their small business clients.

About this survey

This document contains the results of the CPA Australia Small Business Survey conducted in February 2002.

Who was interviewed?

The survey targeted two groups:

- the small business¹ population and specifically senior decision-makers within small businesses; and
- CPAs in public practice² who are key advisers to small businesses and mostly small business owners and decision-makers themselves. This target is able to provide a broad perspective on small businesses at large. It also acts as a control group.

Geographic scope

The survey covered metropolitan and non-metropolitan areas of all States.

The sample

A random sample is required to properly represent both targets. The best available sampling frame that allows this is the Electronic White Pages (EWP) which captures all businesses without any categorisation (other than location).

With the CPA practitioner sample, a random selection was achieved from the CPA Australia member database. In total 600 interviews are conducted with small businesses and 105 with the public practitioners structured as follows:

The sample allows solid state and territory comparisons for the small business sector as well as by metro and regional / rural. For public practitioners, individual state comparisons are not valid.

		Small businesses	CPAs
Victoria	Metro	105	18
	Regional / Rural *	45	6
NSW	Metro	105	18
	Regional / Rural	60	6
Queensland	Metro	60	12
	Regional / Rural	30	6
SA	Metro	45	9
	Regional / Rural	30	6
WA	Metro	45	9
	Regional / Rural	30	6
Tas/ACT/NT**		45	9
TOTALS	Metro	405	75
	Regional / Rural	195	30
GRAND TOTAL		600	105

Notes: * Half regional and half rural.

** We treat these as metro.

Interview method

A telephone survey was conducted by market research firm, Worthington Di Marzio, with interviewing done on a CATI (Computer Aided Telephone Interviewing) system under fully supervised conditions. Worthington Di Marzio have Quality Accreditation for telephone interviewing from the MRAQ Scheme.

Questioning

The questionnaire this time focused on the issue of employing staff. Classification questions were also asked about the business to allow deeper analysis of the results and to pinpoint segment variations, e.g. size of business, industry, years operating, business territory (local, state-wide, national, international), import/export behaviour, characteristics of the owners, and turnover (in broad categories), reliance on external accountants.

The questionnaires used for this survey are appended.

1 Defined as "independently-owned and operated business employing fewer than 20 people".

2 Defined as "CPA Public Practitioner Certificate holders or Managing Partners in a CPA Practice".

Detailed Findings

1. Incidence of employing staff by small business

Table 1 shows that 85 per cent of small businesses surveyed employ staff and a similar proportion of CPAs (91 per cent) have small business clients who employ any staff.

Amongst the small businesses:

- 72 per cent have full-time staff with an average of just over 3 (3.16) across the full sample.
- 35 per cent have part-time staff and the same proportion use casual staff, but the number of casuals employed is almost double the part-timers (1.82 to 0.97).
- Only 14 per cent and 2 per cent respectively have contractors or labour hire staff working for them (at the time of the interview) with the mean being less than 1 overall.

There were no statistically significant differences by variables such as location, industry, years in business. There is an indication however, that casuals are more prevalent outside the manufacturing industry. Only 16 per cent of those small businesses surveyed from the manufacturing industry have casuals compared to 43 per cent for retail/wholesale, 29 per cent for services and 44 per cent for "all other".

Table 1: Incidence of employing staff by small business

	Small business %	CPA SB clients %
% employing any staff	85	91*
% employing any in these categories		
Full-time	72	NA
Part-time	35	NA
Casual	35	NA
Contractors	14	NA
Labour hire people	2	NA
Mean no. employed in each category		
Full-time	3.16	NA
Part-time	0.97	NA
Casual	1.82	NA
Contractors	0.56	NA
Labour hire people	0.03	NA

- Notes:
1. Refer Q1a (SB), Q1 (CPAs).
 2. SB = Small business.
 3. Numbers in brackets show sample size answering each question.
 4. NA = Not applicable (not asked).
 5. Rounding occurs.
 6. * = 7% said don't know and they are not included. Only 2% said 'none'.

2. Whether small businesses have made a decision not to employ staff and if not what would encourage them to do so

Almost one in four small businesses (23 per cent) have no full-time or part-time staff. Businesses with no staff were more likely to occur in retail/wholesale (30 per cent) than in the services sector (18 per cent). Western Australia recorded an above average incidence of non-employing businesses (35 per cent) as did small businesses operating for less than 5 years (31 per cent).

Table 2 also shows that just over half the non-employing businesses made a conscious decision not to employ full-time or part-time staff. This suggests that the remaining businesses (over 9 per cent of the total businesses surveyed) would be potential employers if a change in their conditions occurred.

Not all of these potential employers spontaneously claim to need incentives to hire staff however, references were made to barriers such as on-costs, paperwork, complicated employment system and unfair dismissal laws. Thirty-two per cent of this group would employ if they had more work and 29 per cent claimed nothing would encourage them to employ.

Table 2: Whether small businesses have made a decision not to employ staff and if not what would encourage them to do so

	Total small business %
% of small business with no full-time or part-time staff	23
Have decided to have no full-time or part-time staff	(139)
Yes	57
No	43
If 'no', what would encourage you to employ staff?	(79)
More work	32
Reduce on-costs and paperwork associated with employing	25
A better work ethic	15
Less complicated employment system	10
Changes to unfair dismissal laws	3
Assistance with recruitment and management	-
Nothing	29

Notes: 1. Refer Q1b/c of SB survey.
 2. Numbers in brackets show sample size answering each question.
 3. Multiple responses allows to Q1c.

3. Employment of casuals

Table 3.1: Employment of casuals

	Small business %	CPA SB clients %
% with casuals	35	NA
Employ more casuals than a year ago	(207)	(94)*
Yes	28	40
No	71	49
Don't know	1	11
Expect to employ more casuals than permanents	(494)	(94)
Yes	24	NA
No	73	NA
Don't know	3	NA
Factors influencing employment of casuals	(118)	(94)
Because business income varies	65	58
Because of shift work and changing work patterns	63	35
Not enough work for permanents	60	66
To reduce costs	52	54
Permanents have too many non-wage benefits like maternity leave	43	28
The cost of worker's compensation and other on-costs	39	46
The time to manage permanents does not return enough income to make it viable	33	35
Less paperwork with casuals	33	28
Because employee prefers casual employment	31	30
To avoid unfair dismissal issues	30	44
Work is seasonal	10	-
Flexibility of hours	7	-
Holiday issues	3	-

Notes: 1. Refer Q1a, Q2 – Q4 (SB), Q2 & Q4 (CPAs).
 2. SB = Small business.
 3. Numbers in brackets show sample size answering each question.
 4. NA = Not Applicable (not asked).
 5. * = This relates to CPAs with clients who employ any staff and question was whether such clients are more inclined to employ casuals than one year ago. (Only 2% said none of their clients employ no casuals.)
 6. Multiple responses allows for Factors question.

At the time of the survey just over one in three small businesses (35 per cent) had casual staff. Some growth in casual employment occurred within the sector in the last year, with the trend continuing at the expense of permanents.

Around one in four (28 per cent) of the small businesses with casuals claim to employ more casuals than a year ago and a similar proportion (24 per cent) expect to employ more casuals than permanent full-timers in the foreseeable future. CPAs concur here, with 40 per cent saying their small business clients are now more inclined to employ casuals than a year ago.

There are a number of factors driving the employment of casuals in the small business sector, with many respondents spontaneously mentioning a number of regulatory and cost issues. By and large, small businesses and CPA respondents were similar in views with the most common answers relating to demand factors.

Table 3.2: Top four issues

Small business		CPAs	
1. Because business income varies	65%	1. Not enough work for permanents	66%
2. Because shift work and changing work patterns	63%	2. Because business income varies	58%
3. Not enough work for permanents	60%	3. To reduce costs	54%
4. To reduce costs	52%	4. Cost of workers comp & other on- costs	46%

Spontaneous references to regulatory/compliance/on-cost factors are quite prominent with both groups of respondents, however almost twice as many respondents nominated demand factors.

Table 3.3: Regulatory and cost factors

	SB %	CPAs %
Cost of workers comp and other on-costs	39	46
Avoid unfair dismissal issues	30	44
Less paperwork with casuals	33	28
Permanents have too many non-wage benefits like maternity leave	43	28

The small businesses with the highest likelihood of employing more casuals than permanent full-time staff in the foreseeable future are those:

- in Queensland (33 per cent)
- with only 1-2 employees now (29 per cent)
- less than 5 years old (33 per cent), and
- operating outside the manufacturing, retail/wholesale and service sectors (33 per cent).

4. Employment of new permanent staff last year

Almost one in two small businesses (with staff) have employed new permanent full-time or part-time staff in the last year. The main catalyst, nominated by over half the businesses, was the replacement of existing staff, however 42 per cent of respondents claimed to have employed staff as a result of business growth. An additional 26 per cent added new staff as a result of growth plans.

Use of outside help for recruitment is not particularly common in the small business sector with only one in five claiming to seek any assistance, however over half prepare a written job description for the position. Three-quarters of businesses prepare a list of skills and qualifications sought. Larger small businesses, such as those with annual sales of over \$1 million and/or 10-19 employees, are more likely to formalise the recruitment process as well as those where the owner/manager is tertiary-educated. Despite limited structure in the employment process, the bulk of the small businesses (86 per cent) were satisfied with the last permanent staff member they recruited.

Table 4: Employment of new permanent staff in the last year

	Small business %	CPA SB clients %
Have employed new full-time or part-time staff in last year	(461)	
Yes	48	NA
No	52	NA
If 'yes', why?	(222)	
Replaced employee who left	56	NA
Business expanded	42	NA
Reviewed business and found need for	21	NA
Decided to diversify business	5	NA
Just opened business	1	NA
When employ...	(461)	(96)
Get outside help with recruitment	21	18* [78]
Have list of skills and qualifications sought	75	49* [82]
Have written job description for position	53	24* [78]
Were satisfied with last person employed	86	NA [NA]

- Notes: 1. Refer Q5a/b/c (SB – asked of those employing any staff), Q4 (CPAs – asked of those who have SB clients employing staff).
2. SB = Small business.
3. Numbers in brackets show sample size answering each question.
4. NA = Not applicable (not asked).
5. * = These figures denote the mean proportion of CPA SB clients who are estimated to do this. However, the figures in brackets [] alongside show the proportion of CPAs who said any of their SB clients do this.

5. Employment conditions and rewarding good performances by staff

The cost of recruiting employees can be significant for any sized business, however the smaller the firm, the greater the likelihood of disruption when an employee must be replaced. Offering flexible conditions and a family friendly environment are ways small business can compete with larger less flexible businesses. The survey results show a significant proportion of respondents are providing a flexible work environment with 59 per cent offering flexible working hours, 32 per cent offering part-time work or job sharing and 20 per cent allowing for staff to work from home.

Forty-five per cent of businesses claim they offer their employees some development opportunity through paid off-site training or work-related education, 35 per cent have some form of incentive scheme and 20 per cent offer some form of salary packaging. Only 16 per cent of respondents with staff offered none of the above.

Eighty-two per cent of respondents said praise and recognition is the most commonly used method of rewarding good performance in small business. Interestingly, 57 per cent claimed to have a bonus or incentive scheme to reward good performance, yet only 35 per cent claimed to offer these schemes as part of the employment conditions.

More than half reward good performance with salary increases, yet only about one in four used time off, promotion or special training such as a conference as a performance reward.

The CPA responses more or less accord with small businesses'.

The larger the small business in staff numbers and/or sales, the more likely it uses these employment conditions and rewards.

Table 5: Employment conditions and rewarding good performances by staff

	Small business % (461)*	CPA SB clients % (96)
Employment conditions...		
Offer flexible working hours	59	29 [73]
Pay for off-site training or work-related education	45	32 [76]
Have an incentive scheme	35	12 [50]
Offer job sharing or part-time work	32	19 [51]
Offer salary packaging	28	16 [61]
Allow staff to work from home	20	5 [46]
(None of above)	(16)	(10) [10]
Reward good performance by...	(461)	(96)
Praise and recognition	82	54 [85]
Bonus or incentive system	57	22 [77]
Increase to salary	51	41 [84]
Additional time off	27	19 [59]
Promotion	24	20 [61]
Special training seminar or conference	22	16 [61]

Notes: 1. Refer Q5d/e (SB – asked of those employing any staff), Q5 & Q6 (CPAs - asked of those who have SB clients employing staff).
2. SB = Small business.
3. Numbers in brackets show sample size answering each question.
4. NA = Not applicable (not asked).
5. * = These figures denote the mean proportion of CPA SB clients who are estimated to do this. However, the figures in brackets [] alongside show the proportion of CPAs who said any of their SB clients do this.

6. Employee share plans and staff equity

Table 6 demonstrates that few small businesses (with staff) have an employee share plan or provide avenues for staff to obtain equity in the business. CPAs generally confirm this finding. Table 6 also shows that small business owners are less inclined to provide benefits to retain valued staff – 66 per cent to 29 per cent. Those small businesses that are more likely to consider the introduction of an employee share plan to keep valued staff include:

- metro-based business (33 per cent) rather than rural-based (22 per cent)
- those with 5-9 staff (41 per cent)
- services firms (34 per cent)
- those with a broader business base such as customers interstate (39 per cent) or overseas (41 per cent)
- those with higher turnovers (annual sales of \$500,000 to \$1 million - 43 per cent)

Table 6: Employee share plans and staff equity

	Small business % (461)	CPA SB clients % (105)
Incidence of...		
Employee share plan	1	1* [15]
Staff equity	4	1* [18]
If 'no', would consider these to keep valued staff...	(436)	
Yes	29	NA
No	66	NA
Don't know	5	NA

Notes: 1. Refer Q5f/g (SB – asked of those employing any staff), Q7 (CPAs).
2. SB = Small business.
3. Numbers in brackets show sample size answering each question.
4. NA = Not applicable (not asked).
5. * = These figures denote the mean proportion of CPA SB clients who are estimated to do this. However, the figures in brackets [] alongside show the proportion of CPAs who said any of their SB clients do this.

7. Main impediments to hiring new staff (free response)

Respondents were asked what factors they saw as the main impediments to hiring new staff in their industry. The responses can be grouped into three main categories – economic or demand-related factors, employee-related factors and cost and regulatory factors.

One in four small business respondents cited lack of skilled or experienced staff as the major impediment to taking on new employees. Altogether, more than half mentioned employee related factors as an issue, suggesting a general lack of confidence in new employees to add value to the business. The remainder were equally split between demand and cost/regulatory factors. Unfair dismissal legislation was mentioned as a primary issue by only five per cent of businesses.

CPAs more often said the main impediments are regulatory factors and costs, particularly cost of non-wage elements in employment.

Table 7: Main impediments to hiring new staff (free response)

	SB %	CPAs %
Economic/demand factors		
Slowing economy and less work	14	15
Just don't need them	6	1
Cyclical nature of our work/unpredictable	4	2
Employee-related factors		
Lack of skilled or experienced applicants	25	11
Inability to find motivated people/work ethic	12	11
Lack of loyalty, reliability and trust	8	6
The training required	7	4
Cost and regulatory factors		
Cost of non-wage elements in an award	13	35
Unfair dismissals	5	16
Wage levels in the award	4	11
GST has added to costs of running business	1	2

- Notes: 1. Refer Q6 (SB), Q8 (CPAs – asked about their SB clients).
 2. SB = Small business.
 3. Multiple responses possible.

8. Other family members working in small business

Having a spouse or family member working in the business is fairly common in the small business sector. The survey shows this occurring in just over half (53 per cent) the businesses with family members employed full-time, part-time and even casual, however the majority of family employees are paid.

Small businesses with sales of under \$200,000 plus per annum are less likely to employ other family members than other businesses (46 per cent compared with 54 per cent to 68 per cent). These smaller firms are more likely to have family members working as casuals (18 per cent) and to be unpaid (34 per cent) than other businesses and are less likely to employ family members full-time (42 per cent).

Table 8: Other family members working in small business

	Small business %	CPA SB clients %
Have spouse or other family working in SB		
Yes	53	63* [94]
No	47	NA [6]
If 'yes', they work...	(318)	(99)
Full-time	52	28
Part-time	28	19
Casual	13	4
Mix of above	7	47
Don't know	-	1
If 'yes', are they paid?	(318)	(99)
Yes	78	59
No	17	13
Some are/some aren't	5	28

Notes: 1. Refer 7a/b/c (SB), Q9a/b/c (CPAs).

2. SB = Small business.

3. Numbers in brackets show sample size answering each question.

4. * = This figure denotes the mean proportion of CPA SB clients who are estimated to do this. However, the figure in brackets [] alongside shows the proportion of CPAs who said any of their SB clients do this.

9. Use of contractors

Contracting and non-traditional forms of employment have been growing steadily over the past few years. Many small businesses contract for services that they do not provide in-house and others see contracting as a way of cutting costs and avoiding difficulties associated with employing full-time staff. The survey shows that just over one in four small businesses use contractors. Their use is above average in:

- Western Australia (36 per cent) and
- service businesses (32 per cent)

but below average among firms:

- with 1-2 staff (22 per cent)
- that have been in business for less than five years (15 per cent)
- generating sales of under \$200,000 per annum (20 per cent) and
- where the owner is educated below Year 12 level (21 per cent) or aged under 40 (20 per cent)

Table 9 shows that where contractors are used they are likely to:

- have their own workers' compensation insurance
- bring their own equipment, and
- require less supervision than employees do.

Twenty-two per cent of small business respondents said that they paid their contractors regularly rather than on completion of the work. One rationale for this is that there is an on-going relationship between the small business and the contractor, for example a bookkeeper who regularly prepares the accounts for a firm. Alternatively, some small businesses may not be fully aware of the distinction between contractors and employees and misclassify the relationship. A greater proportion of businesses that paid their contractors on completion of the work claimed the contractors had their own workers' compensation insurance and brought their own equipment, however no definite conclusions can be drawn from the data.

Twice as many small businesses and CPAs feel contractors cost less than hiring employees.

Table 9: Use of contractors

	Small business % (517)	CPA SB clients % (105)
Ever outsource to contractors		
Yes	26	29* [79]
No	74	NA [13]
If 'yes', do the contractors have own workers' compensation insurance?	(217)	(83)
Yes	88	77
No	2	6
Depends	3	8
Bring own equipment?		
Yes	76	83
No	14	7
Depends	5	6
Require less supervision than employees?		
Yes	71	81
No	17	10
Depends	4	5
Cost less than hiring employees to do the work		
Yes	48	45
No	28	23
Depends	14	25
Get paid on completion or regular basis		
Completion	69	59
Regular	22	13
Both	8	25

- Notes: 1. Refer Q8a/b (SB – asked of those without contractors now), Q11 & Q12 (CPAs).
2. SB = Small business.
3. Numbers in brackets show sample size answering each question.
4. NA = Not applicable (not asked).
5. * = This figure denotes the mean proportion of CPA SB clients who are estimated to do this. However, the figure in brackets [] alongside shows the proportion of CPAs who said any of their SB clients do this.
6. Don't know, not applicable and refused responses not shown for Q8b. & Q12.

10. Succession planning

The majority of small businesses (76 per cent) do not have a succession plan.

Thirty-four per cent of small businesses with 10-19 staff claimed to have a succession plan in place compared with only 16 per cent of businesses with 1-2 staff. Fewer businesses with annual sales of under \$200,000 (16 per cent) had a succession plan compared to 31 per cent of those with turnover in excess of \$1 million.

Interestingly, only one-third (37 per cent) of the businesses with succession plans expect a family member to take over the business. Given the lack of interest in encouraging employees to take equity in the business demonstrated in the earlier question and the high level of family participation in businesses, this result is surprising and could be investigated further.

Table 10: Succession planning

	Small business %	CPA SB clients %
Have succession plan in place		
Yes	21	18* [74]
No	76	NA [18]
Don't know	3	NA [8]
If 'yes', expect family to take over business eventually...	(126)	
Yes	37	NA
No	57	NA
Don't know	6	NA

- Notes: 1. Refer Q9a/b (SB), Q10 (CPAs).
2. SB = Small business.
3. Numbers in brackets show sample size answering each question.
4. NA = Not applicable (not asked).
5. * = This figure denotes the mean proportion of CPA SB clients who are estimated to do this. However, the figure in brackets [] alongside shows the proportion of CPAs who said any of their SB clients do this.

11. Attitudes regarding employment of staff

Small business owners were asked whether they agree or disagree with several statements, some true and others false, in order to gauge their understanding of specific employment related issues. The primary focus of the questions was to gauge small businesses' perceptions about the operation of the unfair dismissal legislation.

The survey showed that while 58 per cent of small businesses felt they were confident that they knew how to dismiss staff in line with the unfair dismissal laws, 76 per cent of CPAs believe small business owners do not understand the laws. Other results would support this view.

Small business are polarised on their belief about whether employers always lose unfair dismissal cases with 30 per cent believing they do and 35 per cent believing they don't (24 per cent of those disagreeing were not firm in their belief). Twenty-eight per cent think they cannot dismiss staff even if their business is struggling (13 per cent strongly agreed with this statement) and 27 per cent felt they can't dismiss staff even if they are stealing from the business. This indicates a significant proportion of businesses are unsure about their rights and obligations and have received conflicting information.

A majority of both businesses and advisers considered the process they have to follow to comply with the law to be complex. Small businesses were split about whether they considered counselling difficult although 63 per cent of CPAs felt small businesses found it difficult, perhaps reflecting a more compliance focused approach.

More than half the small businesses and CPAs supported the view that full-time employees cared more about the business than casuals, again reflecting a concern by small business that one of the difficulties with employment is finding staff that fit the culture and support the direction of the business.

Table 11: Attitudes regarding employment of staff

	Small business %			CPA SB clients %		
	Agree	Disagree	Diff.	Agree	Disagree	Diff.
Not able to dismiss employees even if business is struggling	28	53	-25	47	47	0
The unfair dismissal laws require me/clients to follow a complex process to dismiss staff	62	19	+43	81	11	+70
The employer always loses unfair dismissal cases	30	35	-5	25	55	-30
You can't dismiss a person even if they are stealing from you	27	56	-29	23	68	-45
Counselling staff is difficult and takes too much time	31	46	-15	63	30	+33
Confident know how to dismiss staff in line with the unfair dismissal laws	58	26	+32	15	76	-61
Staff want casual rates to get better pay but look for entitlements if they injure themselves	43	29	+14	64	25	+39
Full-time employees care more about my/clients' business(es)	50	28	+22	64	29	+35
Occupational health and safety requirements apply to all staff regardless of their employment status	91	2	+89	91	5	+86

- Notes: 1. Refer Q10 (SB), Q13 (CPAs).
 2. SB = Small business.
 3. Neutral and don't know responses not shown above.

Ninety-one per cent of small businesses and CPAs agree that occupational health and safety rules should apply to all staff despite their employment status. However, this strong result is somewhat mitigated by a greater proportion of both small businesses and CPAs believing that employees want casual rates for the good pay, but expect entitlements when injured. This implies they believe that casuals are not entitled to such conditions in ordinary circumstances.

12. Payroll Tax

Forty per cent of small businesses and 45 per cent of CPAs see payroll tax as a barrier to employment in the sector.

Table 12.1: Payroll Tax

	Small business %	CPAs
See payroll tax as barrier to employment in small business		
Yes	40	45
No	56	54
Don't know 4 1		
If 'yes', feel payroll tax..	(237)	(47)
Rate itself is too high	80	83
Rate should be lowered and apply to all employment	65	38
Is passed onto customers in form of higher prices	77	72
Would prefer payroll tax eliminated if also meant increase in another tax...	(237)	(47)
Yes	46	51
No	43	47
Don't know	11	2
If 'yes', which tax should increase to allow payroll tax elimination?	(108)	(24)
GST	37	38
Company tax	30	46
FBT	20	13
Personal income tax	31	29
Don't know	3	4

- Notes: 1. Refer Q11a-d (SB), Q14a-d (CPAs).
 2. Numbers in brackets show sample size answering each question.
 3. Refusals not shown.
 4. Multiples allowed in Q11d/Q14d.

Small businesses and CPAs who feel payroll is a barrier to employment are generally of the view that the rate is too high and/or it is passed onto customers as higher prices. However, these CPAs are less inclined than the small businesses to want the rate lowered and applied to all employment (38 per cent to 65 per cent).

Small businesses with 1 to 2 staff and those with 10 to 19 staff are equally likely to see payroll tax as too high and a barrier to employment. Surprisingly, 71 per cent smaller businesses that are unlikely to be paying the tax at the moment, agree that the rate should be lowered and applied to all employment. Fewer businesses with 10-19 staff (52 per cent) agreed with this approach. There is stronger polarisation of views about whether payroll tax should be removed at the expense of another tax increase. The businesses with 10-19 staff predominantly agreed (71 per cent) while the smaller businesses were less supportive (37 per cent agreeing).

Those sympathetic to exchanging payroll tax for increases in other taxes do not display a distinct preference about which tax should rise in compensation, although GST, company tax and personal income tax each rate quite a few mentions.

Table 12.2: Views on payroll tax by size of business

	No of staff %			
	1 – 2	3 – 4	5 – 9	10 – 19
See payroll tax as barrier to employment	(293)	(145)	(102)	(56)
Yes	42	34	40	38
No	53	61	57	59
Don't know	5	4	3	4
See payroll tax rate as being too high	(123)	(50)	(41)	(21)
Yes	79	82	78	86
No	8	4	10	5
Don't know	13	14	12	10
Think payroll tax rate should be lowered and apply to all employment	(123)	(50)	(41)	(21)
Yes	71	56	61	52
No	22	34	34	48
Don't know	7	8	5	-
Think payroll tax is passed on to customer in the form of high prices	(123)	(50)	(41)	(21)
Yes	76	72	76	90
No	20	22	20	10
Don't know	4	6	5	-
Would prefer PT be eliminated even if it meant an increase in another tax	(123)	(50)	(41)	(21)
Yes	37	46	59	71
No	50	48	24	24
Don't know	12	6	17	-

13. Perceived impact of superannuation requirements on employment in small businesses

The proportions of small businesses (38 per cent) and CPAs (45 per cent) surveyed who feel the superannuation requirements act as a barrier to employment in the sector are not small. This view is most strongly held among small businesses with only 1-2 employees (44 per cent) and where the owner is aged 40-59 (47 per cent).

Those with such a view are nearly all critical of the high cost, but there are also concerns expressed about complexity, paperwork, compliance issues and employee attitudes towards the superannuation requirements.

Table 13: Perceived impact of superannuation requirements on employment in SB

	Small business %	CPAs %
See super reqs. as barrier to employment in small business		
Yes	38	45
No	61	55
Don't know	1	0
If 'yes', it's because...	(227)	(47)
Too expensive	84	87
Too much paperwork	44	55
Employees don't see it as part of their wage when considering their remuneration	44	72
Too complex	35	38
Too hard to get info on compliance requirements	22	34

Notes: 1. Refer Q12a/b (SB), Q15a/b (CPAs).
2. Numbers in brackets show sample size answering each question.

14. Perceived impact of workcover insurance on employment in small businesses

One in four small businesses see workcover as a barrier to employment in the sector. Just over four in ten CPAs share this opinion. Above average in holding this opinion are small businesses in Western Australia (35 per cent) and in manufacturing (43 per cent).

Criticism about the high cost of workcover insurance was aired by almost all those who see workcover as such a barrier. However, many also express concern about complexity, paperwork and employee attitudes.

Table 14: Perceived impact of workcover on employment in small business

	Small business %	CPAs %
See workcover as barrier to employment in small business		
Yes	25	42
No	73	58
Don't know	2	-
If 'yes', it's because...	(152)	(44)
It's too expensive	87	98
It's too complex	36	50
Paperwork is too difficult	32	50
Employees expect too much	28	34
Open to abuse	3	-

Notes: 1. Refer Q13a/b (SB), Q16a/b (CPAs).
2. Numbers in brackets show sample size answering each question.

15. Extent to which small business clients seek advice in particular areas from their CPA

CPAs are clearly a major source of advice for small business on employment issues. Over 90 per cent of CPAs are asked for advice on superannuation, employment tax and workcover issues with many assisting with compliance obligations in these areas. This suggests that the complexity and compliance obligations are beyond the resources of many small businesses.

Wage rates and employment arrangements are another area where small businesses are seeking help and often using their accountant as a key source of advice.

Fewer businesses seek advice on issues such as recruitment, termination and performance management, however more than half the CPAs surveyed were asked for advice on these issues by their small business clients.

Table 15: Extent to which small business clients seek advice in particular areas from their CPA

	CPAs %
Yes, small business clients seek advice on...	
Recruitment processes	51
Wages and salary rates and conditions	81
Performance management	50
Terminating employees	74
Superannuation arrangements and compliance obligations	97
Payroll functions	82
Employment tax obligations	95
Workcover issues	90
How to structure employment arrangements	82
Compliance issues associated with employment succession planning	82
Succession planning	87

Notes: 1. Refer Q17 (CPAs – not asked of SB).

Table 16: Small business sample details

	Total %
No. of offices	
1	81
2	11
3+	8
Business comes from...	
Metro areas of this State	65
Rural areas of this State	51
Interstate	21
Overseas	6
All the above	16
Full-time employees	
1 – 2	49
3 – 4	25
5 – 9	17
10 – 19	9
Industry	
Agriculture or Mining	5
Communications	3
Construction/Transport/Storage	14
Electricity, Gas, Water	1
Fin/Ins/Prop or Bus. Services	15
Health & Community Services	6
Manufacturing	10
Recreation & Personal Services	9
Wholesale & Retail Trade	29
Hospitality, Tourism, Ent'ment	10
Education	1
Location	
Victoria	25
NSW	26
Queensland	17
South Australia	13
Western Australia	13
Other	9
Metro	66
Rural	34

	Total %
Years operating	
Under 5	21
5 – 10	24
11 – 20	24
21 +	30
Respondent gender	
Male	64
Female	36
Respondent age	
Under 40	33
40 – 49	34
50 – 49	22
60 +	9
Respondent education	
Secondary incomplete	25
Secondary complete	17
Trade qualification	11
Diploma	13
Degree / Post Grad.	31
Equity in firm	
Yes	74
No	24
Payments to external accounts in last year	
Up to \$1,000	17
\$1,000 to \$2,000	20
\$2,001 to \$5,000	25
\$5,001 to \$10,000	10
Over \$10,000	10
Don't use	6
Don't know	8
Total sales in last year	
Under \$200,000	35
\$200K to \$500K	20
\$500K to \$1million	14
Over \$1 million	18

Notes: 1. Refer Classification section.
2. Refusals and don't knows not shown.

Appendix: The Questionnaires

CPA Small Business Survey

Study 01/12/3102

(Small Business Sample)

February 2002

<u>LOCATION (& QUOTAS):</u>	VIC	METRO	(100).....01	NON-METRO	(50).....09
	NSW	METRO	(100).....02	NON-METRO	(55).....10
	QLD	METRO	(60).....03	NON-METRO	(40).....11
	SA	METRO	(45).....04	NON-METRO	(30).....12
	WA	METRO	(45).....05	NON-METRO	(30).....13
	TAS (Hob/Launc)		(15).....06		
	ACT		(15).....07		
	NT (Darwin)		(15).....08		
	TOTAL METRO		(395)	TOTAL RURAL	(205)

INTRODUCTION:

GOOD MORNING / AFTERNOON / EVENING. MY NAME IS FROM WORTHINGTON DI MARZIO. WE ARE AN INDEPENDENT MARKET RESEARCH FIRM CONDUCTING A SURVEY FOR CPA AUSTRALIA ABOUT IMPORTANT ISSUES AFFECTING THE SMALL BUSINESS SECTOR.

SCREEN 1:

THIS SURVEY IS WITH BUSINESSES WHO EMPLOY NO MORE THAN 20 FULL-TIME STAFF. DOES THAT DESCRIBE YOUR FIRM?

(CONTINUE) YES..... 1
(CLOSE) NO 2

MAY I SPEAK TO THE OWNER OR MOST SENIOR MANAGER THERE? (CONTINUE) YES, NOW..... 1
(CALL-BACK DETAILS) YES, LATER 2
(CLOSE) NO 3

CONFIDENTIALITY: (READ TO ALL)

PLEASE BE ASSURED THAT ALL THE INFORMATION AND OPINIONS YOU PROVIDE WILL BE USED ONLY FOR RESEARCH PURPOSES AND WE ABIDE BY THE PRINCIPLES OF THE NEW PRIVACY ACT. WHILE WE'D PREFER YOU ANSWER ALL THE QUESTIONS, IF THERE ARE ANY YOU'D RATHER NOT ANSWER, THAT'S FINE. JUST LET ME KNOW. IF YOU WOULD LIKE TO CHECK ON OUR COMPANY YOU COULD CALL THE MARKET RESEARCH SOCIETY SURVEY LINE ON 1300 364 830.

MONITORING CLAUSE:

MY SUPERVISOR MAY BE MONITORING THIS INTERVIEW FOR QUALITY CONTROL PURPOSES. IF YOU DO NOT WISH THIS TO OCCUR, PLEASE LET ME KNOW.

Q1A. I'D LIKE TO ASK YOU SOME QUESTIONS ABOUT EMPLOYING PEOPLE. FIRSTLY, HOW MANY PEOPLE WOULD YOU HAVE WORKING FOR YOU NOW THAT FALL INTO EACH OF THESE FIVE CATEGORIES? *(READ OUT AND WRITE IN)*

FULL-TIME (FT)	
PART-TIME (PT) BUT NOT CASUAL	
CASUAL	
CONTRACTORS	
LABOUR HIRE PEOPLE	

CHECK Q1A. IF NO FT OR PT STAFF EMPLOYED AT ALL, ASK Q1B/C., OTHERWISE GO TO Q2.

Q1B. HAVE YOU MADE A DECISION TO RUN A BUSINESS *(Q2.)* YES 1
 THAT EMPLOYS NO FULL-TIME OR PART-TIME STAFF? *(Q1C.)* NO 2

Q1C. WHAT WOULD ENCOURAGE YOU TO EMPLOY STAFF ON EITHER A FULL-TIME OR PART-TIME BASIS?

.....

IF EMPLOY ANY CASUALS IN Q1A. ASK Q2., OTHERWISE GO TO Q3.

Q2. DO YOU EMPLOY MORE CASUALS NOW THAN YOU DID ONE YEAR AGO? YES 1
 NO 2

ASK ALL WHO EMPLOY ANY FT, PT OR CASUAL STAFF

Q3. IN THE FORESEEABLE FUTURE, DO YOU EXPECT TO EMPLOY MORE CASUALS THAN PERMANENT FULL-TIME STAFF? YES 1
(Q5A.) { NO 2
 (DON'T KNOW) D

IF 'YES' ASK Q4., OTHERWISE GO TO Q5.

Q4. WHICH OF THESE FACTORS IF ANY EXPLAIN WHY YOU WOULD EMPLOY MORE CASUALS THAN PERMANENT FULL-TIME STAFF?
(READ OUT ONE AT A TIME)

	YES	NO	DON'T KNOW
A) TO REDUCE COSTS	1	2	D
B) TO AVOID UNFAIR DISMISSAL ISSUES	1	2	D
C) THE COST OF WORKER'S COMPENSATION AND OTHER ON-COSTS	1	2	D
D) BECAUSE OF SHIFT WORK AND CHANGING WORK PATTERNS	1	2	D
E) BECAUSE YOUR BUSINESS INCOME VARIES	1	2	D
F) BECAUSE THE EMPLOYEES PREFER CASUAL EMPLOYMENT	1	2	D
G) LESS PAPERWORK WITH CASUALS	1	2	D
H) NOT ENOUGH WORK	1	2	D
I) THE TIME TO MANAGE PERMANENTS DOES NOT RETURN ENOUGH INCOME TO MAKE IT VIABLE	1	2	D
J) PERMANENTS HAVE TOO MANY NON-WAGE BENEFITS LIKE MATERNITY LEAVE	1	2	D
K) ANY OTHER FACTORS (SPECIFY) ----- -----			

CHECK Q1. IF EMPLOY ANY FT OR PT STAFF AT ALL ASK Q5A., OTHERWISE GO TO Q6.

Q5A. HAVE YOU EMPLOYED ANY NEW PERMANENT FULL-TIME OR PART-TIME STAFF IN THE LAST YEAR? (Q5B.) YES 1
(Q5C.) NO 2

Q5B. WAS THIS BECAUSE...? (READ OUT)

YOUR BUSINESS EXPANDED 1
 YOU DECIDED TO DIVERSIFY THE BUSINESS 2
 YOU REPLACED AN EMPLOYEE THAT LEFT 3
 YOU REVIEWED YOUR BUSINESS AND FOUND A NEED FOR NEW STAFF, OR..... 4
 SOME OTHER REASON (SPECIFY) 5

Q5C. THE LAST TIME YOU EMPLOYED NEW FULL-TIME OR PART-TIME STAFF, DID YOU...? (READ OUT)

	YES	NO	DON'T KNOW
i. GET OUTSIDE HELP WITH RECRUITMENT	1	2	D
ii. HAVE A LIST OF SKILLS AND QUALIFICATIONS YOU WERE SEEKING	1	2	D
iii. HAVE A WRITTEN JOB DESCRIPTION FOR THE POSITION	1	2	D
iv. AND WERE YOU SATISFIED WITH THE LAST PERSON YOU EMPLOYED	1	2	D

Q5D.	AS AN EMPLOYER, DO YOU...? (<i>READ OUT / ROTATE</i>)	ALLOW STAFF TO WORK FROM HOME	1
		OFFER FLEXIBLE WORKING HOURS.....	2
		HAVE AN INCENTIVE SCHEME	3
		OFFER JOB SHARING OR PART-TIME WORK.....	4
		SALARY PACKAGING	5
		PAY FOR OFF-SITE TRAINING OR WORK-RELATED EDUCATION	6
		(NONE OF THE ABOVE)	7

Q5E.	WHICH OF THE FOLLOWING DO YOU EVER USE TO REWARD GOOD PERFORMANCE BY STAFF? (<i>READ OUT</i>)	ADDITIONAL TIME OFF.....	1
		A BONUS OR INCENTIVE SYSTEM.....	2
		SPECIAL TRAINING, SEMINAR OR CONFERENCE.....	3
		PROMOTION.....	4
		INCREASE TO SALARY.....	5
		PRAISE AND RECOGNITION.....	6
		SOME OTHER METHOD (<i>SPECIFY</i>)	7

Q5F.	HAVE YOU...? (<i>READ OUT</i>)	(Q6.) { (Q5G.)	GOT AN EMPLOYEE SHARE PLAN, OR	1
			GIVEN ANY STAFF EQUITY IN YOUR BUSINESS	2
			(NO, NEITHER).....	3

Q5G.	WOULD YOU CONSIDER SUCH OPTIONS TO KEEP A VALUED STAFF MEMBER?	YES	1
		NO	2
		(DON'T KNOW)	3

ASK ALL

Q6. WHAT DO YOU SEE AS THE MAIN IMPEDIMENTS TO HIRING NEW STAFF IN YOUR INDUSTRY?

.....

.....

.....

Q7A.	DO YOU HAVE A SPOUSE OR OTHER FAMILY MEMBERS WHO ALSO WORK IN THE BUSINESS?	(Q7B.)	YES	1
		(Q8.)	NO	2

Q7B.	DO THEY WORK FULL-TIME OR PART-TIME OR CASUAL THERE?	FULL-TIME.....	1
		PART-TIME	2
		CASUAL	3
		A MIX OF ABOVE.....	4

Q7C. AND ARE THEY PAID OR UNPAID? PAID 1
 UNPAID 2
 SOME PAID / SOME NOT 3

CHECK Q1. IF CONTRACTORS USED GO TO Q8B., OTHERWISE ASK Q8A.

Q8A. DO YOU EVER OUTSOURCE ANY WORK TO ANY (Q8B.) YES 1
 CONTRACTORS? (Q9.) NO 2

Q8B. DO THE CONTRACTORS YOU USE...? (READ OUT)

	YES	NO	DEPENDS	NOT APPLIC.	DON'T KNOW
A) HAVE THEIR OWN WORKER'S COMPENSATION INSURANCE	1	2	3	NA	D
B) BRING THEIR OWN EQUIPMENT	1	2	3	NA	D
C) REQUIRE LESS SUPERVISION THAN EMPLOYEES	1	2	3	NA	D
D) COST LESS THAN HIRING EMPLOYEES TO DO THE WORK	1	2	3	NA	D

	ON COMP.	REG. BASIS	BOTH	DON'T KNOW
E) GET PAID ON COMPLETION OF THE JOB OR ON A REGULAR BASIS REGARDLESS OF THE WORK COMPLETED	1	2	3	D

Q9A. DO YOU HAVE A SUCCESSION PLAN? (Q9B.) YES 1
 (Q10.) NO 2

Q9B. DO YOU EXPECT ANOTHER FAMILY MEMBER TO TAKE YES 1
 OVER THE BUSINESS EVENTUALLY? NO 2
 (DON'T KNOW) D

Q10. PLEASE TELL ME WHETHER YOU AGREE OR DISAGREE EITHER STRONGLY OR A LITTLE WITH THESE STATEMENTS? (READ OUT / ROTATE)

	Agree Strongly	Agree a Little	Neither / Nor	Disagree a Little	Disagree Strongly	Don't Know	Not Applicable
A) I AM NOT ABLE TO DISMISS MY EMPLOYEES EVEN IF MY BUSINESS IS STRUGGLING	1	2	3	4	5	D	NA
B) THE UNFAIR DISMISSAL LAWS REQUIRE ME TO FOLLOW A COMPLEX PROCESS TO DISMISS STAFF	1	2	3	4	5	D	NA
C) THE EMPLOYER ALWAYS LOSES UNFAIR DISMISSAL CASES	1	2	3	4	5	D	NA
D) YOU CAN'T DISMISS A PERSON EVEN IF THEY ARE STEALING FROM YOU	1	2	3	4	5	D	NA
E) COUNSELLING STAFF IS DIFFICULT AND TAKES TOO MUCH TIME	1	2	3	4	5	D	NA
F) STAFF WANT CASUAL RATES TO GET BETTER PAY BUT LOOK FOR ENTITLEMENTS IF THEY INJURE THEMSELVES	1	2	3	4	5	D	NA
G) FULL-TIME EMPLOYEES CARE MORE ABOUT MY BUSINESS	1	2	3	4	5	D	NA
H) OCCUPATIONAL HEALTH AND SAFETY REQUIREMENTS APPLY TO ALL STAFF REGARDLESS OF THEIR EMPLOYMENT STATUS	1	2	3	4	5	D	NA
I) I'M CONFIDENT I KNOW HOW TO DISMISS STAFF IN LINE WITH THE UNFAIR DISMISSAL LAWS	1	2	3	4	5	D	NA

ASK ALL

Q11A. DO YOU SEE PAYROLL TAX AS A BARRIER TO EMPLOYMENT?

(Q11B.)

(Q12.)

{ YES 1
 NO 2
 (DON'T KNOW) D

IF 'YES' IN Q11A. ASK Q11B., OTHERWISE GO TO Q.12

Q11B. DO YOU FEEL...? (READ OUT)

	YES	NO	DON'T KNOW
i. THE PAYROLL TAX RATE ITSELF IS TOO HIGH	1	2	D
ii. THE PAYROLL TAX RATE SHOULD BE LOWERED AND APPLY TO ALL EMPLOYMENT	1	2	D
iii. PAYROLL TAX IS PASSED ON TO CUSTOMERS IN THE FORM OF HIGHER PRICES	1	2	D

Q11C. WOULD YOU PREFER PAYROLL TAX BE ELIMINATED IF THAT ALSO MEANT AN INCREASE IN ANOTHER TAX?

(Q11D.)

(Q12.)

{ YES 1
 NO 2
 (DON'T KNOW) D

IF 'YES' IN Q11C. ASK Q11D., OTHERWISE GO TO Q12.

Q11D.	WHICH TAX SHOULD BE INCREASED TO ALLOW ELIMINATION OF PAYROL TAX? (<i>READ OUT</i>)	GST.....	1
		COMPANY TAX.....	2
		FBT.....	3
		PERSONAL INCOME TAX.....	4
		(ALL THE ABOVE).....	5
		(DONT KNOW).....	D

Q12A.	DO YOU SEE THE SUPERANNUATION REQUIREMENTS AS A BARRIER TO EMPLOYMENT?	(<i>Q12B.</i>)	{	YES.....	1
		(<i>Q13.</i>)	{	NO.....	2
			{	(DONT KNOW).....	D

IF 'YES' IN Q12A. ASK Q12B., OTHERWISE GO TO Q13.

Q12B.	IS THAT BECAUSE...? (<i>READ OUT</i>)	IT'S TOO COMPLEX.....	1
		THERE'S TOO MUCH PAPERWORK.....	2
		IT'S TOO EXPENSIVE.....	3
		IT'S TOO HARD TO GET INFORMATION ON COMPLIANCE REQUIREMENTS.....	4
		EMPLOYEES DONT SEE IT AS PART OF THEIR WAGE WHEN CONSIDERING THEIR REMUNERATION.....	5
		OR OTHER REASONS (SPECIFY).....	6

Q13A.	DO YOU SEE WORKCOVER AS A BARRIER TO EMPLOYMENT?	(<i>Q13B.</i>)	{	YES.....	1
		(<i>CLASSIF.</i>)	{	NO.....	2
			{	(DONT KNOW).....	D

Q13B.	IS THAT BECAUSE ...? (<i>READ OUT</i>)	IT'S TOO COMPLEX.....	1
		IT'S TOO EXPENSIVE.....	2
		EMPLOYEES EXPECT TOO MUCH.....	3
		PAPERWORK IS TOO DIFFICULT.....	5
		OR OTHER REASONS (SPECIFY).....	6

CLASSIFICATION QUESTIONS

THANK YOU - I WOULD NOW LIKE TO FINISH OFF WITH SOME QUESTIONS ABOUT YOUR FIRM AND YOURSELF FOR STATISTICAL PURPOSES.

A	<u>SEX</u> RECORD	MALE 1 FEMALE 2
----------	-----------------------------	--------------------------------

B	<u>NO. OF LOCATIONS</u> FIRSTLY, IN HOW MANY DIFFERENT OFFICES OR LOCATIONS DOES YOUR FIRM HAVE ITS OPERATIONS?	ONE..... 1 TWO..... 2 THREE + 3
----------	--	---

C	<u>BUSINESS SPHERE</u> AND DOES YOUR FIRM HAVE CUSTOMERS IN...? (<i>READ OUT</i>)	THE METROPOLITAN AREA OF THIS STATE 1 IN RURAL AREAS OF THIS STATE 2 INTERSTATE 3 OVERSEAS 4 ALL THE ABOVE..... 5
----------	---	--

D	<u>NO. OF EMPLOYEES</u> HOW MANY FULL-TIME EMPLOYEES WORK FOR YOUR FIRM, INCLUDING YOURSELF? IS IT...?	1 - 2 1 3 - 4 2 5 - 9 3 10 - 19 4
----------	---	--

E	<u>INDUSTRY</u> IN WHICH OF THESE INDUSTRY SECTORS WOULD YOU PLACE YOUR FIRM REGARDING ITS MAJOR BUSINESS ACTIVITIES? (<i>READ</i>)	AGRICULTURE OR MINING.....01 COMMUNICATIONS02 CONSTRUCTION/TRANSPORT & STORAGE....03 ELECTRICITY, GAS & WATER04 FINANCE/INSURANCE/PROPERTY OR BUSINESS SERVICES.....05 HEALTH & COMMUNITY SERVICES06 MANUFACTURING07 RECREATION & PERSONAL SERVICES08 WHOLESALE OR RETAIL TRADE.....09 OTHER (<i>SPECIFY</i>)..... 10
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F	<u>BUSINESS LIFE</u> HOW LONG HAS YOUR BUSINESS BEEN IN EXISTENCE? IS IT...? (<i>READ OUT</i>)	UNDER 5 YEARS..... 1 5 - 10 YEARS 2 11 - 20 YEARS..... 3 21 + YEARS 4 (DON'T KNOW) D
----------	---	--

G	AGE AND ARE YOU AGED...? (READ OUT)	UNDER 40.....	1
		40 - 49	2
		50 - 59	3
		60+	4

H	EDUCATION WHAT IS THE HIGHEST LEVEL OF FORMAL EDUCATION YOU HAVE ACHIEVED TO DATE?	UP TO YEAR 11	1
		YEAR 12	2
		TRADE QUALIFICATION	3
		DIPLOMA.....	4
		DEGREE FROM UNI	5
		POST GRADUATE QUALIFICATION.....	6

I	EQUITY DO YOU PERSONALLY HAVE ANY EQUITY IN THE BUSINESS?	YES	1
		NO	2

J	WHICH OF THESE CATEGORIES BEST DESCRIBES YOUR FIRM'S TOTAL PAYMENTS TO EXTERNAL ACCOUNTANTS IN THE LAST YEAR? (READ OUT)	UP TO \$1,000	1
		\$1,000 - \$2,000.....	2
		\$2,000 - \$5,000.....	3
		\$5,000 - \$10,000	4
		OVER \$10,000.....	5
		(DON'T USE).....	6
		(REFUSED).....	R

K	AND INTO WHICH OF THESE CATEGORIES DID YOUR FIRM'S TOTAL SALES FALL IN THE LAST YEAR?	UNDER \$200,000	1
		\$200,000 - \$500,000.....	2
		\$500,000 - \$1 MILLION	3
		\$1 MILLION - \$2 MILLION	4
		\$2 MILLION - \$5 MILLION	5
		OVER \$5 MILLION.....	6
		(REFUSED).....	R

ASK RURALS ONLY

L	IS THE POPULATION OF THE TOWNSHIP WHERE YOUR BUSINESS IS BASED ...? (READ OUT)	OVER 30,000 PEOPLE	1
		BETWEEN 20,000 AND 30,000	2
		BETWEEN 10,000 AND 20,000	3
		UNDER 10,000	4

CLOSING SCRIPT

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AND CAN I JUST CONFIRM THE PHONE NUMBER I HAVE CALLED HERE? **(READ)**

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THANK YOU AGAIN FOR YOU TIME.

I HEREBY CERTIFY THAT THIS IS AN ACCURATE AND COMPLETE INTERVIEW, TAKEN IN ACCORDANCE WITH MY INSTRUCTIONS AND THE ICC/ESOMAR INTERNATIONAL CODE.

NAME	SIGNATURE	DATE
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CPA Small Business Survey

Study 01/12/3102

(Public Practitioner Sample)

February 2002

LOCATION (& QUOTAS):	VIC	METRO	(18).....01	NON-METRO	(6).....09
	NSW	METRO	(18).....02	NON-METRO	(6).....10
	QLD	METRO	(12).....03	NON-METRO	(6).....11
	SA	METRO	(9).....04	NON-METRO	(5).....12
	WA	METRO	(9).....05	NON-METRO	(6).....13
	TAS (Hob/Launc)		(3).....06		
	ACT		(3).....07		
	NT (Darwin)		(3).....08		
	TOTAL METRO		(75)	TOTAL RURAL	(30)

INTRODUCTION: (ASK TO SPEAK TO MEMBER NAMED)

GOOD MORNING / AFTERNOON / EVENING. MY NAME IS...FROM WORTHINGTON DI MARZIO. WE ARE AN INDEPENDENT MARKET RESEARCH FIRM CONDUCTING A SURVEY FOR CPA AUSTRALIA WITH MEMBERS IN PUBLIC PRACTICE ABOUT IMPORTANT ISSUES AFFECTING THE SMALL BUSINESS SECTOR.

WOULD IT BE CONVENIENT TO INTERVIEW	(CONTINUE)	YES, NOW.....	1
YOU NOW?	(CALL-BACK DETAILS)	YES, LATER.....	2
	(CLOSE)	NO	3

CONFIDENTIALITY: (READ TO ALL)

PLEASE BE ASSURED THAT ALL THE INFORMATION AND OPINIONS YOU PROVIDE WILL BE USED ONLY FOR RESEARCH PURPOSES AND WE ABIDE BY THE PRINCIPLES OF THE NEW PRIVACY ACT. WHILE WE'D PREFER YOU ANSWER ALL THE QUESTIONS, IF THERE ARE ANY YOU'D RATHER NOT ANSWER, THAT'S FINE. JUST LET ME KNOW. IF YOU WOULD LIKE TO CHECK ON OUR COMPANY YOU COULD CALL THE MARKET RESEARCH SOCIETY SURVEY LINE ON 1300 364 830.

MONITORING CLAUSE:

MY SUPERVISOR MAY BE MONITORING THIS INTERVIEW FOR QUALITY CONTROL PURPOSES. IF YOU DO NOT WISH THIS TO OCCUR, PLEASE LET ME KNOW.

Q1. THE MAIN ISSUE WE WANT TO FOCUS ON HERE IS
EMPLOYMENT OF STAFF BY SMALL BUSINESSES.

FIRSTLY, WHAT PROPORTION OF YOUR SMALL
BUSINESS CLIENTS WOULD YOU ESTIMATE EMPLOY
ANY STAFF AT ALL REGARDLESS OF WHETHER IT'S ON
A FULL-TIME OR PART-TIME OR CASUAL BASIS?
(WRITE IN)

%

CHECK Q1. IF ANY STAFF EMPLOYED AT ALL ASK Q2., OTHERWISE GO TO Q8.

Q2.	WHICH IF ANY OF THESE	(Q4.)	(NONE EMPLOY CASUALS).....	01
	FACTORS HAVE INFLUENCED		TO REDUCE COSTS	02
	YOUR SMALL BUSINESS CLIENTS		TO AVOID UNFAIR DISMISSAL ISSUES	03
	TO EMPLOY CASUAL STAFF?		THE COST OF WORKER'S COMPENSATION AND OTHER ON-COSTS	04
	(READ OUT ONE AT A TIME)		BECAUSE OF SHIFT WORK AND CHANGING WORK PATTERNS	05
			BECAUSE THEIR BUSINESS INCOME VARIES	06
			BECAUSE THE EMPLOYEE PREFERS CASUAL EMPLOYMENT	07
			LESS PAPERWORK WITH CASUALS	08
			NOT ENOUGH WORK FOR PERMANENTS	09
			THE TIME TO MANAGE PERMANENTS DOES NOT RETURN ENOUGH INCOME TO MAKE IT VIABLE.....	10
			PERMANENTS HAVE TOO MANY NON-WAGE BENEFITS LIKE MATERNITY LEAVE..	11
			ANY OTHER FACTORS (SPECIFY)	12

Q3.	ARE YOUR SMALL BUSINESS CLIENTS <u>MORE</u> INCLINED	YES	1
	TO EMPLOY CASUALS <u>NOW</u> THAN THEY WERE ONE	NO	2
	YEAR AGO?	(DONT KNOW)	D

Q4. THINKING OF WHEN YOUR SMALL BUSINESS CLIENTS EMPLOY STAFF, WHAT PROPORTION OF THOSE DO YOU BELIEVE
WOULD...? (READ OUT / WRITE IN)

A) GET OUTSIDE HELP WITH RECRUITMENT	%
B) HAVE A LIST OF SKILLS AND QUALIFICATIONS YOU WERE SEEKING	%
C) HAVE A WRITTEN JOB DESCRIPTION FOR THE POSITION	%

Q5. AND WHAT PROPORTION OF THOSE SMALL BUSINESS CLIENTS WOULD YOU ESTIMATE...? (READ OUT / WRITE IN)

A) ALLOW STAFF TO WORK FROM HOME	%
B) OFFER FLEXIBLE WORKING HOURS	%
C) HAVE AN INCENTIVE SCHEME	%
D) OFFER JOB SHARING OR PART-TIME WORK	%
E) OFFER SALARY PACKAGING	%
F) PAY FOR OFF-SITE TRAINING OR WORK-RELATED EDUCATION	%

Q6. WHAT PROPORTION OF THOSE SMALL BUSINESS CLIENTS WOULD REWARD GOOD PERFORMANCE BY STAFF IN THESE WAYS...? (READ OUT / WRITE IN)

A) BY ADDITIONAL TIME OFF	%
B) A BONUS OR INCENTIVE SYSTEM	%
C) SPECIAL TRAINING, SEMINAR OR CONFERENCE	%
D) A PROMOTION	%
E) AN INCREASE TO SALARY	%
F) PRAISE AND RECOGNITION	%

Q7. AND WHAT PROPORTION OF THOSE SMALL BUSINESS CLIENTS WOULD YOU ESTIMATE HAVE...? (READ OUT / WRITE IN)

A) AN EMPLOYEE SHARE PLAN, OR	%
B) GIVE ANY STAFF EQUITY IN THEIR BUSINESS	%

ASK ALL

Q8. WHAT DO YOU SEE AS THE MAIN IMPEDIMENTS TO HIRING NEW STAFF BY YOUR SMALL BUSINESS CLIENTS?

.....

.....

.....

Q9A. WHAT PROPORTION OF YOUR SMALL BUSINESS CLIENTS WOULD HAVE A SPOUSE OR OTHER FAMILY MEMBERS WHO ALSO WORK IN THE BUSINESS? (WRITE IN)

	%
--	---

IF ANY IN Q9A. ASK Q9B/C/D., OTHERWISE GO TO Q10.

Q9B. DOES THAT FAMILY MEMBER(S) TEND TO WORK FULL-TIME OR PART-TIME THERE? FULL-TIME..... 1
PART-TIME 2
SOME FULL-TIME / SOME PART-TIME..... 3

Q9C. AND ARE THOSE FAMILY MEMBERS USUALLY PAID OR UNPAID? PAID..... 1
UNPAID 2
SOME PAID / SOME NOT..... 3

Q9D. DO THOSE FAMILY MEMBERS TEND TO HAVE EQUITY IN THE BUSINESS? YES 1
NO..... 2
SOME DO / SOME DON'T..... 3

Q10. WHAT PROPORTION OF YOUR SMALL BUSINESS CLIENTS WOULD YOU ESTIMATE HAVE A SUCCESSION PLAN? (WRITE IN) %

Q11. WHAT PROPORTION OF YOUR SMALL BUSINESS CLIENTS WOULD EVER OUTSOURCE WORK TO ANY CONTRACTORS? (WRITE IN) %

IF ANY IN Q11. ASK Q12., OTHERWISE GO TO Q13.

Q12. AS FAR AS YOU KNOW, DO THOSE CONTRACTORS TEND TO.....? (READ OUT)

	YES	NO	DON'T KNOW
A) HAVE THEIR OWN WORKER'S COMPENSATION INSURANCE	1	2	D
B) BRING THEIR OWN EQUIPMENT	1	2	D
C) REQUIRE LESS SUPERVISION THAN EMPLOYEES	1	2	D
D) COST LESS THAN HIRING EMPLOYEES TO DO THE WORK	1	2	D

	ON COMP.	REG. BASIS	DON'T KNOW
E) GET PAID ON COMPLETION OF THE JOB OR ON A REGULAR BASIS REGARDLESS OF THE WORK COMPLETED	1	2	D

Q13. PLEASE TELL ME WHETHER YOU AGREE OR DISAGREE EITHER STRONGLY OR A LITTLE WITH THESE STATEMENTS? (READ OUT / ROTATE)

	Agree Strongly	Agree a Little	Neither / Nor	Disagree a Little	Disagree Strongly	Don't Know	Not Applic
A) SMALL BUSINESSES ARE NOT ABLE TO DISMISS EMPLOYEES EVEN IF THEIR BUSINESS IS STRUGGLING	1	2	3	4	5	D	NA
B) THE UNFAIR DISMISSAL LAWS REQUIRE SMALL BUSINESS TO FOLLOW A COMPLEX PROCESS TO DISMISS STAFF	1	2	3	4	5	D	NA
C) THE EMPLOYER ALWAYS LOSES UNFAIR DISMISSAL CASES	1	2	3	4	5	D	NA
D) YOU CAN'T DISMISS A PERSON EVEN IF THEY ARE STEALING FROM YOU	1	2	3	4	5	D	NA
E) COUNSELLING STAFF IS DIFFICULT FOR SMALL BUSINESS AND TAKES TOO MUCH TIME	1	2	3	4	5	D	NA
F) STAFF WANT CASUAL RATES TO GET BETTER PAY BUT LOOK FOR ENTITLEMENTS IF THEY INJURE THEMSELVES	1	2	3	4	5	D	NA
G) FULL-TIME EMPLOYEES CARE MORE ABOUT THEIR EMPLOYERS	1	2	3	4	5	D	NA
H) OCCUPATIONAL HEALTH AND SAFETY REQUIREMENTS APPLY TO ALL STAFF REGARDLESS OF THEIR EMPLOYMENT STATUS	1	2	3	4	5	D	NA
I) SMALL BUSINESS OWNERS ARE CONFIDENT THEY KNOW HOW TO DISMISS STAFF IN LINE WITH THE UNFAIR DISMISSAL LAWS	1	2	3	4	5	D	NA

Q14A. DO YOU SEE PAYROLL TAX AS A BARRIER TO EMPLOYMENT IN SMALL BUSINESS?

(Q14B.)

(Q15.)

{ YES 1
 NO 2
 (DON'T KNOW) D

IF 'YES' IN Q14A. ASK Q14B., OTHERWISE GO TO Q.15

Q14B. DO YOU FEEL...? (READ OUT)

	YES	NO	DON'T KNOW
i. THE PAYROLL TAX RATE ITSELF IS TOO HIGH	1	2	D
ii. THE PAYROLL TAX RATE SHOULD BE LOWERED AND APPLY TO ALL EMPLOYMENT	1	2	D
iii. PAYROLL TAX IS PASSED ON TO CUSTOMERS IN THE FORM OF HIGHER PRICES	1	2	D

Q14C. WOULD YOU PREFER PAYROLL TAX BE ELIMINATED IF THAT ALSO MEANT AN INCREASE IN ANOTHER TAX? (Q14D.)

(Q15A.) { YES 1
 NO 2
 (DON'T KNOW) D

IF 'YES' IN Q14C. ASK Q14D., OTHERWISE GO TO Q15A.

Q14D. WHICH TAX SHOULD BE INCREASED TO ALLOW ELIMINATION OF PAYROL TAX? (READ OUT)

GST 1
 COMPANY TAX 2
 FBT 3
 PERSONAL INCOME TAX 4
 (ALL THE ABOVE) 5
 (DONT KNOW) D

ASK ALL

Q15A. DO YOU SEE THE SUPERANNUATION REQUIREMENTS AS A BARRIER TO EMPLOYMENT IN SMALL BUSINESS? (Q15B.)

(Q16A.) { YES 1
 NO 2
 (DON'T KNOW) D

IF 'YES' IN Q15A. ASK Q15B., OTHERWISE GO TO Q16A.

Q15B. IS THAT BECAUSE...? (READ OUT)

IT'S TOO COMPLEX..... 1
 THERE'S TOO MUCH PAPERWORK 2
 IT'S TOO EXPENSIVE 3
 IT'S TOO HARD TO GET INFORMATION ON COMPLIANCE REQUIREMENTS 4
 EMPLOYEES DON'T SEE IT AS PART OF THEIR WAGE WHEN CONSIDERING THEIR REMUNERATION..... 5
 OR OTHER REASONS (SPECIFY) 6

Q16A. DO YOU SEE WORKCOVER AS A BARRIER TO EMPLOYMENT IN SMALL BUSINESS? (Q16B.)

(CLASSIF.) { YES 1
 NO 2
 (DON'T KNOW) D

Q16B. IS THAT BECAUSE ...? (READ OUT)

IT'S TOO COMPLEX..... 1
 IT'S TOO EXPENSIVE 2
 EMPLOYEES EXPECT TOO MUCH 3
 PAPERWORK IS TOO DIFFICULT..... 5
 OR OTHER REASONS (SPECIFY) 6

Q17. DO ANY OF YOUR SMALL BUSINESS CLIENTS SEEK ADVICE FROM YOU ON...? (READ OUT / ROTATE)

	YES	NO	DON'T KNOW
A) RECRUITMENT PROCESSES	1	2	D
B) WAGE AND SALARY RATES AND CONDITIONS	1	2	D
C) PERFORMANCE MANAGEMENT	1	2	D
D) TERMINATING EMPLOYEES	1	2	D
E) SUPERANNUATION ARRANGEMENTS AND COMPLIANCE OBLIGATIONS	1	2	D
F) PAYROLL FUNCTIONS	1	2	D
G) EMPLOYMENT TAX OBLIGATIONS	1	2	D
H) WORKCOVER ISSUES	1	2	D
I) HOW TO STRUCTURE EMPLOYMENT ARRANGEMENTS	1	2	D
J) COMPLIANCE ISSUES ASSOCIATED WITH EMPLOYMENT	1	2	D
K) SUCCESSION PLANNING	1	2	D

CLASSIFICATION QUESTIONS

THANK YOU - I WOULD NOW LIKE TO FINISH OFF WITH SOME QUESTIONS ABOUT YOUR FIRM AND YOURSELF FOR STATISTICAL PURPOSES.

A	<u>SEX</u>	MALE 1
	RECORD	FEMALE 2

B	<u>NO. OF EMPLOYEES</u>	1 - 2 1
	HOW MANY FULL-TIME EMPLOYEES WORK IN YOUR PUBLIC PRACTICE INCLUDING YOURSELF? IS IT...?	3 - 4 2
		5 - 9 3
		10 - 19 4
		20+

C	<u>AGE</u>	UNDER 40..... 1
	AND ARE YOU AGED...? (<i>READ OUT</i>)	40 - 49 2
		50 - 59 3
		60+ 4

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