

# SMALL BUSINESS RECEIVES A BOOST

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**THE INTRODUCTION OF** the Trade Practices Legislation Amendment Act brings with it significant changes that affect the way small businesses deal with their customers and suppliers.

Under the Trade Practices Act it is generally considered illegal for competitors to agree on prices or other conditions of trade. Allowing competitors to work together in this way removes the incentive to innovate and work harder to appeal to their customers. It also generally leads to higher prices and poorer services.

However, there are times when allowing small businesses to act together as a collective can benefit the wider public. For example, allowing a group of farmers to negotiate collectively for a better deal on transporting or processing their produce may lead to lower prices for their customers by the time the produce arrives on shelves.

This process, known as collective bargaining, has traditionally been permitted by the ACCC when it is regarded to be in the public interest. That process of authorisation will continue, but from the start of 2007 a new process of notifying the regulator of such arrangements has come into effect. The aim of the changes is to make it easier for groups of small business owners to access the advantages of collective bargaining without running the risk of breaching Australia's competition laws.

Under the changes, businesses wanting to negotiate with suppliers or customers as a group can notify the ACCC of their intentions and receive protection from legal action under the Act.

The ACCC then has 28 days to consider the notification, and if it does not object, the immunity is extended for three years. Of course, the ACCC can review a notification during this period if concerns arise.



In announcing the new provisions as part of the larger package of reform to the Trade Practices Act, Treasurer Peter Costello and Minister for Small Business and Tourism, Fran Bailey, said the changes were aimed squarely at improving the system for small businesses. In a joint statement they said:

The [changes] will bring significant benefits to small business, including an easier notification system for collective bargaining for small businesses, making this process simpler and less costly.

The new notification process limits the size of arrangements. This means that the total value of the relevant transactions each member of the group expects to make over 12 months must not exceed \$3 million. However, in recognising that some small businesses have high turnover with low profit margins, the government has indicated that special thresholds above the general \$3 million limit may be available in industries such as farm equipment sales, car sales or petrol station retailing.

Small businesses wanting to learn more about how to take advantage of the new collective bargaining arrangements should consult the ACCC's guide to collective bargaining notifications which outlines the issues and procedures businesses need to consider. The booklet is available online from the ACCC website along with other information on collective bargaining and general small business information.

The ACCC is keen to help small business groups that want to take advantage of the new process and encourages those interested to discuss the process with the ACCC. ●

