

SUBMISSION TO THE STANDING COMMITTEE ON EDUCATION AND EMPLOYMENT INQUIRY

The Perspective of a Small Business and a Provider of Employment Related Services for Employers and Job Seekers

This submission will provide responses to both: -

1. What inhibits or discourages job creation and employment by private sector small businesses
2. And/or provides disincentives to individuals from working for such businesses?

1. What inhibits or discourages job creation and employment by private sector small businesses?

- Evolving macro-economic reforms that impact all facets of commerce. For small business, policies such as the removal of tariffs can decimate small business. For example, in the current environment the changes in the car industry are having a massive and ongoing negative impact on the number of employees required by small businesses in the motor trade component industry
- Constant technology advances tend to reduce the number of employees a small business requires
- Globalisation has forever changed the landscape for all business and enterprise, no matter what size. For small businesses the pressure of competing with enterprises world-wide is a relatively recent issue and one that has yet to fully play out
- Increasing competition from big corporate enterprises infiltrating and controlling new markets. For example, the small independent service stations have virtually disappeared over the last decade due to the big corporates entering and dominating the industry
- From all tiers of Government: - Government forms, regulations, processes and red tape. Completing and submitting forms such as BAS Statements, Tax File Declarations
- Government policy changes such as the current changes in the environment portfolio. Apparently there are 2500 less employees in the renewable energy sector than there were previously due to the current Government policies
- Constant changes in labour market programs by all Governments. For example, changes in the incentive payments to employers of trainees and apprentices

- Changes to Government funded programs such as payments to trainees and apprentices to assist with vocational training, the decrease in funding of vocational training delivered by TAFE and RTOs
- Industry and employment regulation conditions, and WH and S regulations that inhibit the employer and employee working through common sense and practical agreements at the business/enterprise level that suits them
- Liability created by having employees – increase in risk of and exposure to problems and incidents created by and to employees in the workplace
- Responsibility for sustaining constant increases in business revenue levels to pay employees
- Unrealistic employer expectations about how skilled, qualified and experienced a prospective employee should be in return for the salary and wages they are going to pay
- Myths, misconceptions and generalisations about young people's desire, capacity and capability for work. Employers listen to, reinforce and sustain misinformation about young people's work ethics, level of literacy and numeracy skills and often judge potential employees without even meeting with them
- Lack of trust in potential employees and an unwillingness by employers to provide jobs for people so that everyone can prosper
- Small business operators don't have time to train new employees who don't have the required skills and experience for the jobs

2. What inhibits or discourages and/or provides disincentives to individuals from working for such businesses?

- Young people are finding it difficult to break into the labour market. The transition from school to work for young people is becoming more challenging and complex. The number of and type of unskilled entry level jobs are constantly diminishing. At the same time Australian young people remain behind top performing countries in reading, maths and science (COAG Reform Council 2013). Specifically, small businesses expect prospective employees to be highly educated for jobs which really don't require high-level qualifications
- Full-time jobs are much harder to find and many young people are seeking full-time work. According to ABS figures –
The proportion of young people in full-time work at age 20 to 24 dropped from 48.5% in 2003 to 43.2% in 2013.
In 2013, 10.7% of 15 to 19 year olds and 43.2% of 20 to 24 year olds were in full-time employment.
Decreases for 15 to 19 year olds have been substituted by education, but that is not the case for 20 to 24 year olds.
Females are less likely to be in full-time work than males

- Part-time and casual jobs are increasing and this employment is a disincentive to individuals seeking work. According to ABS figures –
In 2013, 26.7% of 15 to 19 year olds and 18.3% of 20 to 24 year olds not in full-time education were in part-time employment.
Over the past decade, while the proportion of adults (25 years and older) working on a casual basis has remained constant, casual work among young people has increased considerably, especially for teenagers. In 2011, 15 to 19 year olds made up one fifth (20%) of all casual workers in Australia (Independent Inquiry into Insecure Work, 2012)
- A miss-match occurs between job seekers and small business operators. Job seekers are looking for career opportunities, some private sector small business people are only looking for employees to be used as a resource, they have little or no interest in what the employee wants or needs
- Job seekers in general, and young people in particular, lack the required skills and experience for the jobs advertised. Without the opportunity to learn the skills and gain the experience, job seekers are unable to gain work.
- Over the past 20 years, the type of and number of entry level job opportunities has greatly diminished. People are not able to get an entry-level job and work their way up in a company, or in the case of small business, migrate from another employer/company into a small business using their existing skills and experience, perhaps augmented with new or higher qualifications – these types of migrations in employment are much harder to identify

The Solution

- Less Government red tape and compliance work for small business operators
- More innovative and affordable opportunities for people to gain skills and qualifications via accredited vocational training, both for small business operators and for job seekers. See www.etaustralia.com
- The provision of funded pre-vocational training programs for people who need training but are not ready for fully accredited training courses. See www.etaustralia.com
- New enterprises funded by Government to provide essential work experience for jobseekers, especially young people. ET Australia is a partner in the CASAR Park Motorsport Social Enterprise, it is an innovative new model for assisting people to gain work experience. See <http://www.casarpark.org.au/>

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