

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

**CENTRAL WESTERN REGIONAL DEVELOPMENT BOARD
SUBMISSION TO THE HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON EMPLOYMENT AND
WORKPLACE RELATIONS**

TERMS OF REFERENCE OF THE COMMITTEE ARE:

- 1. Measures that can be implemented to increase the level of participation in paid work in Australia, and**
- 2. How a balance of assistance incentives and obligations can increase participation, for income support recipients.**

Dear Committee Members

I am writing on behalf of the Central Western Regional Development Board (CWRDB) in response to your invitation to contribute to the above inquiry.

By way of background, the CWRDB is a regionally based organisation, appointed by the NSW Minister for Regional Development to represent the regional development interest of the Central West, an area of 63,000sq.km with a population of 170,000. The region includes 14 Local Government Areas and extends from Condobolin, Lake Cargelligo & West Wyalong in the West to the City of Lithgow and the towns of Rylstone and Oberon in the East. It also includes the cities of Orange and Bathurst which account for a significant proportion of the Region's economic activity.

The Region enjoys a diverse industry mix and an extensive range of service facilities. Agriculture, retail, and manufacturing are the dominant industries in the Region accounting for 14%, 13% and 12% respectively of total employment. The Education and Health and Community Services industries are also significant and employ 8% and 9% of the total workforce.

Over more recent years, the mining and viticulture industries have continued to expand and are contributing greatly towards the economic wealth of the Central West.

The largest individual employer in the Region remains the white goods manufacturer Electrolux Home Product Pty Ltd.

Before addressing the Terms of Reference of the Committee as outlined above, the Board thought it would be valuable to comment firstly on some of the issues and factors that impact on employment opportunities particularly in regional areas and the trends overall as we understand them.

Firstly, the Central West, like many other regional and rural areas continue to find it increasingly difficult to provide career opportunities and to retain and maintain its young graduates from both High School and University. Over the past two or three decades there has been a decrease in the range and number of jobs available in regional areas, with the exception in the Central West, of education, health, welfare and food processing. Add to this the fact that natural disasters (floods / drought), lack of investment in improving transport services and infrastructure have all played a role and acted as a disincentive for businesses to relocate to regional areas. This can be evidenced by the Western Research Institute, a research organisation based at Charles Sturt University Bathurst.

What is worth noting is that the backbone of much of the employment opportunities in regional areas that has occurred has come from the initiative and innovation of small business and the government sector. The decision by companies such as the privately owned Mars Group, Nestle and Simplot, to locate and remain in areas such as Bathurst/Orange/Blayney was largely based on having access to a stable workforce with an interest in working in a manufacturing environment. Unfortunately the downside here is that this asset in the long term with a rapidly ageing workforce is not sustainable with changing aspirations of young people. This leads us to the need for incentives. The incentive for young people to stay in country areas is lacking because of limited career paths for graduates from high schools or universities. The trend is for young people to be more likely to be employed by small business such as food outlets, retail, professional offices, banking, local government and commercial services.

Anecdotally, the following represent a range of comments and concerns that have been conveyed to the Board members over a recent years relating to the workplace, job prospects and the perceptions of individuals members of the labour force, both employed and unemployed within our region:

- The expectation by employers that employees should be willing to work longer hours without due regard to salary structure, staff training and development and offer of career paths.
- There is a need for communication to be improved between management and staff and communities, and particularly within those industries owned and managed interstate and overseas.
- Although Universities, TAFE and Community Colleges offer excellent training facilities there remains little prospects for graduates to obtain positions locally, hence the drift away from country areas
- The difficulties that surround the juggle between family commitments and working and the strain this places on already fragile family structure. It would appear this maybe a contributing factor to women's ability to enter and remain in the workforce.
- The high cost of and the limited availability of child care facilities for working parents and, in many cases, single parent families.
- Lack of medical facilities and infrastructure to assist fractured families to cope under stressful conditions. This further restricts many mothers or primary carers' ability to participate and stay in the workforce.
- The broadening gap between those who can afford to enjoy a quality lifestyle and those who are struggling to maintain a quality of life. There is anecdotal evidence to suggest that this leads to bitterness and resentment and anti-social behaviour in many small communities.
- Casualisation of the workforce seeing many people working as little as two hours per day and having to remain available on call for little financial reward and those who are working additional hours without extra pay
- Limited opportunity for job seekers to compete for diminishing job opportunities particularly within government departments for teaching, nursing, clerical positions.
- The changing attitudes and preparedness of some citizens towards doing more menial kinds of work.
- Education institutions need to provide a better balance of career advice about job prospects for students studying certificate trade training at TAFE compared to job prospects for University graduates whose job prospects in many cases are poorer.

- A conflict has raised itself with a relaxation of the retirement age with a trend emerging where people are opting to remain in the workforce. The flow on effect of this is younger people are denied access to both jobs and promotion.
- There is anecdotal evidence to suggest that deregulation, particularly in the banking industry, and introduction of computerised technology has had a negative impact on traditional career employment opportunities. The Board is also concerned about the potential loss of jobs to rural and regional areas that may flow from the full privatisation of other government utilities eg Telstra.
- Considerable concern has been expressed about the looming threat to the Australian workforce, of more jobs being allocated to low income areas off shore, and the social cost that job losses and long term unemployment on small communities raises many issues. Flowing from this will be the increase in demand on health and other support services eg mental health.

DISINCENTIVES FOR EMPLOYERS TO EMPLOY ADDITIONAL EMPLOYEES

The following comments and concerns have been conveyed to the Board over recent times as the concerns and reasons why some employers in the Central West region have taken on more staff and increased their employment level:

- Excessive on-costs of employment which has now reached 30% of overall cost of an employee. On-costs being workers compensation, long service leave provision, annual leave loading, superannuation levy, sick leave, OHS and award provisions
- Workers Compensation: Many employers see workers compensation as being necessary but severely abused by many looking for quick fix to debt problems.
- Work attitude: An example put forward by one employer relates to unwillingness or ability of some Australian workers to adopt overseas work practices. The view of another employer was that the Australian workers culture needed to be more positive in its attitude in the workplace with more team spirit to support efforts of employer.
- Lack of suitably skilled and qualified people.
- Payroll tax is still seen as huge disincentive to employers.
- Unfair dismissal laws have also been responsible for the casualisation of the workforce and introduction of contract employment which has lead to a de-stabilisation of the workforce.
- Many employers feel that Australian workers have had it “too good for too long” and do not recognise the benefits of working in a community.
- Competition of cheap labour to off shore areas such as China, Thailand, Vietnam, India, Taiwan, and outsourcing of jobs to these areas.
- Lack of commitment of workers to employers and their abuse of privileges and entitlements is not taken kindly by employers.
- Lack of investment in regional areas. Many employers are not able to undertake capital improvements which would lead to more employment because they are unable to attract investment capital.
- Downsizing of government departments which have assisted private sector employers in the past by sharing in the cost of training of a workforce has also had a negative impact on jobs

BALANCE OF ASSISTANCE, INCENTIVES AND OBLIGATIONS CAN INCREASE PARTICIPATION FOR INCOME SUPPORT RECIPIENTS.

This question raises a complex range of issues many of which are difficult to answer.

In summary it is reasonable to conclude that most employees work for money, a fair days pay for a fair days work or a good reward for good work carried out or incentives to receive rewards. The tragedy is however some people today see employment opportunities as not offering a reasonable financial reward for work so consequently believe themselves as being better off receiving unemployment benefits rather than working. In an effort to change this attitude, there needs to be a change in the overall work culture of Australians in general. Work needs to be seen as being worthwhile, dignified, valuable and achievable. The role of employers to this end is vital.

Unfortunately those people in smaller communities, and who are third generation social security recipients, can only hope that employers become more community spirited, sympathetic to their plight and give them an opportunity. A way forward here would be to give employers a greater financial incentive to become more socially responsible and take on those who are disadvantaged.

The ageing workforce is a difficult problem. There is considerable evidence to show that those unemployed over the age of 40 experience great difficulty in finding employment because of both the physical and technical requirements of many positions. This has the effect of discouraging many jobseekers from applying for these positions. Considerable effort needs to be put into redesigning of jobs and changing this culture, not only in Australia, but in other parts of the world. There needs to be careful examination of how companies can slot older experienced and skilled workers into mentoring or supervisory roles which require less physical hands on tasks. This concept could mean the possibility of older workers working less hours on a daily and weekly. There maybe a role for Government to provide an incentive to employers to retain ageing workers in roles outlined above.

There is also anecdotal evidence to suggest that is a number of young employees who do not wish to take on any responsibility in their workplace. They just wish to carry out tasks that require no involvement or commitment to the tasks at hand. This issue could be addressed by more positive training and reinforcement and motivational approaches of employers.

Regional areas in particular see the emergence of a plethora of small businesses made up of redundant aged ex employees. In this we refer to the thousands of lawn mower businesses, handyman businesses, child carers, house cleaners, garden workers, telemarketers, house painters, which make up many of the regional areas small business numbers. While these businesses for the most part survive, many are cash businesses and difficult to measure just how much they contribute to the Australian economy. Further there is considerable anecdotal evidence to suggest that many of these are still in receipt of government subsidies in the form of Job Start Allowance, Disability Pension or Workers Compensation payments. A trend is emerging since the introduction of the GST, where a worker will carry out a service in payment for another worker carrying out a service in return. There is also considerable anecdotal evidence to suggest the old fashioned barter system is thriving particularly in farming communities where for example a farmer may transport another farmer's sheep in return for the supply of fodder for the other farmer. The question remains are they complying with the Tax law?

It would appear those facing the limited employment prospects are from the school leaver with no skills up to age about 25 and those from 40 to retirement age, particularly in rural and regional areas. School leavers with no skills have greatly reduced chances of gaining full time employment. It is our observation that another definable group that has greatly reduced employment prospects, in the current labour market, are those older women, in their 50's who have been made redundant.

In the light of the above, the CWRDB would invite the Committee to consider the merits of the following comments and ideas:

- Give employers greater incentives to retain older experience skilled workers and to train young workers.

- Provide a greater incentive (financial) to employer to take more apprentices and trainees
- Legislate to protect the interests of the casual workforce.
- Look at ways of reducing the on costs to employers of hiring more employees.
- Give greater incentives to small business to expand and offer more employment opportunities.
- The expansion of opportunities in the Armed forces for young people by more flexible sign up condition and at the same time offer additional incentives for young people to join.
- Given the role of Local Government in rural areas consideration could be given to providing them with incentives to employ both young and older jobseekers.
- Decentralise government departments to rural and regional areas.
- Provide schools with incentives and resources to assume a responsibility for finding employment for their school leavers not wishing to undertake tertiary training or education.
- Offer greater incentives to industry to encourage them to move to regional areas in the form of assistance with payroll tax, transport assistance, employment costs, improve workers compensation legislation.
- Investigate way in which Australian employee can be given opportunities to gain management experience in positions with business in other nations. This experience could be used to good effect back in Australia.
- Government to play a greater leadership role and encourage and help communities to better understand the range of social problems that are presently being confronted.
- In line with the meaning of the term 'commonwealth' make every effort to ensure communities in regional and rural areas share in the common wealth of the nation. There is unfortunately, a perception at least, that there is an imbalance.

For the information and consideration of the Committee

Again, thank you for the opportunity to put this submission. I have also attached for your information a copy of the Central West Shift Analysis Report (still in draft form) which was commissioned by the CWRDB and written by the Western Research Institute.

Should you require any further information please feel free to contact me during business hours on 0263-612444 or email

Yours sincerely

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Executive Officer
28 August 2003

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