

Submission No. 65

Date Received

**Submission for the Inquiry into Indigenous business development
Standing Committee on Aboriginal and Torres Strait Islander Affairs
by Gavin Lester – Xsite Building Services**

I think it's a good idea to start a minority council to assist indigenous business however I also think businesses employing long-term unemployed Indigenous people need to get some type of tax relief as an incentive, especially if they employ someone who was or has previously been unemployed for some period of time. I have done a short list below to explain why.

We as Indigenous employers are breaking the cycle in regards to getting our people working. After coming home from a days work their children are asking questions as to where have you been? What did you do at work?

This is a new dimension in their children's lives and one we have to be careful with because I as an Aboriginal person understand that just a small setback or comment in the earlier stage of life change (working) can deter our people from working. This then has a great impact on their children if they come home from work and say "stuff work I can't stand work". I have heard it first hand and I understand as an employer that I need to spend a lot of unbillable hours to break this cycle.

As an employer I know that for the first 3 months or so, you need to pick them up for work and basically wait for them to get dressed. During this initial period you also have to:

- Supply them with uniform (to make them feel part of your team).
- Often pay them on the actual day of work because the extra money that comes in often goes straight back out to bills that have been unpaid for a long period of time eg outstanding phone bill or outstanding rent. These impact on us as a business due to the extra paperwork that is required and to our cash flow.
- We as employers have to pay 12% workers compensation as well as 9% super (most of them don't even have super accounts). Because they are subcontractors and not employees they are expected to put their own tax away. Put yourselves in their shoes – you try and put it away when you are getting into trouble from your housing provider for being behind in your rent. The reason they may be behind is because their rent just went up 30% due to them working.

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I have done a rough estimation below to show you where their money should be spent.

Let's say they work with Xsite for 1 week = 40 hours @ \$20/hr = \$800/wk
To pay this to them it costs us \$800 + 9% super + 12% workers comp + approx 15 unbillable hrs per week in travel time, petrol and mentoring etc. Cost to Xsite = \$1718/wk.

What the subcontractor should put away out of \$800/wk = \$800 less 30% tax (\$240) = \$560 less approx 30% rent (\$168) = \$392. To only receive this amount out of \$800 would not seem fair to anyone considering going to work. In fact I know it's a deterrent to people taking up work.

You must take into account that whilst you are working and burning up energy you tend to eat a little more food. I was a professional athlete for 10 years and know first hand how much more you eat to fuel a physical day.

There is much more I could go on with but our taxes don't allow me to spend any more time on things that are unbillable.

The big question for me is "Is it worth doing this for our people? Is it worth encouraging our people to be doing this (working)?"

This is a question we have not yet found the answer to and in the very near future if things don't change for people like us and Indigenous companies like Xsite, we will never break the life cycle of unemployment, disrespect etc therefore we will lose our family values as well as our cultural heritage. If our own people can't afford to help our own people I am afraid that the gap will get bigger because it is companies like Xsite Building Services that have the understanding of our people from the grass roots level and an understanding of the barriers faced by Aboriginal people to employment.

I feel that we could play a key role in bridging the gap and wellbeing of our people if we were guided through the current red tape that often prevents us from progressing higher in this industry. This is how a minority council maybe able to help us – by helping us cut through the red tape. However, unless we receive more assistance – as a company it is not commercially viable for me to keep employing my own people.

Regards,

Gavin Lester
Director – Xsite Building Services