

Senate Employment, Workplace Relations and Education References Committee

Inquiry into Small Business Employment

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The Albany Chamber of Commerce and Industry Inc. represents approximately 450 small business proprietors in a major regional and tourist center. Industries such as agriculture, fishing, viticulture and tourism are governed by seasonal conditions and much of the employment in the region is casual and seasonal.

Over the past five years Albany and the Great Southern region has battled with five years of rural recession, has experienced devastation in the fishing industry through a virus, faced the closure of major businesses such as The Albany Spinning Mills and Princess Royal Seafoods, and experienced the closure of the second shift at Fletchers International (abattoir) with the resultant loss of 170 full-time jobs.

Added to the regional woes, businesses have experienced massive changes due to the impositions of regulations, a new and imposing tax system and increases in Workers Compensation and Public Liability Insurance.

The Albany Chamber of Commerce and Industry welcomes the opportunity to convey the concerns held by regional businesses and looks forward to the findings of the inquiry.

Terms of Reference

- 1. The effect of government regulation on employment in small business, specifically including the areas of workplace relations, taxation, superannuation, occupational health and safety, local government, planning and tenancy laws.*

The main concern expressed by the small business community is with the amount of information and legislation they're expected to be familiar with yet the limited amount of time they have available to gain the information and knowledge. Large businesses/corporations/franchises/organizations, etc. have designated officers and paid staff whose job it is to gather, interpret and pass on information. The small business proprietor must perform these duties as well as manage and work the business.

Workplace Relations: These issues are particularly worrying in WA as the Labour Government is rushing Industrial Relations reforms through Parliament. These reforms will abolish Workplace Agreements, give wider powers to the unions and increase the Minimum Conditions of Employment.

As Albany and the Great Southern is a major rural center with a burgeoning tourism industry, many workers are casual/seasonal. Workplace Agreements enable employers to set flat rates of pay in lieu of penalty rates imposed by the various awards. The Government intends to replace Workplace Agreements with Employer Employee Agreements that have a 'no disadvantage' clause. Therefore, employers will be forced to pay unreasonable penalty rates. Businesses in the region do not have the high customer numbers as their metropolitan colleagues and often remain open for long hours in order to profit. Penalty rates for staff could force a reduction in open hours, fuel station rostering and closures.

Unfair Dismissal Laws: This requires attention as many small businesses have a poor understanding of the legislation and don't know where to begin with the appropriate and lawful process required to dismiss an employee.

One business in Albany has a reasonably high staff turn over with juniors because a long-term staff member is so rude, sarcastic and moody in his dealings with them. The proprietors know that he's the problem and apart from telling him that his behaviour is not good for the workplace, they don't proceed with stronger disciplinary measures as they're unsure of how to do it. He has a reputation for litigious action and they are very nervous about the unfair dismissal action that could ensue. They have never, to their knowledge, had a complaint made about them by any employee and they have an excellent employer/employee record.

This example is definitely not an isolated one.

Taxation: The GST has certainly resulted in a mass of extra work for small business. Large companies have qualified accountants and administration officers to ensure compliance and timely payments to the Taxation Department. The small business proprietor is generally not appropriately skilled or experienced and lacks the time to attend to compliance.

Small business believes that the GST has narrowed their profit margin as there is only 'so much' a customer is willing to pay. The GST often places prices over that 'so much' and therefore the business, in order to make a sale, reduces the original price.

Superannuation: Small business has in general accepted the superannuation surcharge but is concerned about the planned increase to 15%, particularly if wages and penalty rates also increase. Short-term workers can take payment in lieu of superannuation contributions which is not in keeping with the reasons behind the surcharge – saving for retirement in order to decrease the burden on the welfare system.

Occupational Health and Safety: Again, the large employers can adhere to the regulations but small business has difficulty keeping abreast of the changes, new legislation and training.

Terms of Reference

- 2. The special needs and circumstances of small business, and the key factors that have an effect on the capacity of small business to employ more people.*

In Albany and throughout WA we have experienced an increase in the number of labour hire companies. This increase is due to the fact that small business is becoming more hesitant about employing people. Workers Compensation Insurance

and claims, superannuation surcharge and the administration load it brings, unfair dismissal laws, OH&S, duty of care, compliance with time and wages records, keeping up to date with awards, etc have proved to be far too time consuming and 'dangerous'. Many businesses prefer the labour-hire option which means less work and less risk.

Another option more businesses are pursuing is short-term contracts. As CEO of the Albany Chamber of Commerce and Industry, I also have done and would prefer to take up this option, even though I have traditionally believed that permanent employment should be the right of all willing and capable workers. A disgruntled, incompetent and dishonest employee can cause disruption and dissention in a workplace and the employer doesn't always have the time or energy to attend to their unsatisfactory behaviour. It's too simplistic to say "make the time, as the issue is vital to the efficient operation of the business or enterprise". Obstructive and difficult employers can create a mountain of work which takes the manager/proprietor away from their operational duties.

Compliance and the lack of support available to assist businesses to meet compliance is a key factor in the decision to employ others. The GST Signpost Officer in the Great Southern region asserts that throughout the term of her contract she discovered that the main impediment to businesses progressing was the lack of support available to them within reasonable formats and within reasonable available times. Most worked long hours and could not attend classes/forums/seminars during work times. The material that they're required to read and learn from is often dry, long winded and in 'government speak'.

Most government help lines (1800 and 1313 numbers) take ages to get through to and the options available are not relevant to the business' queries. SERVICE must be put back into the Public Service if they are to achieve real goals. In WA, inexperienced officers often staff Wageline and I, on behalf of ACCI members who have been unable to get through, have had to wait for more than 30 minutes for an officer to provide me with award information. Their defense is that there is a website --- small business operators often don't have computers and if they do, don't have the time to connect to the website.

Insurance is becoming a huge issue for all business types but particularly the Building Industry. With the collapse of HIH and other insurers reluctant to provide building insurance, many builders cannot work. "No insurance, no building license". A downturn in the number of housing starts results in huge downturns in all aspects of the building industry. Indeed, the stop/start nature of the industry has resulted in an unwillingness to take on apprentices and trainees.

3. *The extent to which the complexity and duplication of regulation by Commonwealth, state and territory governments inhibits growth or performance in the small business sector.*

A group of Albany fuel retailers meet on a regular basis, with a witness in attendance to protect them from prosecution for collusion, to try to sort out the problems facing their businesses through the introduction of price boards, petrol price capping and the proposed Labour Relations Reform Bill 2002.

It appears that the proposed State laws which will cap the price of fuel is against the Trade Practices Act and could result in action by the ACCC. The retailers argue that it's unfair to have fixed prices when businesses don't have fixed overheads. How many other industries have fixed prices determined by the government of the day? What allowances are made for variations in rent, suppliers' charges, transport of product, employee's wages (huge variations depending on award), etc?

Most fuel retailers in Albany believe that the measures the state government aims to introduce will severely curtail their hours of operation and therefore reduce the number of staff employed. Many of these retailers are also hesitant to develop their businesses because of the fickle nature of government.

As previously stated, non-compliance to regulations is dangerous, expensive and time consuming for all. Businesses are asking, "Why take the risk?" Employing others is too hard. They'd prefer to stay small and reduce the hassles.

4. Measures that would enhance the capacity of small business to employ more people.

- A complete reassessment of awards and alternatives to awards that ensure choice, fairness for all parties and a consideration of individual and locality differences.
- Unfair Dismissals Legislation that allows businesses that employ less than 10 staff to have a different set of rules and guidelines. Very small businesses believe that if they risk their livelihood and life savings in a businesses venture, they should have more flexibility in employing others and an easier means of dismissing staff who don't match their 'vision'.
- Far greater SERVICE from the Public Service. Business should have easy access and personal and/or phone contact with relevant government agencies, particularly where compliance is an issue eg. Industrial relations, taxation, occupational health and safety. This easy access should include short information and training sessions held during reasonable work friendly hours.
- A realistic insurance system that caps claims and ensures limits of liability.
- A recognition by government that 'small business is the engine room of the Australian economy' and A commitment to assist in any way to keep the engine turning.
- Governments could better use the services and networks of organizations such as the Chambers of Commerce and Industry, BEC's and TAFE colleges to assist small business to become more knowledgeable and more efficient. This would provide that SERVICE that is currently not easily available and would reduce the infrastructure costs required for government departments to set up new offices and contacts.

**THANK YOU FOR THE OPPORTUNITY TO EXPRESS THE CONCERNS AND TO
OUTLINE THE DIFFICULTIES FACED BY SMALL BUSINESS IN ALBANY AND
THE GREAT SOUTHERN.**