

Our Ref: E5:1195  
Your Ref:  
Enquiries: Sally Haigh, Maynard Rye

The Secretary  
Senate Employment, Workplace relations and Education Reference Committee  
Suite S1.61 Parliament House  
Canberra ACT 2600

20th May 2002

Dear Sir/Madam

## **SENATE INQUIRY INTO SMALL BUSINESS EMPLOYMENT**

The Great Southern Development Commission (GSDC)'s role is to build partnerships for regional prosperity by planning, coordinating and promoting sustainable development. To this end, we work closely with a wide range of stakeholders in the public and private sector.

Our customers include businesses looking to expand or develop, people with new ideas for business or industry, existing and potential exporters, major project proponents, local government authorities, community organisations, government agencies and potential investors.

We support and develop industry and community projects, coordinate approaches to government on strategic economic and social issues, provide access to information on government programs and industry support services, assist with resources for regional projects through the Regional Development Scheme, identify and promote investment opportunities in the region, provide access to Austrade services for exporters and access skilled people from overseas through the Regional Sponsored Migration Scheme.

### **2. 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**

Businesses in this region operate in a highly competitive environment. The region is the second largest producer of agricultural commodities in Western Australia. Primary

industries such as broadacre cropping, wool, livestock, horticulture and fishing are the mainstay of the economy. Given the reliance on the agricultural sector, adverse seasonal conditions in 2001-2 have had major impacts on small business. Impacts on the retail, farm supplies and manufacturing industries have been outlined in a report commissioned by the GSDC in association with the Department of Agriculture, *Impact of Adverse Seasonal Conditions on the Non-farm Business Sector (see attached summary)*.

The worst hit sector was manufacturing and farm machinery sales, with all four businesses surveyed for the report indicating their worst year on record. Businesses from outside the traditional market are expanding their geographical reach to chase sales in a greatly reduced market. Common strategies to deal with reduced profitability have been to reduce staff numbers, with business owners increasing their own working hours and suffering high levels of stress and dissatisfaction.

Current barriers to employment include increasing overheads and the prohibitively high cost of insurance (since September 11 and the collapse of HIH).

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

The GSDC sits on the Southern Regional Inter-agency Taskforce (SRIT, a regional initiative to work together to identify gaps and inefficiencies in service delivery and create a model of collaboration to address these challenges. The model, which addresses the ongoing nature of seasonal and other events affecting rural communities, has provided an effective vehicle to combine resources in a collaborative effort that could be readily adapted in other regions (*SRIT terms of reference attached*).

Mentoring is an effective way to build capacity and turn around some of the challenges being faced by small business. To this end, the GSDC ran a successful six-month project, Mentoring for Light Industry Owner Managers in the Great Southern Region, partly funded through the Small Business Enterprise & Culture Program (DEWRSB) and developed in consultation with industry. The program was a positive response to a pre-feasibility study, part of the Regional Opportunities Audit, which identified constraints faced by the industry. 12 owner/managers completed the program, several have expanded their businesses and increased levels of employment and four are continuing to work with their mentors at their own expense. The program included a review of activities with recommendations for improvement and a series of management development briefings tailored to address needs identified by the mentorees. *A copy of the executive summary from the final report is attached.*

The second stage of GSDC support will involve a job chasing service, more management development briefings and a newsletter, designed to build the sense of group membership, develop marketing skills and resources and expand currently limited horizons for their products and services. All 12 businesses have indicated a strong desire to continue and to make a modest financial contribution to the program. The mentoring model is being extended to assist 20 businesses in four towns affected by Exceptional

Circumstances. The GSDC can envisage a \$500,000 project to expand the mentoring service to assist 200 businesses in the Wheatbelt.

This submission has been prepared with some time constraints given the short notice. We have endeavoured to address the terms of reference drawing on specific examples from our work and would welcome further enquiries. We will follow the progress of the Senate enquiry with interest.

Thank you.

Yours faithfully

**BRUCE W MANNING**  
**CHIEF EXECUTIVE OFFICER**