

LOCAL GOVERNMENT
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Small Business Employment
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Ms Margaret Blood
Australian Senate - Employment Workplace Relations and Education
Suite 1.61
Parliament House
CANBERRA ACT 2600

Dear Ms Blood

Inquiry Into Small Business Employment.

Thank you for the opportunity to provide comment on the Inquiry into Small Business Employment being conducted by the Senate Employment, Workplace Relations and Education References Committee.

This submission will address the terms of reference of the Inquiry into Small Business Employment which are:-

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.
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.
3. The extent to which the complexity and duplication of regulation by Commonwealth, state and territory governments inhibits growth or performance in the business sector.
4. Measures that would enhance the capacity of small business to employ more people.

Local Government in Queensland encompasses the whole spectrum of Council size and circumstances, from the largest City (Brisbane) to the smallest, isolated community.

Many Local Governments in Queensland could almost meet a definition of small businesses, if one considers the number of employees, annual budget, the economic benefit to the community derived from their existence and the "market forces" affecting operations.

Certainly, Local Government is facing similar challenges to small business, particularly in rural and regional Queensland. These challenges include operating costs affected by the imposition of administrative and bureaucratic requirements without consideration of the impact on resources, distance/transport and, the loss of essential commercial and social services.

These challenges impact on the capacity of small rural or regional Local Government to employ people, and often, one of the most important employers in such communities is the "Local Council".



Administrative and Bureaucratic Impacts

The two phases of establishing and operating a business are without doubt impacted by the requirements of Government at all levels. Setting up a small business can involve obtaining approvals from at least the State and Local Governments, and Commonwealth Government in terms of taxation regimes.

It is felt that there would be little argument with the intent of Government regulation to achieve a planned, safe and sustainable environment for the community. Each regulating authority has an important role to play. Increasingly, Governments are working to streamline approval processes – looking for the “one stop shop” to allow the developer the opportunity to arrange all of the required approvals. Whilst there is obviously room for improvement, care must be taken to ensure that important approval issues are given due regard. The new Queensland Smart Licence processes are part of the continuing refinement of approval processes involving State, Local and Commonwealth Governments. Details of Smart Licence can be obtained at:

<http://www.sd.qld.gov.au/onlineapps/smartlicence/6easystems/smartlicence/html2001/>

Continuation of this processes of refining of approval by all levels of Government in a joint and cooperative way would certainly assist small business in commencing and establishing their operation.

The day-to-day operation of small business involves compliance with a variety of government requirements, mostly at Commonwealth (taxation etc) and State (WH&S, Environment, Company law etc) levels. The trend seems to be for the reporting requirements to be more complicated, demanding and time consuming. Simplification of reporting requirements, reduction of the number of returns required and the provision of software and electronic lodgement might assist small business operators and Local Governments in compliance with the requirements.

Distance/Transport

The undeniable fact is that small business in remote areas is under pressure to provide services to their community at competitive prices, when they have to bear the additional costs of transport and doing business over long distances. Their operating expenses must be higher than for equivalent operators in urban and Capital city areas.

Distance is not the only factor in the equation. Transport options (or lack of options) also impacts on the cost of doing business, and consequently, on the ability of small business to employ more people. The lack of rail transport and adequate regular bus and truck transport means that the rural and remote operator is distinctly disadvantaged. Also, the quality of the road system servicing rural and remote areas is often the cause of additional cost burden through repairs to damaged vehicles and higher fuel costs. Poor road conditions affect fuel efficiency of vehicles, and there is a significantly higher base cost of fuel in rural and remote Queensland.

All of these issues impact on operating costs, reducing the business opportunities to employ more people.

Loss of Essential Commercial and Social Services

The reduction of basic services to small rural and remote communities is a feature of the change in the economic profile of such areas. Basic services include health, education, banking, and postal and other commercial and government services. The loss of local schools, medical services, closure of banks, post offices and the like has significantly reduced the attraction of living and working in small and remote communities.



The loss of employment and the economic contribution of such services to the local economy have had a huge impact on small local businesses and their capacity to employ people.

The loss of population to large coastal communities has reduced the market for small business services, reducing their viability and consequently, their ability to employ.

Summary

In summary, the Association would advocate Governments taking measures to increase the viability of small rural and remote communities as a mechanism for promoting the viability of small business and employment. This can be done by

1. ensuring that the vital infrastructure of reliable, well maintained roads and other transport systems are in place;
2. providing incentives for the retention and expansion of basic government, health, education and commercial services to the community;
3. ensuring equity in the cost of living in small and remote communities through essential items like food and fuel etc.

Overall, the capacity of small business to create employment opportunities is dependent on their efficiency and viability. Measures taken to assist in the time it takes to set up and regulate ongoing business activity can only help reduce the proportion of time lost to non-income generating activity for those businesses. This can indirectly, but significantly assist small business to employ more people.

Yours sincerely

GREG HALLAM PSM
EXECUTIVE DIRECTOR

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