



SUBMISSION TO:

The Secretary
Senate Employment Workplace Relations & Education
Reference Committee
Suite S.1.61 Parliament House
Canberra ACT 2600

FROM:

Richard Joel
Chief Executive Officer
Office of Economic Development for the City of Brisbane Limited [OED]

1. Role of the OED:

The OED was established in 1986 as a company limited by guarantee. It is responsible for facilitating and promoting business investment in Brisbane.

2. Structure of the OED:

The OED has a private sector board of directors. There are no politicians or politically aligned persons as directors. The members [shareholders] of the company are the persons holding the positions of Chairman and Deputy Chairman of the OED, the Chief Executive Officer of the OED, the Lord Mayor of the City of Brisbane and the Chief Executive Officer of Brisbane City Council.

3. Current Board of Directors:

| | |
|--|-----------------|
| Ms Sally [Annabelle] Chaplain BA MBA FAICD | Chairman |
| Mr Paul Herman Henri Corbiere BA LLB | Deputy Chairman |
| Mr Ian Charles Klug BA B.Com FCA | Director |
| Ms Bronwyn Kay Morris B.Com FCA | Director |
| Mr Michael Francis Blake Pelly FAIM | Director |
| Dr Stephen van der Mye BComm [Hons], PhD | Director |

[See attached biographies]

4. Chief Executive Officer:

Richard Joel

[See attached biography]

5. Annual Report:

Attached is a copy of the Annual Report for the OED.

Operations

The OED employs twelve persons. The main number of staff are Business Development Managers and research personnel who work in targeted business sectors from which the OED seeks to attract investment. These sectors include food & beverage, biotechnology, electronics, transport, commerce, warehouse & transport and aviation. Individually tailored business submissions are prepared for potential clients. In addition, company retention is a key goal of the business plan of the OED.

SUBMISSION INFORMATION

Introduction

The basis of this submission revolves around the issues and comments which face the OED as it undertakes its task of seeking to obtain and facilitate investment, as well as retain and grow existing businesses. The three major problems continually raised with the OED are as follows:

- # complexity of legislation and its inflexibility
- # the delays in providing decisions
- # a unilateral approach to problem-solving e.g., Aone size fits all≡, regardless of the type, size and complexity of the business

In particular, it is important to determine those issues in light of what is considered to be small and medium business. All governments tend to be over-impressed with major projects which inevitably are >headline news=, create so-called instant impact for government popularity and are seen as major >engine-drivers= for the economy. However, in cities such as Brisbane, such major projects are rare. Indeed, in Brisbane the largest single industrial project in recent years was the \$500 million expansion of the BP Oil Refinery for the manufacture of clean fuels.

If you exclude building developments, it is highly doubtful that there are many projects in Brisbane that would exceed \$50 million. The Visy recycling plant, for instance, that was constructed in Brisbane was \$85 million. However, there are very real and significant projects in the \$1 million to \$25 million scale which have a material effect on employment and in opening-up new spheres of activity, particularly in the high technology fields. Many investments which are made by so-called large companies are still in the medium finance range.

It is even more important to note that many projects rely on the support of small companies to provide goods and services. Companies which in many cases form a >cluster= around the prime investment as a supply chain.

Three examples of this situation are as follows:

- # **Filtronics** which won an *AExporter of the Year*≡ category. The company makes electronic parts for such items as mobile telephones. This company, on its own initiative, fostered several small enterprises to support its supply chain, with little or no assistance from any government.

- # **Brisbane Marine Industry Park**, which is part of a public company, Viking Industries Ltd., and is developing a *marine park* for boat-building [including super yachts] and repair facilities in Brisbane. The company on site is encouraging small support companies, such as repairers and outfitters, painters and metal manufacturers to co-locate at the site.

- # **>OurBrisbane.com=** - the computerised system to operate a range of services for Brisbane City Council. Telstra is the key provider but over thirty [30] small to medium local companies are providing support, product and services.

- # **EGR Limited** - a multi-million dollar automotive component company supplying key motor vehicle companies in Australia and overseas but who rely on several small suppliers for many of their products e.g., metal manufacture, plastic manufacturing etc.

The reason for these analogies is to indicate that while a key project may require significant investment, its continuing success depends to a great extent on the support of a variety of diverse small and medium businesses who, if they are not successful, have the potential to cause considerable disruption to the growth of the prime investment and, more importantly, can have a flow-on and detrimental effect to other industries.

The Issues

In this context - what are the problems and how does small business see its worth being recognised?

It is clear that small business believes it is given only >token= acceptance, not only by government but also by *big* business. Unless the small business company is a significant supplier, or until problems arise, it is not seen as being relevant. While government expresses support for small business, their voice on issues is far less co-ordinated and, as such, less effective than that of the larger business organisations or trade unions.

It is increasingly obvious that small business is more susceptible to the vagaries of economic change than larger companies. Small business is required to comply with most of the same laws and policies as big business but without the support mechanisms to achieve solutions and overcome problems. In this context, small business can feel neglected on a variety of issues. They believe that on matters such as taxation, workplace relations, local government and state laws, they are wedged between big business on the one hand and government and trade unions on the other.

A key issue that affects small business is both the >red tape= and understanding how to cope with these matters in managing their business. the first step must be to acknowledge that some of the rules and regulations that are so stringently applied to large organisations must necessarily be far more flexible for small business which by nature should enjoy policy relaxation.

The problem is that government by its very nature tends to be a regulator and not a facilitator. It sees its role as ensuring business complies with a host of rules, rather than >fast-tracking= business to a result and outcome. In these circumstances small business sees itself facing constant restrictions on its performance. Government is seen as inhibiting small business to expand by ensuring it spends more and more time on compliance issues and less and less time

on running its business. Governments talk about >one stop shops= but inherently this does not work. Unions by their nature prefer dealing with large business and see small and medium business being swept-up into the same processes.

There is a strongly held view, I am sure, by some government officials that a large proportion of the general public, that business, including small business, spend most of their time trying to manipulate the system and avoid their corporate responsibilities. This lack of trust ensures that even more controls are introduced, thus ensuring that 80% of public servants spend their time on compliance issues and regulation and probably no more than 20% on facilitation - instead of the reverse.

The capacity for small business to grow is dependant solely on its profitability and its success in being able to secure orders and maintain supply. However, in many instances its very success can be jeopardised by factors over which it has no control. Unlike big business, small to medium businesses tend to operate on much tighter inventory controls, have less financial flexibility and are more closely monitored by their banks. They are more susceptible to being given risk finance and require a strong cash-flow and ability to repay debts. It is a true adage that if you owe the bank \$100 million it is their problem but to owe them \$1 million it is your problem!

In all of this environment the last recourse needed by small to medium businesses is to be placed in the same compliance system as big business but without the resources or finance to ensure >best practice= at that level. These issues are even more evident when there are duplications of Federal and State laws, or complications in areas such as work-place relations.

Small business is stated to be a key >engine-driver= of the economy but in reality it is often given only >lip service= and more than likely viewed as having little potential muscle. It is even of less interest to unions, who see little future in obtaining members and merely adopt the same approach to many of the issues that face small business as they do to big business.

Proposals

If the fact that small business feels isolated, then how does one bring about change? The following are merely some suggestions:

1. *A review of all compliance policies at all levels of government to provide a streamlined system by which small business can operate.* This may sound ambitious but it really refers mainly to compliance in two main areas: [a] taxation [b] industrial and work place relations. It seems to me that we need to identify exactly who we clarify as small business and then determine a totally different set of procedures in compliance on taxation. On industrial relations, it is not simply unfair dismissal laws that may need amendment but some basis on which small companies are protected against the impact of industrial disputes which effect major companies and where a small business may be adversely effected.
2. *Small business must have better access to government if they have issues that need resolution.* Government should be providing direct assistance to facilitate their problems at a minimal cost and not simply act as a regulator. Government must give priority to ensuring prompt answers for small businesses which generally have no recourse to high-powered legal or accounting advice. Government should be seen as supporting small business and not acting only as a >policeman=.

3. *If small business is to employ more people they must be given some inducements.* The key is to ensure small business retains those people it employs. Such inducements may be lower tax rates for first-time job seekers and for more liberal training schemes.
4. *Small business must have regulations simplified.* Governments needs to address with small business the exact areas of business regulations that concern them and then ensure the rules are written in simple English, made easy to comprehend and even easier to administer. Government has got to stop worrying about trying to complicate the system in an attempt to have a >catch all= compliance code. A little more trust may be more effective.
5. It is recognised that any government has a finite amount of money. However, *the more persons in the workforce, the greater the >tax take= to government.* It is important to reiterate that methods must be found to retain employees in small business and to provide them with opportunities to grow their business.
6. I am convinced that the *private sector also needs to develop a better understanding of small business.* Banks, for instance, tend to find small customers more of a burden than the larger corporations by way of service costs. It seems that there is a need to re-evaluate exactly how much small business impacts on the economy and for banks, insurance companies and the like to adopt different approaches to their issues.

Summary

In this brief submission I have done no more than illustrate some areas of concern highlighted to our Office. The main factor is that I recognise that much as we would like to simplify all business problems into fewer categories, this is not always possible. However, simply stating that we recognise differences between small, medium and big business is not enough if we do not implement change in practice as well as in theory. There can, and should be, different rules for different classes of business. Just as people are different - so is business. Governments and the private sector need to treat each sector with different interpretations and flexibility.

Richard Joel
Chief Executive

Date

Ms Sally (Annabelle) Chaplain BA MBA FAICD (Chairman)

Annabelle was appointed a director on 1 October 1998, Deputy Chairman on 1 July 2000 and Chairman on 1 July 2001 following the retirement of the previous Chairman, Mr Nigel Chamier OAM. Annabelle has an MBA from the University of Melbourne, a Diploma from the Securities Institute of Australia and is a fellow of the Australian Institute of Company Directors. She has more than twenty years' experience in banking, most recently as a member of ABN AMRO Australia's Management Committee as head of its Public Sector Client Management business. Prior to that role, she was Divisional Director - Queensland for ABN AMRO from 1996 and was responsible for establishing ABN AMRO's Queensland activities. Annabelle is now an independent company director and corporate business executive, specialising in business strategy in the financial services sector. She is a director of Hyne & Son Pty Ltd, Deputy Chairman of South East Queensland Water Corporation and Executive Director of Sunsuper Financial Services Pty Ltd.

Mr Paul H Corbiere BA LLB [Deputy Chairman]

Paul was appointed a director of the Board on 1 July 1997 and subsequently became Company Secretary. He was appointed Deputy Chairman on 1 July 2001. He has been a partner at Clayton Utz and its predecessor firms since 1975, prior to which he spent some time working with a large legal practice in London. He has practised in the areas of banking and finance for twenty years for the firm and has been involved in many large projects in Queensland and latterly is a keen supporter of contacts and trade with South-East Asia and China. Paul has accompanied many trade missions to, and is involved with, several large projects in China and South-East Asia. He is on the Queensland Committee of the Juvenile Diabetes Research Foundation and the Advisory Committee to the Singapore Business Association of Queensland.

Mr Ian Charles Klug BA B.Com FCA

Ian was appointed a director on 1 July 2000. He holds degrees in both Commerce & Arts. Ian is a partner in the firm of Douglas Heck & Burrell, Chartered Accountants, a position he has held since 1990. Ian has been a Member of the Institute of Chartered Accountants since 1984 and a Fellow since 1996. He has wide experience in business management, taxation, strategic planning and the creative industries. During a period in London Ian worked in the corporate taxation field, advising on United Kingdom and international transactions. Ian is a former director and Treasurer of Tennis Queensland and a former councillor of Tennis Australia. He is a past member of the Board of the Brisbane City Art Gallery. Currently he is Chairman of the Brisbane/Semarang Sister City Committee, Vice President (Qld) Australia/Indonesia Business Council and Chairman of the Queensland Artworkers Alliance. He also sits on the boards of several unlisted investment and trading companies.

Ms Bronwyn Kay Morris B.Com., FCA FAICD

Bronwyn was appointed a director on 1 July 2001. Bronwyn was educated at the University of Queensland and is a chartered accountant by profession and a leading company director. Bronwyn retired in 1996 after twenty years in audit and corporate services with KPMG, with the last seven years as a partner and was the first female partner of KPMG in Queensland. In addition to her university and accounting qualifications, Bronwyn is a member of the Australian Institute of Company Directors and was the first female appointed to the Queensland State Council of the Institute of Chartered Accountants in Australia and became Chairman from September 1998 to September 1999.

Bronwyn is currently Chairman of Queensland Rail, a director of Colorado Group Ltd and Stanwell Corporation Limited, as well as holding membership of the Compliance Committee, WorldMark South Pacific Club of Trendwest Resorts South Pacific, Treasurer of the Gold Coast Hospital Foundation and a member of the Gold Coast District Health Council.

Mr Michael Francis Blake Pelly FAIM

Michael was appointed a director on 13 August 2001. Michael was educated at the Cranbrook School, Sydney, New South Wales and the Tudor House School, Moss Vale, New South Wales. He is currently Deputy Chairman of the Queensland Events Corporation. He retired in 2000 as Chief Operating Officer - Global Retail Trade, Mildara Blass and prior to that for fourteen years had been Vice President - Northern States for Carlton United Breweries.

In his earlier career Michael was Chief Executive Officer of Elders Wines & Spirits and held senior sales and marketing positions with Unilever. He is a Fellow of the Australian Institute of Management [FAIM]. Michael has had extensive experience, not only in business but also in the active promotion and administration of sporting organisations. In his career he has been Deputy Chair of the Queensland Harness Racing Board, Deputy Chair of the Albion Park Trust, a director of the Gold Coast Indy Car Race and a director of the Brisbane Lions Australian Football Club. He was formerly a director of the Princess Alexandra Research Foundation. Michael is also on

the board of a number of private companies and has a continuing interest in horse racing, golf, rugby, AFL, cricket and other sports.

Dr Walter [Stephen] van der Mye BComm [Hons] PhD FAIM FAICD

Stephen was appointed as a director on 11 March 2002. He holds a Bachelor of Commerce degree in Accounting with First Class Honours from The University of New South Wales, as well as a Doctorate of Philosophy from the same university. Stephen is currently Managing Director of Nemmco [National Electricity Market Management Company Limited], a position he has held since 1997. Prior to that appointment he was Chief Executive Officer of the Queensland Industry Development Corporation from 1990-1996. Stephen had previously been with BNP Capital Markets Limited, a subsidiary of Banque Nationale de Paris [BNP] from 1987-1990., the latter part of that time as Vice President. Currently Stephen is not only a board member of the Office of Economic Development for the City of Brisbane Limited [OED] but also Chairman since 2001 of the Risk Management & Audit Committees of the Carbon Steel Materials and Stainless Steel Materials Customer Sector Groups of BHP Billiton Limited. In 2000 he was appointed Chairman of the Market and Systems Operator Insurance Advisory Committee [MSOIC] by the five member jurisdictions of the NEM. Stephen has been a director of ONI Limited from 1995-1998 and of Austa Electric from 1995-1997. He was also a director of the Queensland Dairy Authority from 1994-1995 and a Councillor of the Queensland Division of the Securities Institute of Australia from 1992-1996. He is a Fellow of the Australian Institute of Banking and Finance, Australian Institute of Company Directors, Australian Institute of Management, Australian Society of Certified Practising Accountants, Chartered Institute of Secretaries and an Associate of the Securities Institute of Australia.

RICHARD ALEXANDER JOEL

Richard Alexander Joel was born on 3 February 1940 and educated at Scots College Sydney where he commenced studying law before completing diplomas in marketing and advertising.

He has been involved in the fields of public relations and marketing, both in Australia and the United Kingdom, Richard was appointed in 1969 General Manager - Australia of R Fowler Limited, the largest manufacturer of bathroom furniture and accessories. In 1974 he moved to Queensland to become Managing Director of the diversified public company, Walter Reid & Company Limited. In 1986 he became Chief Executive Officer of the Office of Economic Development for the City of Brisbane Limited. The responsibility of the Office is to encourage investment and economic growth in the City of Brisbane. Richard continues to hold the position of Chief Executive Officer.

Richard was until 1998 a member of the Board of the public company Skydome Holdings Limited, a manufacturer of building products. He is currently a board member of Viking Industries Limited and the City of Brisbane Airport Corporation Limited [the company which holds shares owned by Brisbane City in Brisbane Airport Corporation Limited which operates the Brisbane Airport]. He was formerly Deputy Chairman of the Board of Brisbane City Enterprises Limited, a company responsible for marketing the technologies and services of the Brisbane City Council and had previously been a director of the former South East Queensland Electricity Board prior to the restructure of the electricity industry in Queensland.

Richard is a member of Tattersalls Club Brisbane, The Queensland Turf Club, The Brisbane Turf Club and the Brisbane Club. His interests include horse racing, reading, bridge, swimming and golf. He resides in the suburb of Hendra in Brisbane.

25 June 2002