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Council of Small Business Organisations of Australia Ltd.

ABN 43 008 597 304

13th September 2005

Committee Secretary
Senate Employment, Workplace Relations and Education Committee
Department of the Senate
Parliament House
Canberra ACT 2600
Australia

eet.sen@aph.gov.au

Subject: Inquiry into Industrial Agreements.

Dear Sir / Madam,

Please find enclosed our submission on the review into Industrial Agreements. We thank you for the opportunity and would be eager to further our comments if the opportunity arises.

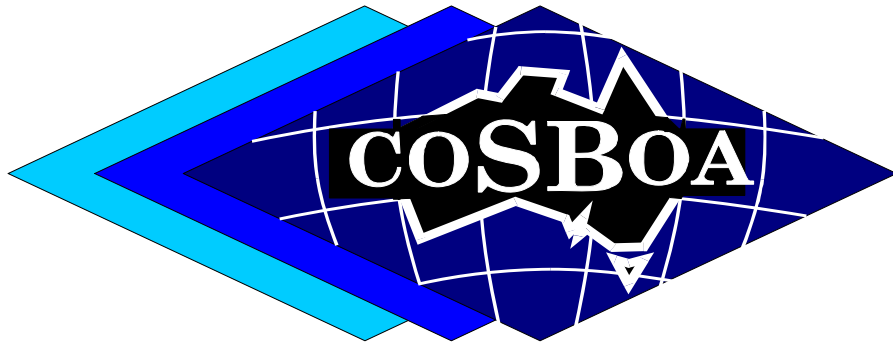
We would appreciate an acknowledgement that you have received this submission before the deadline by return e-mail.

If you have any questions do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Tony Steven". The signature is fluid and cursive, with the first letters of the first and last names being prominent.

Tony Steven
CEO



Council of Small Business Organisations
of Australia Ltd.

Submission to the

Senate Inquiry

into

Industrial Agreements.

September 2005

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1. Background on COSBOA

The Council of Small Business Organisations of Australia Ltd (COSBOA) is widely recognised as a peak body of small business organisations, industry groups and individual members. It was founded in 1979, incorporated in 1985 and operates through a secretariat based in Belconnen, Canberra.

We represent the small business sector in Australia. All members have the opportunity and means to influence, at political and government levels, for the well-being and future of their member small businesses.

- We provide the small business sector with information.
- We assist individual members and member associations.

We help individual members and member associations develop business opportunities through our affiliations with key organisations. All members can use COSBOA's affiliations and contacts with industry and business organisations.

We help members influence their external business environment, especially in the area of government policy.

COSBOA assists members by monitoring government activities, influencing the development of government policies, presenting industry viewpoints and providing opportunities for members to become involved in policy development.

COSBOA is the primary lobbying vehicle for issues relating to the small business sector.

COSBOA members can have ready access to information on key policies impacting on the small business sector.

COSBOA is headed by a Board of Management and the Chair, Mr. Bob Stanton, who also presides over the quarterly Council meetings consisting of all members, these are usually held in Canberra.

COSBOA also holds the National Small Business Summit annually and boasts the attendance of the Prime Minister on 4 of the 5 occasions it has been held. This reflects the importance of small business to the Australian community and the economy.

2. Introduction

The Members of COSBOA have a significant interest in this review due to the impact of workplace relations on their businesses.

There are 1.3 million small businesses in Australia of which around 800,000 are micro businesses. Most of these employ staff either at the state level using the local awards or under the federal system.

There is great confusion regarding the multiple system and the complexity and the number of awards adds to this confusion.

The emphasis for small business though is not the system but the relationship business owners have with their staff.

3. Terms of Reference

Whether the objectives of various forms of industrial agreement-making, including Australian Workplace Agreements, are being met and whether the agreement-making system, including proposed federal government changes, meet the social and economic needs of all Australians, with particular reference to:

- a. the scope and coverage of agreements, including the extent to which employees are covered by non-comprehensive agreements;
- b. the capacity for employers and employees to choose the form of agreement-making which best suits their needs;
- c. the parties' ability to genuinely bargain, focusing on groups such as women, youth and casual employees;
- d. the social objectives, including addressing the gender pay gap and enabling employees to better balance their work and family responsibilities;
- e. the capacity of the agreement to contribute to productivity improvements, efficiency, competitiveness, flexibility, fairness and growing living standards; and
- f. Australia's international obligations.

4. *Impact on Small Business in the past*

a) The scope and coverage.

With something like 4000 awards in place around the country the confusion factor is very high within small business. Chambers of Commerce and Industry/business associations are struggling to continue to interpret the maze of information affect small business.

Australian Workplace Agreements are becoming more and more popular but are only available those who register as a company with ASIC.

b) Choice of form of agreement

With 1.3 million small business workplaces around the country, there are 1.3 million unique sets of conditions to be catered for, not only those of the employer but also the employees. It is important to ensure flexibility and therefore individual business needs to chose which type of agreement best suits them.

c) The parties' ability to genuinely bargain.

Employees have families to run, some are carers or have other social obligations and they often find there are problems fitting into the overarching (Industry Wide) awards that set out conditions of work for all. Flexibility is crucial to the success of small business when competing in the marketplace especially against big business.

d) The social objectives

COSBOA, at the National Small Business Summit in May called for more flexibility for small business employers to be able to allow employees to work when they can and therefore enable these small businesses to retain their competent staff.

This in turn would allow more flexibly for employees and address many of the social difficulties in our society today.

Skill shortages also have led to a high demand situation for good staff with higher wages being sought and small business often struggling to meet demand from customers. Flexible work conditions can help small business retain high demand staff.

e) Productivity improvements and efficiency.

Over the past few years many industries have been deregulated leaving small business exposed to new pressures from large businesses, suppliers and new demands from customers. This has in many cases been impossible to overcome due to the restraints placed upon small businesses by workplace rules and regulations.

AWA's have provided answers when businesses have become companies allowing them to flatten wages across the week and enabling them to open on Saturdays and Sundays to cater for customer demand.

5. *Registration as a Company*

At present there is a requirement that a business / employer be registered as a company under ASIC in order to take advantage of Australian Workplace Agreements.

AT COSBOA we feel there must be either a relaxing of this requirement or a easier method of registering as a company. This must not only be with regard to the paperwork and cost but also the onerous responsibilities that go with being a Director of a company.

COSBOA currently has a seat at the ASIC Business Advisory Group meetings and is happy to help work through some of these issues.

6. *The Economy*

Australia has benefited from the efficiencies gained over the past 20 years by way of deregulation and competition; this has served us well in this globalised world.

Small business is a powerful force when it comes to employment and a lack of confidence and worse, a confusing workplace, will lead to lay offs and hardship.

It is vital that small business be assisted with employment issues allowing further employment growth within Australia.

The answer lies in education; not in macro economic settings that slash and burn at the small business end without regard to the individuals involved, but rather at the micro reform end where flexibilities and simplicity allows for greater compliance and understanding of the workplace arrangements.

7. *Highlighted points for the new system*

- Any new system must allow flexibility for small business employers
- It must also allow full access to all employer associations to the system not just a few.
- It must be cheap to access and not be dominated by lawyers and expensive advocates

- The new system must also be simple to understand and operate in for small businesses and the associations.
- It must be fair for all employees and not allow unfair advantage to be gained by unscrupulous employers, there is a balance to be reached.

8. Conclusion

An appraisal of our community today from an perspective of a small business owner and operators would see a one sided IR system with many favours for the employee and not enough help for employers that after all are the ones who are taking the risks and offering the jobs in the first place.

COSBOA would be pleased to work with Government to remedy this.

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