

Senate Employment, Workplace Relations and Education References Committee Inquiry into Small Business Employment

Submission with respect to the terms of reference from Australia's Holiday Coast Area Consultative Committee

1. Australia's Holiday Coast suffers from high unemployment largely due to its desirability as a place to live. Employment growth has been positive for many years however population increases have led to stubbornly high unemployment (Planning NSW figures and National Economics, 2000). A report commissioned by Australia's Holiday Coast Area Consultative Committee, *Australia's Holiday Coast Employment and Labour Market Project*, National Economics, 2000, showed that, "A large number of firms are dependent on seasonal labour. Around 36% of firms recruit seasonal workers." In the agricultural and retail sectors there is seasonal need for lower skilled staff which sometimes goes unfilled, clearly impacting on business. Greater flexibility for recipients of unemployment benefits could fill this business need. Flexibility could be provided in terms of easier sign-on sign-off procedures, for example as leave to take short term employment provided the hourly rate is below a certain figure. This will enable a business need to be filled and provide the chance of maintaining a work culture for the unemployed (as well as a safety net).

Insurance is an area of high uncertainty and premium costs have had an effect on many businesses. Any downturn in tourism due to high public liability insurance premiums restricting activities will have a major impact on the region. We have had at least two premier tourism ventures close in the last 3 months in our region.

Unfair dismissal remains as an area that inhibits employment growth in small businesses. Uncertainty and lack of understanding of the regulatory environment lead to a perception of risk that may be unduly elevated. Defending an action would be prohibitive for many small businesses.

2. Maintaining access to a skilled workforce is an issue for small business, centralisation of higher school and tertiary education facilities has meant that smaller communities are increasingly less likely to have access to skilled starters in the workplace. This inhibits business growth or enhances their demise.

Indigenous small businesses have special needs in relation to the need to manage cultural issues not present in other communities. Many Federal and State Government programmes support Indigenous employment, these tend to focus on subsidies for Indigenous businesses and organizations. Whilst high quality products are often made as a result the programmes, they generally fall short of being able to facilitate establishment of sustainable Indigenous businesses. We currently have two business models in place, the normal commercial model demanding high quality, service, reliability and focussed on profits and business sustainability, and an Indigenous business model which is run by Indigenous people for Indigenous people using Government subsidies which seems unable to bridge the gap between cultural sensitivity and commercial reality. There is a special and urgent need to develop a business model which bridges the gap between Indigenous cultural sensitivity and commercial reality. The model could be developed and supported by Government funds with a goal to generate sustainable Indigenous businesses and jobs. This model would need to have a customer interface in line with commercial practice but could be underlain by a very different method of managing human resources (more

flexible, culturally sensitive etc.). Our region has 7,000 Indigenous residents that experience higher than average unemployment and lower than average wages (report commissioned by Australia's Holiday Coast Area Consultative Committee, Australia's Holiday Coast Employment and Labour Market Project, National Economics, 2000).

3. Complexity of intellectual property laws and lack of solid protection (particularly in the International arena) inhibits innovation. This is likely to require International remedies and this could be assisted by Federal Government lobbying.

4. Only 20% of business start-ups survive past year 5 (ABS figures). In part this is due to a lack management skill provided by the business operator. If business operators were better able to reach business sustainability then the prospects for better use of the communities financial and human capital and for employment growth would be considerably enhanced. One simple mechanism to assist in this regard would be the introduction of a license to operate a business, required by all those starting a new business. The license would require passing a short operators course covering legal, finance and management information and skills.

Don Phillips,
Chairman,
Australia's Holiday Coast Area Consultative Committee