

Submission No: 45  
Small Business Employment  
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31 May 2002

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

Dear Sir/ Madam

The Gold Coast & Region Area Consultative Committee Inc has prepared the following submission in response to an invitation from your Committee. The information was gained from a Small Business Breakfast hosted by the ACC with representatives from a broad cross section of small businesses present. Each of the Terms of Reference was workshopped at the breakfast and the points raised are the agreed collective view of those present.

The submission provides a snapshot of the Gold Coast City and Beaudesert Shire (the region covered by the ACC) followed by comment dot points for each Term of Reference.

All those present agreed for their names to be included on the submission and understand that witnesses may be called to provide additional information to the Committee. A list of participants is attached for your information.

Thank you for the opportunity to provide feedback to the Committee. We look forward to the final report and the response that it provides to the matters raised by the Small Business community.

Please note that we have not sought to summarise the material enclosed, electing to leave that to the Committee.

Yours sincerely

Brian Gassman  
Chair

## **SNAPSHOT OF THE GOLD COAST & REGION AREA**

1. Located in one of the fastest and most significant growth areas of Australia
2. Services approximately 460,000 people-12.5% QLD population
3. Annual growth rate 4.2% in preceding 5 years; current growth rate of 3.5%
4. 98% of all non-agricultural, private sector businesses operating in the Gold Coast region are small businesses
5. Estimated 43,700 such businesses each employing, on average, 3.4 people
6. Disproportionate number of small businesses to the size of the population
7. The region has 2.4% of Australia's population but contains 4.9% of the nation's small businesses. Compared to QLD the region contains 11.8% of population but 23.9% of its small businesses
8. 75% of businesses in the region have fewer than 5 employees, 90% fewer than 10
9. Small business employment is concentrated in construction, retail and property & business services with indications of growth in the IT and marine sectors
10. Approximately 60% of small businesses operating for less than 5 years
11. Since 1994-5 there has been a 13.4% decline in the number of small businesses in the area
12. Low average business profits
13. Poor ratio of skilled to routine workers
14. Businesses that succeed are those originating their goods and services in this region but trade outside the region and have a clear product differentiation

**NOTE:** *The above information drawn from The Nature and Performance of Gold Coast Small Business prepared by Alan Blackman-The Competitive Option; other acknowledgements to John Giles of Giles Consulting and The Gold Coast & Region ACC Strategic Regional Plan*

## **FEEDBACK DOT POINTS TO EACH TERMS OF REFERENCE**

- 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.**

### **Dot points:**

#### **Workplace Relations**

- Small business employer seeking to implement staff flexibility are unnecessarily restricted by complex and in some cases conflicting regulations governing contracts of employment for their employees requirements for staff flexibility are constrained by laws
- Requirements restrict good staff practices and investment in staff training eg. training
- Promotes casualisation due to employers being reluctant to take on staff in a full time capacity where they may not perform at an adequate level
- The impact of workplace relations regulations inhibits employers from converting overtime hours into new jobs

## Taxation

- GST has impacted on small business cash flow
- Higher cost involved in particular compliance costs with most small businesses needing to employ a bookkeeper to ensure appropriate records are maintained and GST payments are made on time. This was previously undertaken personally by the small business owner
- Unresolved issues with GST eg. client information and /or interpretation of regulations still remain a concern for many small businesses

## Superannuation

- Cost – inhibits employment
- A recommendation emerged for an equal contribution from the employer and the employee
- Increased on-costs with the implementation of 9% superannuation in July 2002
- On-costs increasing including the imminent 10% employer contribution
- Matching employee contributions likely to alleviate future community pension costs
- Additional burden of administration

## Occupational Health and Safety

- OH&S staff member required if the business employs more than 30 people
- Need scale/risk management approach.

**The following two points were added to the terms of reference and are highlighted as significant influencers on small business capacity to employ more people.**

## Maternity Leave

- Paid maternity leave will have a significant impact on small business and may result in being a disincentive for business to employ women
- The option to have children is a personal one and the onus should be on the family, not the on employer

## Public Liability & Workers Compensation (State Act)

- The cost is prohibitive for many firms. Some have opted out of insurance or have set up Trusts as a protection for the business
- Work Cover – investigations tend to favour employees; consensus that presumption of liability rests on employer's
- Public Liability and Professional Indemnity Insurance – has had a significant impact on, for example, the accredited training industry Registration to deliver an accredited course requires a Registered Training Organisation to have both insurances. E.g. in a high-risk industry such as security and weapons training it has been virtually impossible to

procure nationally or internationally. This would result in the de-registration of the training provider

- Sub contracted trainers are also required to have the same level of coverage and in many instances the cost is prohibitive
- Cross border issues impact in this region where the two states (QLD and NSW) have different laws and regulations, particularly in relation to Workers Compensation

#### Local Government, Planning

- Reliable long-term planning required –linkages required across three levels of government to ensure duplication is alleviated or minimised
- Need for more weight and consideration to employment generating issues in planning decisions by Councils

## **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.**

### **COMMENTS:**

- Government Regulation; Superannuation; Insurance; Unfair Dismissal; Training; Workers Compensation; Workplace Agreement – EBA (Contract of Employment) all impact on the capacity of small business to employ more people
- Small business people noted it is difficult to source information centrally and reliably of what is available in terms of investment assistance, business development incentives, export incentives, training and skill development support and licencing from all levels of government
- There is a fear of unfair dismissal laws that leads to businesses hiring staff as casuals or in a part-time capacity. Thus minimising the potential of full-time this disadvantages employees
- There were divergent views regarding possible usage of super funds:
  1. A group suggested super funds should be more accessible for investment in Australia and particularly to business and industry in local areas to promote greater employment. The suggestion included these funds being available to small business to enable growth and a surcharge should be applied to Australian offshore investment. It was noted this would be difficult to maintain. However, those businesses needing to fund growth (and increased employment) could be afforded access to a risk capital pool established by the superannuation funds
  2. The other view held that investors should retain the option to invest in an area of their choice. This group noted that a small business who needs to access these funds might well be “on-the-way-out” and therefore not a wise recipient of the funds.
- Cash flow is a prime issue and consequently impacts on the capacity to employ more people and the impact of the GST was noted. Some noted this was more evident in the first year of introduction and has now levelled

- Encourage small business entrepreneurial activity through greater access to venture capital (see above example of superannuation fund usage)
- It is difficult for small business to access loans for growth
- Impact of Local, State and Federal Government regulations is significant. Business also requires certainty and continuity
- Industry Associations serve well to provide advice to small business but there appear to be severe limitations on the ability of Government officers to advise business in the context of highly competitive market places and regions
- Training and guidance/advice opportunities should be made available for small business on impact of superannuation etc on the business bottom line. Small business must understand the real cost of doing business

**3. The extent to which the complexity and duplication of regulation by Commonwealth, state and territory (local) governments inhibits growth or performance in the small business sector.**

**COMMENTS:**

**The following areas were highlighted as the main areas where regulations impact. It was noted that the Commonwealth is the overarching Government.**

- Planning – at local, State and Federal levels with associated and sometimes different regulations that impact on small business due to complexity and knowledge required of all regulations
- Noise – regulations from both local and State – who is responsible?
- Environment – Local/State/Federal – there is split responsibility between Local and State Governments with overarching influence of Federal regulations.
- Licensing & Registration- includes business names, trade marks etc and its complexities include the following relationships – State to State; State to Local; Local to Federal. In this region it is further impacted by the cross border impacts with differences between NSW and QLD. Specific locality examples can be supplied.
- Training & Education – Registered training organisations are required to be registered in the State however difficulties arise due to different interpretation by the States of the Federal legislation
- Advertising – different standards are required by each State this impacts on cross-border regions such as Gold Coast
- Recommendations:
  1. Develop an understandable National System to ensure **consistent** interpretation and implementation

2. Ensure that each level of government is aware of its area of responsibility and ensure these do not overlap; if need be a level of government could stand away from the process.  
A strong view was expressed to abandon State Governments to alleviate the level of duplication

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

**COMMENTS:**

- Review “Competition Policies ” to “level the playing field” between large and small business
- Facilitate – move from the transient work force on Coast to permanent employees
- Promote networks to support small business to keep current information in front of people
- Recommendation to survey the need nationally for trading hours consistency
- Access to innovative finance options for small business
- Better access to business assistance and advice, in particular better business planning and processes
- Incentives for on-the-job training

<i>Name</i>	<i>Organisation</i>
Brian Gassman	Gassman & Associates
Anne Norton-Knight	GCRACC
Kaye Lees	Broadbeach-Mermaid Chamber of Commerce
Pauline Swan	Swan Natural Beauty Salon & Day Spa
Pam Roberts	Coomera Chamber of Commerce
Bob Jansen	Nerang Chamber of Commerce
Ian Friar	Invicta Framing
Dr John-Paul Langbroek	Surfers Paradise Chamber of Commerce
Les Howson	Les Howson Plumbing
Matt Aitken	Annalee Motel Beaudesert
John Hocknull	Kooralbyn Valley Chamber of Commerce
Jim Daynes	Logan Village Chamber of Commerce
Graham Davies	IGA Logan Village
Carmel Thompson	The Southern Cross Connection
Lesley Wemyss	Lesley Wemyss Training Consultancy
Peter Ingall	Gold Coast Food Forum
Charles Dickson	Marine Industry Association
Graham Teys	Gold Coast City Combined Chamber of Commerce
David Kassulke	AJ Bush & Sons
Cr Alan Rickard	Gold Coast City Council – Deputy Mayor
Gary Williams	Paradise Point Printing
Jeff Keanalley	Keanalley & Associates Accountants
Emeritus Professor Peter Poole	KE Software Pty Ltd
Judi Jaques	Cork n Fork Winery Tours
Claire Cooper	Tamborine Mountain Tourism
Alan Blackman	The Competitive Option
Mervyn Powell	Courier Office Supplies
John Giles	Giles Consulting
Lance Cushion	Ad-vantage Marketing & Advertising
Bob Engwicht	Beenleigh Chamber of Commerce

***Please note that contact details for participants is available on request to The Gold Coast & Region ACC***