



Submission to

SENATE EMPLOYMENT
WORKPLACE RELATIONS
AND EDUCATION
REFERENCES COMMITTEE

By

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Overview

Despite the growth of multinational interests in Australia small business employs more Australians than any other sector of the business community.

It says much for small business operators that they remain in business at all because taxation, red tape and other difficulties work against their interests in an environment where real advantages rest with trade union and big business interests.

For example, small business is not allowed to bargain collectively in the interests or intra-industry efficiencies – but unions can. Small businesses cannot participate in price fixing activities; nor should they be allowed to. So imagine their cynicism when fuel prices change in step across the board.

I cannot say this is the result of companies getting together, but I do know of the fuel majors' ability to market fuel at levels low enough to be beyond the reach of small business. So independent retailers are going out of business. Similarly we see insurance company activities debilitate the ability of the body repair industry to prosper.

Small business cannot prosper in these conditions. So effective employment and training opportunities cannot exist.

Examples

These begin in Canberra. There, for the second year in a row, the small business sector was virtually ignored in the Federal Budget. Perhaps the reasoning is that doing nothing is sending a *minimum harm* message to small business. If this is federal thinking it shows a lack of understanding for the well being of small business and its employment and training issues.

One Federal Budget decision was small in the context of the national scene but is typically disheartening. It resulted in the withdrawal of support funds for Automotive Training Australia. This impacts directly on a superb ATA training package in Bunbury whose future is now in doubt because there may not be the means to sustain it. Other training programmes are similarly damaged.

When small business gets that sort of message from a government which is supposed to be its ally, it is natural that proprietors, struggling to survive, are compelled to abandon their own training and employment aspirations. Their unease is compounded by speculation about issues such as maternity leave – an impost which small business cannot afford – and the unwelcome consequences of state legislation such as WA's Labour Relations Reform Bill 2002 which is likely to have a negative impact on employment levels and therefore training and educational opportunities.

Increasing globalisation is also hitting the small business-based automotive industry. This has meant decisions taken in Munich or Detroit have seen local franchises lost and a local fuel industry run by international decisions from companies which consider the whole world to be their backyard and Australia to be of minor consequence.

If this Senate inquiry achieves nothing else it will have succeeded if it helps create a climate and the environment for small business employment development. This will mean training and educational opportunities, the only route which will lead to increased small business prosperity and employment opportunities.

If the inquiry adds value to small business in this way it will have achieved what many governments have promised but few have delivered.

Consequences

The consequences of failing to act will consign growing numbers of Australians to the unemployment queues because small business, the major employer group, will either not be here to take them on board or will be seeking to operate with diminished and therefore more cost-saving employee levels.

It is a question of survival, particularly in the automotive industries. Our members are largely small business people, but excellent training and career advancement packages are under-utilised because there's no encouragement to develop the small business skills base which has always been the story of Australia's prosperity levels.

Without it we are lost. Lost to countries like Britain where government has not only acknowledged the need for increased automotive skills training and investment, but is backing this policy with a national training academy.

The UK Government recognises the importance of the automotive sector nationally and internationally and is backing its support with a £45 million programme to be implemented over five years with the potential to add £70 billion to industry values.

It is a move characterised by the willingness of every party involved in the industry to come together for the greater good. It's the sort of confidence booster needed in Australia.

If this inquiry sends that sort of signal to our present Federal Government it will become an expression of confidence from which Australians will prosper for generations.

It should be understood

- That small business is demoralised and disadvantaged by current government inactivity.
- That some automotive industry taxation policies threaten profitability levels.
- This erodes the confidence factor and training opportunities
- That if small business prosperity is nurtured, its own confidence will boost education and training opportunities.
- That Australia will benefit if it educates Australians into maximising automotive returns.
- That if Australia doesn't take the opportunity other nations will.
- That the manufacturing sector is investing hugely in the automotive industry.

Government has to demonstrate the same level of confidence by building the environment which will encourage the automotive industry to train into the prosperity of maximum industry returns. Australia deserves no less.

Peter Fitzpatrick
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Addendum

May 2002 issue of Motor WA, Published by the Motor Trade Association of WA, drawing the Senate Employment Workplace and Education References Committee's attention to:

Page 1. The battle for business survival

July 2002 issue of Motor WA, drawing the Committee's attention to:

Page 7. State's fuel price disaster

Page 9. An industry that's had enough

Page 10. Small business gets a Guernsey

Page 16. UK recognises merit of technical excellence

Page 18. Undoing small business red tape knots