



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
REFERENCES COMMITTEE

**Reference: Small business employment**

FRIDAY, 26 JULY 2002

LAUNCESTON

BY AUTHORITY OF THE SENATE

## **INTERNET**

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to: **<http://search.aph.gov.au>**

**SENATE**  
**EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION**  
**REFERENCES COMMITTEE**

**Friday, 26 July 2002**

**Members:** Senator George Campbell (*Chair*), Senator Tierney (*Deputy Chair*), Senators Barnett, Carr, Crossin and Stott Despoja

**Substitute members:** Senator Conroy for Senator Carr and Senator Murray for Senator Stott Despoja

**Participating members:** Senators Abetz, Boswell, Buckland, Calvert, Chapman, Cherry, Jacinta Collins, Coonan, Denman, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Forshaw, Harradine, Harris, Hutchins, Knowles, Lightfoot, Ludwig, Mason, McGauran, Murphy, Nettle, Payne, Sherry and Watson

**Senators in attendance:** Senators Barnett and George Campbell

**Terms of reference for the inquiry:**

To inquire into and report on:

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.
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.
3. The extent to which the complexity and duplication of regulation by Commonwealth, state and territory government inhibits growth or performance in the small business factor.
4. Measures that would enhance the capacity of small business to employ more people.



**Committee met at 1.32 p.m.**

**ABERNETHY, Mr Ian, Manager, Strategic Development Division, Launceston City Council**

**BILLING, Mr Andrew, Manager, Employment Services, Tasmanian Business and Employment Centre**

**DRAKE-MUNDY, Ms Katrina, Public Practitioner, Immediate Past President, National Institute of Accountants**

**DUKE, Mr Bernard Patrick, Owner/Partner, Tasmania Personalized Tours**

**GREEN, Ms Lorraine Margaret, Executive Officer, Northern Midlands Business Association**

**GUY, Mr Wayne, Chairman, Tasmanian Automobile Chamber of Commerce**

**JONES, Mr Leon Murray, National Group Employment Manager, Northern Group Training Ltd**

**KEEP, Mr Danny, Chief Executive Officer, Tasmanian Business and Employment Centre**

**REID, Mr Russell Balfour, Chief Executive Officer, Northern Tasmanian Regional Development Board**

**RICE, Mr Keith James, Chief Executive Officer, Tasmanian Farmers and Graziers Association**

**RONEY, Ms Bronwyn Lee, Industrial Director, TPGA Industrial Association**

**SCURRAH, Mr Kerry David, Business Development, Tasmanian Business and Employment Centre**

**THOMAS, Mrs Sheryl Lois, Executive Officer, Tasmanian Employment Advisory Council**

**WILKES, Mr David John, President, Retail Traders Association of Tasmania**

**WILLIAMS, Mr Craig Graeme, Company Director, Senior Guide, Pepper Bush Peak's 4WD Adventure Tours**

**ZAWADZKI, Mr Richard, Small Business Assistance Officer, Tasmanian Employment Advisory Committee**

**CHAIR**—Welcome, everyone. As part of its inquiry into small business regulation and employment issues, the Senate Employment, Workplace Relations and Education References Committee is conducting a series of roundtable meetings with small business people and

representatives of small business associations or interest groups. The committee is also holding more formal public hearings with input from those who have made submissions to the inquiry. The purpose of these roundtable discussions is to enable those small business people and representatives who do not wish to make a formal submission to bring their concerns and issues to the attention of the committee. We want to hear your views on matters which relate to the terms of reference of the inquiry, a copy of which has been made available to you.

I should mention that although these roundtable discussions are meant to be informal, we are bound to observe one important rule of the Senate in respect of privilege. This discussion is privileged and you are protected from legal proceedings in regard to what you may say. Hansard will produce a verbatim transcript of evidence which will be provided to participants, and which will be available also on the committee's Internet site, as official documentation of the committee's proceedings. This recording is not intended to inhibit informal discussion and we can go in camera if you want to put something to the committee in confidence. I point out, however, that such evidence is often difficult to report in an inquiry of this nature and, in any event, the Senate may order the release of such evidence. I would like the discussion to be guided by the framework provided by the terms of reference, but within each of the four reference points we can be as free ranging as we like.

We have had a series of hearings of this committee, starting in Perth last week, out of which three or four issues of some prominence have arisen, which I will pose to you in question form. Do not feel constrained that they are the only issues that you can discuss. It is a free ranging discussion, so feel free to raise whatever issues you think are relevant to the terms of reference of the committee. When we were in Perth last week and in Melbourne this week, one of the issues that emerged fairly strongly throughout all of the submissions to and discussions of this committee is the question of the lack of managerial skills and training in managerial skills for small business proprietors. Here we are not talking about the skills required to produce the goods and services but the skills required to actually effectively manage a business—being able to manage cash flow, being able to handle human relations issues, business plans and those types of activities.

The second issue, which we feel is of some importance, is to try and get feedback from you on what you see as being some practical examples of the impediments caused by government regulations, by duplication and by the multiple layers of government and of the overall impact of government red tape on small business employing more people. The third point which has emerged, more in roundtable discussions like this, is of what you see as occurring in terms of the cash economy, whether you believe there is a significant growth in the cash economy and whether or not you feel, because of the array of complexities now surrounding the operation of small businesses, more and more companies are being forced into those sorts of activities.

The fourth point, which is important from our point of view, is to get some feedback on what you think government does that is actually good for small business. We posed this question in Albany, Western Australia, and, after about 10 minutes of thinking, they said, 'Well, you sunk a ship in the harbour which helped our tourist industry.' I hope government does a bit more than sink ships to help small business, but it would be good if we could get some feedback on some of the programs that are out there that you think are positive and which we might be able to build on. Identifying those four key points, I throw it open to the roundtable and ask you who, in cricketing terms, would like to open the batting.

**Mr Duke**—I might make a few comments. I have had a fairly extensive background in business, I am also tertiary qualified, and I went through the NEIS scheme with these folks over here. I was able to do my own business plan, but I found they had a pretty good structure and led you through, although for someone that had no background, it was fairly intensive and they might get a bit steamed up with it all.

I found that if you were willing to go around and look for things you could find them. For instance, the taxation department put on workshops for BAS, GST and small business accounting. I found that if you went out and found those workshops you were able to get a fairly substantial understanding of those sorts of things. Not worrying about employees, I found that it was a lot easier. I imagine there would be a lot of complications in trying to take on employees, with all the ramifications that that would have. Basically, I found that—from my own perspective, with that sort of knowledge already—by looking around, there were things available. For instance, Tourism sent me on a five-day marketing and tourism business course. That was free except that I had to go into Swansea, so it was not free in the end. But you had to go and find them, and I think that might have been a problem for some people.

**Mrs Thomas**—I will ask Richard Zawadski to speak on his role as a Small Business Assistance Officer which has been formally funded by the Department of Employment and Workplace Relations. There are 45 Small Business Assistance Officers around Australia attached to area consultative committees. I see that as an extremely positive role that the government has established. Their role is as an intermediary, to give small business operators information on both state and Commonwealth government programs that are available. There has been an excellent relationship established with Business Enterprise Centres around the state as well as with the Department of State Development. It is extremely hard for small business operators, especially microbusiness operators, to access the right information and also to have the time to access the information. Part of Richard's role is that after-hours service within their business situation—so it does not operate from nine to five.

**Mr Wilkes**—Can I just say something there. I have a business at Beaconsfield. The sort of thing I am saying about communications and understanding coming down from the government is that a lot of people do know this service is available but there are a lot of small businesses that do not know this service is available. That is most probably why he is not getting much reaction. Our BEC down at Beaconsfield is a dead duck.

**Mrs Thomas**—David, you did attend a seminar by the federal minister at the old Launceston Post Office.

**Mr Wilkes**—I walked straight out.

**Mrs Thomas**—No, you did not; you stayed there.

**Mr Wilkes**—No, I walked straight out, I am sorry. Is it the telecommunications one you are talking about?

**Mrs Thomas**—No.

**Mr Wilkes**—I am sorry, I have not met the man before.

**CHAIR**—We have a difference of opinion.

**Mr Zawadski**—Following on Bernard Duke's comments, one of the reasons that the government decided to fund this particular role, the Small Business Assistance Officers, was a perceived understanding that there were a lot of small businesses out there that were not aware of the various forms of government assistance that were available—both state and federal. They decided to expand the role of what was formerly called the GST Signpost Officer to cover a whole range of other government small business programs as well. So there are a number of small business operators throughout the state that are unaware of the various forms of government assistance that are available. Bernard mentioned NEIS. There are a number of people starting off businesses who have no idea that the NEIS exists. There are a number of people who do not know that business and employment centres exist that provide assistance for businesses that are in the start-up phase. There are a number of existing businesses that do not know what other programs are available from the federal and state governments that are out there basically to assist.

We have undertaken a pilot of the Small Business Assistance Officer program for 12 months. The government has decided to extend that program for another six months, pending a review of that pilot program, and deliver it by way of the role that I perform. As I said, I concur with what Bernard said in that there is a great deal of assistance out there for small business, but it is just a matter of getting the message to small business as to what sort of assistance is available to them. Ultimately, Bernard managed to find out what it was, but there might be a lot of small business operators who do not have the capability or the nous to find that information, and that is basically the role that I perform.

**Mr Duke**—With respect to the workshops that the taxation department put on, the pamphlet actually came when I registered the business with the local whatever they are. That pamphlet had the dates so I was able, in that particular case, to say, 'I need that.' I did it and it was all free. It was great and it was well done too.

**CHAIR**—I will raise a point in relation to that, which some of you might want to address on the way through. We had a discussion in Perth about the range of organisations out there purporting to assist small business. There are the ACCs, the BECs, in Western Australia there is the Small Business Development Corporation which is a statutory authority under the state government and there were a couple of other ones. There was one associated with the universities down in Albany and there were the chambers of commerce and some of the local councils also involved. There were some five or six different groups out there providing various forms of assistance to small business. There was a mixture of views about whether or not that would be better channelled through one discrete service provider—if I can use that term. But there was also a strong view that you were better with a multiplicity because it gives you the overlap and covers the gaps. Not all of them focus on exactly the same area of support so I would be interested to hear your views about that as we go around the table.

**Mr Keep**—We are in a unique position in some ways because we deliver a range of services to small business but we also have a Job Network contract so we are able to identify the synergies between business and employment issues. Taking your point about the Western Australian experience, it is probably fair to say, particularly in reference to point 1 that you made about business management skills and the need to address that particular issue in relation



to small businesses across Australia, that we know how critical that is given that we have identified in the paper that small business is where we are going to get our employment growth in the future.

The principal roles of SBDC, and we also have a state government agency here in Tasmania called the Department of State Development, as they see it, is to address the issues of medium and large businesses, not small businesses and not microbusinesses. It is probably fair to say that chambers of commerce do not see their role either as necessarily addressing the management issues in small to medium businesses but rather as a representative body.

That leaves us with the question of who is going to deal with that. It is fair to say that some state governments across Australia have addressed this issue through at least one mechanism and that has been through the development of Business Enterprise Centres. We have 12 Business Enterprise Centres in Tasmania, about 36 in Western Australia and about 45 or so in New South Wales and some unfunded ones in Victoria. They have never been funded at a federal level. They are funded fairly poorly at a state level. The Business Enterprise Centres in Tasmania receive \$50,000. What we are really saying at a state level in Tasmania—and it is mirrored in some respects in the other states—is that 95 per cent of small businesses, which are those businesses that are going to give us growth into the future, are given \$600,000 to translate the growth of small business in Tasmania to medium business and employment opportunities. I think that is not enough. I think that the federal government has failed in its obligation to assist the microbusiness sector across Australia where it could, for instance, provide some financial support to those existing structures through Business Enterprise Centres around the country.

**Mr Rice**—We are hearing a lot about support services for small employers or small businesses. From our perspective, they are not well known and they are not out there and easily accessible. I would suggest that most small businesses do not have the time to do that: they are in the process of building a business; they are worried about tax; they are worried about GST; and they are worried about doing all of their invoices, their wages records and everything else. They are ordering for their business at night and they work during the day.

We represent some 5,500 members who are farmers in Tasmania and that is their biggest complaint. They are all small employers. They complain bitterly that they can be inside on a fine day—as they cannot pick the weather—and they have to stay in there for two days to fill out, like a public servant, the bookwork for government. They get no recompense for that. All they get is: if they are late with their tax, they get fined; if they are late with their occupational superannuation, they get fined; if they slip up on their wages, they get fined and they need to pay back pay. All they ever seem to be doing is being a servant of the government, filling out their work and getting nothing for it.

If they put employees on—and we have a lot of casual employees or seasonal workers coming on throughout the year—it takes an enormous amount of time to just follow up what the employment services want for that person to go back on unemployment support. I am a great supporter of that system. They go back onto that system but there has to be a better way. People now become accustomed to that. We have three and four generations in Tasmania—Launceston is a rural area for all intents and purposes and so is Tasmania—who will not come off that system. They have not been off that system for generations now because they have become accustomed to it. We have work. There is work out there but we are having difficulty in getting

people to go to work. The rates are not the best rates in the world. But their employer—the government—gives them far better conditions, they do not need to leave home and they pay everything for them. So, those are some of the concerns that we have about government—both state and federal governments—and the myriad of laws that are going to be imposed upon them. I would like to hear Mr Guy speak shortly about small business in the automotive industry.

Another thing that you are absolutely terrified of is unfair dismissals. You are blackmailed into paying up. Even with the best case in the world, you are going to come out and think, 'It is easier to pay one, two or three weeks pay because I'm going to have to go away from my business; I'll be humiliated and subjected to cross-examination in industrial commissions; I'll be reported in the paper and I won't be able to put my point of view on how frustrated I was trying to counsel this employee when I was basically given the vernacular of my hand in the air and, "Well, lump it or leave it" and "Move away from it."' Those are some of the impediments to small business.

I congratulate government on the basis of having small business incubator centres and so forth, and for being able to promote those businesses that have the time to follow that and look about. Generally, small businesses start off without being IT knowledgeable. They are working 'hands on' and they are trying to manage that business. The rest—government legislation and finding out what assistance is available—is an afterthought. They are building it up and thinking, 'I need an employee. I need someone to help me,' and then it starts to crash down around their ears.

**CHAIR**—Ms Drake-Mundy, do you want to add to that? Do you have some experience in this area of helping small business people to deal with some of these issues?

**Ms Drake-Mundy**—Yes, I have. Thank you for the invitation. I certainly concur with everything that Mr Rice has said. He is in the rural industry and we are at the other end of that industry in the meat industry. The only thing that I want to add, which I think I mentioned earlier in relation to supporting the partners of these small business people, is that the partners are often the wives of the farmer or the butcher shop owner. They are very important in the business but are unrecognised. They do most of the compliance work, and I think this is a very important area to support microbusiness through by offering a networking system and a support system to those people.

**CHAIR**—How do we resolve the problem of time management: getting the information out to small business people but also in a form in which they have time to absorb it and use it constructively? Does anyone have any ideas on that?

**Mrs Thomas**—I think, in some ways, it is starting to be addressed through the vocational education and training system. There is an enterprise unit within it that takes students through the establishment of a business. It gives them practical experience of the development of business planning. It is aimed at young people in years 11 and 12, so you are looking at your 16- to 18-year-olds. Both the Launceston and Hobart campuses of the University of Tasmania have an entrepreneurial course, so perhaps in some way we are addressing it. But there is still a huge issue of people having a great idea and deciding that great idea is to be their business and how they progress it from there because there are no entry requirements.

**Mr Keep**—I concur with what Sheryl said. I think there is a serious lack of small business and enterprise training at the high school level, and it is at that level that we need to introduce a better understanding and appreciation of business issues. To touch on the point that you made of how do we do that, I think that it is an enormous challenge for small and microbusiness to come to grips with the proliferation of government requirements at different levels, yet it is going to be very difficult to remove them. What we need is a clearing house for that information in an easy to understand form.

Small business people are technically adept so they decide to translate that skill into a small business. Then they run the gauntlet of a horror show in realising that they have to come to grips with the proliferation of other things that they never knew existed and, at the same time, learn the skills of managing and administering a small business. On one hand it discourages them and on the other it acts as a nightmare for those small businesses who want to do their technical work and do it very well. We cannot get away from the government stuff but we need to make it very easy. I think we can make it easy by providing a clearing house of easily understood information, rather than find that small business owners have to shop from point A to point B to point C to find that information.

**Senator BARNETT**—On that point, do you use the Business Licence Information Service where, in a phone call, you can find out what licences, permits and approvals are relevant to your business? This morning we heard of a general store owner who had up to 20 separate pieces of paper that they were required to fill out. Are you familiar with that service in Tasmania? Is it used or do people go directly to the BECs or to their industry associations to get the answers?

**Mr Keep**—Certainly the Business Licence Information Service is tremendous, and I know that we refer to or seek out that information on behalf of clients.

**Mr Duke**—Danny, on the clearing house idea, I was going to suggest that what you are getting at is a central bureau that has got all that knowledge that can push it to the right area?

**Mr Keep**—Yes.

**Mr Duke**—The other thing that I am trying to come to grips with is that businesses are giving people of a certain age group—and I am one of them—the flick. You have got a lot of talent there and I am wondering how you can marry that talent with the needs of people. If was sitting home twiddling my thumbs, which I am not doing, I would be only too happy to allocate some of my resources to help people who need to understand a little bit of how computers work, how spreadsheets work—some of that simple stuff—and give them some assistance. I think you have got a great pool of resources out there which, on a volunteer basis, I think could be untapped. I do not know, I could be wrong. I think there are a lot of people out there with resources and talent that are not being utilised because companies seem to think that, when you get to a certain age, you have forgotten everything.

**Mr Guy**—Within the automotive industry in this state very few of our people would know anything about the government agencies. Through the chamber of commerce and being tied up with VACC, we have a ready pool of information that is distributed regularly in newsletter form

and everything is there within that organisation if people need it, so unless you really have to chase government people you do not bother.

**Mr Scurrah**—Picking up Senator Barnett's comments about BLIS, we are finding that BLIS is serving as an opportunity to steer people who are simply ringing up to check on a licence and provide them with advice. That creates a positive opportunity to start doing the sort of things that we are trying to address. We are finding that a very large number of people are being referred to us from the Tasmanian Department of State Development. People who have gone to the department simply with a question about licence information and from that telephone conversation the DSD officer asks, 'Have you thought about your business planning; have you thought about this; have you thought about that? I suggest that you make contact with the local BEC'—whether it is in Launceston, St Helens or Queenstown.

It provides a vehicle to be able to work towards that one-stop shop situation that we are trying to identify. But it does only scratch the surface because the individual business operator still has to make the call in the first place and then almost by accident they find out that some of these other services are available. We can perhaps look at developing that in a better way to touch a much broader audience.

**Mr Reid**—The issues we have been talking about mostly relate to microbusinesses getting started and the only issue that probably has not been addressed concerns the complexity involved when people move from unemployment or unemployment benefits of some sort into business and the difficulty they have keeping those two things happening. They may not be getting a positive cash flow out of the business, but they still have difficulty addressing the family support issues through the department. I think that puts a lot of extra stress on people that are in that start-up business stage.

The other issues have been addressed reasonably well for microbusinesses. If you look around the table today there are probably more service providers than small business people and that gives some indication that there is quite a lot of help available. Most people seem to find it some way when they need it and I think everyone around the table in such a position would direct people to the services available.

The point I want to make relates to some of the issues on a regional basis that affect small to medium businesses, not just businesses on an individual basis. A number of these issues have been talked about in other forums but the immediate one is insurance and in particular public liability insurance. Not only is it the cost of insurance but it is also the time cost involved in getting the insurance in place. And there are risk management strategies and a whole lot of new things that many small business people have not come across in the past. These issues are probably reducing their willingness and their ability to employ extra people even though they may well like to employ extra people, but it is reducing their capability.

The second issue concerns compulsory superannuation, which has a double effect on a place like Tasmania. Apart from the fact that it has just increased for everyone, whether or not your business has increased by an extra per cent, your employees' superannuation has just been increased by an extra per cent, and for a lot of businesses that is an added stress, on top of insurance. Looking at the recently published economy of the regions booklet, you can see that there is approximately \$400 million worth of compulsory superannuation paid to employees in Tas-

mania each year. Because Tasmania is not a large economy, most of that money is not invested back into Tasmania by the large investment superannuation funds. So, in effect, we are getting a loss out of the economy; something in the order of \$450 million a year is taken out of the Tasmanian economy. In Tasmania that is of particular significance. If we were talking about regional New South Wales or Victoria, the state governments would be gaining benefits from that money being reinvested in Sydney and Melbourne and then redistributing services back to the country.

In Tasmania we do not have that opportunity, because there is no large city to pick up the benefit; therefore, the Tasmanian government is not in a position to redistribute benefits to regional areas. I know that this is costing the Commonwealth government significant funds and that Tasmania receives more than its per capita share of federal funding, but it certainly does not make up for that loss of \$450 million. That is equivalent to the investment of the BassLink infrastructure every year in this economy. That is very significant for jobs when you look at the benefits we are getting from the recent infrastructure expenditure.

The other issue is the unproductive cost imposts on business generally, and a number of these have been addressed already. Keith, particularly, raised that when he talked about established farming businesses and automotive businesses, so we are talking about small to medium sized businesses. Increasingly, there are more regulations and licences to address, and all of them take time or money. You can get either your accountant or your lawyer to do it for you, or you can do it yourself. Most people cannot afford the professional services, except for the larger businesses generally, therefore they have to do it themselves and, as someone said before, you work all day and you work all night doing the paperwork.

That is a real concern for people. What it means is that people who are in a good position to grow their business tend to say that it is too difficult and that it has too much of an effect on their lifestyle, so they try to find ways to reduce their employment level and even reduce their business, as long as they can maintain a cash flow. I think that is having a negative effect on regional Australia. The training required to meet those things has been talked about. It is not that people do not know where to go and get the training; it is that they just cannot afford the time. If you are a three- or four-person business, how do you afford for someone to be away for a week or a couple of weeks on a training course? It is not like working for BHP or for the government.

Moving on from that to the GST, from the discussions I have had with businesspeople who are actually operating, most believe that it is a fairer system of taxation, but they do complain about the BAS, which is difficult. They have a couple of specific problems with the GST, and these are mostly related to the fact that it is not an equal tax across all things. For example, in his supermarket, David would probably find that some of his products are taxed and some of them are not. This is even worse in pharmacy and medical practices, where some services and products are GST free in some circumstances and not in other circumstances, and GST applies to them when they are purchased in some circumstances and not in others. So there is a matrix of complications in implementing that because it is not just the standard rate. So, that could be addressed. But I think they were mainly concerned about GST.

Another issue—and someone has already raised it—is privacy, as well as wrongful dismissal. Those issues affect people who are trying to do a good job. Once upon a time they could employ someone and, if the employee was not doing what the employer thought they should be

doing, they would say, 'See you later.' Employers are now not able to do that as easily. They are also confronted with what you tell people about various things—medical issues, sick leave, all those sorts of things—and with the privacy issues. It just makes it very difficult for business, and I think it adds to the stress level and makes people think about those issues rather than running their business.

**Mr Rice**—Senator, you asked about the cash economy. Farmers were renowned for their cash economy a few years ago, and at the present time there is still something of a cash economy out there. But very little of it is in the rural sector because most of it is contracted now and so it is in and out, with cheques from major companies and those sorts of things. But I do not believe the GST has done away with the cash economy in any way, shape or form. The evidence we have is only anecdotal.

It is just about listening out for people who will come. The GST has built up an understorey of small contractors out there who will come at the weekends or at night—or during the week—to householders who have the cash. They know that they can get a little bit off, and they still pay. So there is an enormous cash economy—not in major business, because it is too difficult now, but in small business it is still out there and it is alive and well. There is no doubt in my mind.

One of the notes I made before I came today is that what we are looking for from government in the farming sector—and this is on a whole range of issues with which we need to deal—is a one-stop shop. I think we hear it time and time again in relation to governments—particularly state governments and local governments—that, when people need to establish a business or a farmer needs to come and do something or we need to do something else in Tasmania, we have difficulty, going from department to department and even between people within the departments. We get a different view and a different interpretation of what needs to be done. You fill out that form and you miss the duplicate of the other form, so you go back to square one and start again.

We do need a one-stop shop. We have an enormous range of service providers around this table today, with a wealth of information, representing a number of organisations that have avenues into facilities where assistance—either intellectual or monetary assistance—can be provided. I believe it should come together somewhere, at least, in a one-stop shop that is well-advertised and that people know about and are confident to go to. They may still maintain their own identities, but it needs to be out there. In terms of our members, perhaps we have been failing somewhere along the line in that we did not know it was there and what assistance could be given and how it could be given. Once you get around to doing all this and seeking this assistance, it all comes back to time: 'I do not have the time to do it; I am establishing my own business.'

We have addressed industrial relations issues and workers compensation issues, and we could go on ad nauseam about that. It is about the problems that employers face, and they are really frightened about what to do. We hear too many stories now of employers scaling down—they have plenty of work, but they are closing their doors or they are scaling right back and they are better off. In the farming sector, we have the MDK factor—mum, dad and the kids. They are doing the work and not having others coming on to the property. Very successful businesses in and around Launceston which used to employ three or four people are now back to just one per-

son. It is much easier for them; they do not have the hassles about what they need to do regarding the legislation, in respect of employment issues alone. They are really screaming out for employees to be able to do that.

I would like to see something like the business centre we started with at Burnie several years ago used as a pilot—and I believe Tasmania could be used as a pilot in this area—to get those people off unemployment support and to break that cycle but to still have something sitting in there, underpinning it, so they do not lose their benefits and their health card but can go to work. It would need to be innovative as to how we went about that, but we came within a hair's breadth of putting something together five or six years ago through Senator Newman's office.

It must be horrendous to be over there and not go in each day or each week, thinking, 'If my unemployment support stops, there's just no bread. There's no money.' They are not prepared to take that. It has become the safety blanket. They are not prepared to go out there and, at the end of the 12 weeks or something, the seasonal work stops so they have to wait to go back on it. We are told there are strategies in place and that it can be done, but the reality of it is, from the people out there that are experiencing it, that there is always a hiccup somewhere along the line, and they are the ones that are left without financial support. But we could do something in that regard. I believe it is possible.

**Ms Drake-Mundy**—Speaking for the National Meat Association, I would like to make a couple of points, and they are mainly in regard to respect. We talk about the 'lack of managerial skills' of small business and microbusiness. It is a negative term. I think it is really important—and I have mentioned it—that we respect and value small businesses because of their wealth to the economy. They are a very important sector of the economy—let's say 95 per cent of the Tasmanian economy is dependent on them—and we should make them feel good and support and encourage them. They offer competition. Without these small businesses with all their skills—without the automotive people in their small businesses, for example—you are left with a couple of providers, and then you have lack of competition and prices go up. It is very important to have healthy competition. These small businesses can grow, given the correct nourishment and encouragement.

The final point on that is that, in our association, our people are the meat industry people. I know them, I am close to them and I respect them. They may not be the best people, they are not academic, they do not write papers and they do not do submissions to something like this—and they never will; they do not have time. In my association, we do not have very much money. We have to rely upon the subscriptions of the very few butchers that are left in the state, and they are dwindling all the time, due to trading conditions here. We have enough money to pay for someone for two days a week. My people are singing out for support, and they do not know about BECs and government authorities. They do know us, and we are their contact point, but we are very limited in what we can offer. We do our best, and a lot of people do it voluntarily, but support for industry associations would be an effective way of reaching people from within their own industry.

**Mr Keep**—As a BEC—and I have been running for BEC for about 12 years now—I must admit, we have been reluctant to advertise our business services. The principal reason is that, without advertising, the sheer number of people that come through the doors to take advantage of the free business services is more than we can keep up with as it is, given the funding levels

that we have. We do not advertise a hell of a lot, through fear that we just would need to downgrade the level of services that we provide.

Anecdotally, I would like to touch on what Mr Reid said with regard to superannuation. As somebody that controls a payroll of about \$3 million in this state, I interestingly did some research a week or two ago and asked a few staff if they realised they had just got a pay rise. It was interesting that not one of them recognised that they had got a pay rise of one per cent. As an organisation that controls a payroll of about \$3 million, which, effectively, is only a small to medium organisation, it is still quite a bit of money. Businesses around Tasmania and around the country need to increase their efficiencies by one per cent. In some ways they are doing that without employees recognising that they have actually got a one per cent increase. I recognise that, with an ageing economy, we need to make provision for superannuation but, just anecdotally, it was interesting to get some research on that.

On the issue of workplace relations, my experience has been that the general perception in the business community, who fear putting people on simply because of the impost of the industrial system, is that an employee only has to file for complaint and they will get something. It is not an issue of whether or not they will get compensation; it is just a matter of how much. That is all they have to do. They have to only put up their hand and ask, and they will receive something. If it is a good argument, they will get a lot. If there is no argument at all, they will get something.

Finally, on the cash economy, I concur that for medium and large businesses the GST has eliminated a great deal of the cash economy. For small and microbusinesses, particularly microbusinesses and those that are on the verge—which, interestingly, are more adept and more flexible than medium and large businesses—it is, in fact, just another hurdle for some of them. We need to encourage them into proper business practice and to drag them off the welfare system. They see the GST as an additional impost. It is just an additional reason for them to do as much of their business as they possibly can outside of the formal business regime.

**CHAIR**—Mr Williams or Ms Green, you are both small business people. Have you got any comments that you would like to make at this stage?

**Mr Williams**—I would like to touch on a couple of points. The major point that I would like to make is the impact of red tape on small business. I started as a tour guide four or five years ago now. It was a fairly daunting task to actually go and find out where to start and where to find information, which has been a big point here today. Obviously, you go the length and breadth of Tasmania to try to find the appropriate information and, even when you get it, it is not right anyway, and you have to keep on looking. Surprise, surprise, four years later, I am still getting licences and I am still going through red tape. It has improved a bit, but it has not improved a hell of a lot either. My colleague Bernard is now going through what I went through three or four years ago. He could obviously comment on this as well. There is a lot of duplication on licences. For instance, you have to be accredited to be a tour guide and now you have to be accredited to have a public vehicle licence with the transport department. It just goes on and on. You need a licence with the National Parks and Wildlife Service, with Forestry and with someone else, and the list just goes on and on. It is just duplication all the time.



A lot of money was allocated to promote tourism, to create employment opportunities in tourism and to provide education and vocational training, which I think is fantastic. At the same time, I think that money was probably not necessarily pointed in the right direction. I believe small business tends to get overlooked too much. The money—millions and millions of dollars—was provided to create job opportunities within the tourism industry, which is fantastic. But we fail to recognise that, unless small business can actually be helped and looked after and make some progress in itself, there is no point in creating 5,000 jobs because they have nowhere to go to. You have to have businesses in place first to actually take those people on board. I think that is one area that tends to slip down a bit because the money is not going in the right direction. Where are people going to go when they get the qualifications? Who is going to employ them? We have two boats coming in now, which is terrific. It is great, but you still have to have small business in place. Tasmania has a huge potential in tourism, but we have to have a more overall look at where the money goes to and for what purpose.

**CHAIR**—Thank you for that. Ms Green, is there anything you would like to add?

**Ms Green**—I am not actually in small business myself, but one day a week I work for the Northern Midlands Business Association. I appreciate what you say about trying to do a lot with a small amount of resources in associations. In the time that I have been here, which is not a very long time, we have had attempts—and we are doing well, I think—at setting up a couple of new ventures. I can only speak highly of the support I have received from parties around the table in assisting, giving ideas and getting entry points. I have also referred a number of people who have made contact, who are thinking of setting up business in the northern midlands or who are experiencing difficulties, and I always ask them to give me feedback. Certainly, when they have made contact with places like the BEC or TEAC, they have come back and said, ‘We have received the support we need.’

One thing I do hear from some of the small business people who are trying to get started is that whilst that expertise is brilliant, they almost need what you were talking about before, Bernard—someone who can slip in and be their mentor on an ongoing basis. Whilst the experience and expertise they get at these offices is very valuable, they really need someone as a sounding board to keep that going and to say, ‘I think you really need to do this and that,’ or ‘I think you need to go back to the BEC,’ or ‘Now you need to make that contact.’ I think that mentor process is very important.

**Mr Duke**—One of the things that I found rather interesting was that—and I know you folks are more in the federal arena—the larger the government organisation that I was dealing with, the more professional the operation. For instance, the tourism accreditation was terrific. Even though it was aimed at various types of businesses, there were segments where you could say, ‘That is a B&B; do not worry about that.’ As I came down towards the state government, I could only describe the system as shambolic, if that is a good word. The transport certification, for instance, was basically aimed at people with fleets of buses that were 30 years old, and we are dealing with late model vehicles. There was no differentiation between who they were dealing with, so you had to cut through a lot of stuff that seemed completely superfluous.

It was interesting that Craig mentioned Parks and Wildlife. I have brought along the contract that has been signed by all and sundry. I did not know about this until I thought, ‘I need to get into the parks.’ No-one told me about it, so, when I applied to it, that added four months to my

start-up because these guys sent this off to various departments to get permission for me to take two people into the parks once in a while. I could understand it if it were a bus operator bringing in thousands of people a year. While I was going through this process, the government was announcing a ship that was going to bring in tens of thousands of people who will trample over all those fragile things that they do not want me to walk on. Again, there was a lack of discrimination between the various sizes of enterprises. It was horrendous to have to go through that thinking, 'I'm not a bus operator; I'm just one motor car with perhaps two people in it.' I might take maybe 20 people in a year. The cost of it was pretty outlandish as well, plus the fact that I have to pay \$3.50 for each of my people in the back after I have just paid hundreds of dollars for an annual pass, plus all this jazz here. It is just crazy. I was tearing my hair out in the end; I thought they were idiots. But I had to go with it because they had the power to stop me from being in business. You had to go with the flow, but it was absolutely horrendous. I have a written submission. I do not know whether you are going to take written submissions, but I have one if you would like to accept it.

**CHAIR**—If you want to table it, we will accept it.

**Mr Duke**—It was most frustrating and I thought quite a bit of it was fairly lacking in professionalism.

**CHAIR**—I will just make a point in relation to that. It seems that there is a structural issue here too, in some respects. I assume—I may be wrong—that bureaucrats are not sitting in their offices concocting ways and means to make life frustrating for you. It may well be that they are simply not connected into the nature of your industry and they may be totally unaware of the implications of taking three or four months to make a decision about you getting access. I heard a different story, just as an aside. A company down in Hobart that I visited a few months ago called Stormy Seas have been waiting three years to get a fast-release buckle for a sailor's harness standard tested at the RTA in Sydney, which is the only body in the country that can do it. They have got to the extent where they are now talking about investing \$100,000 to bring their own equipment in to test the buckle, which seems quite bizarre, but I am sure the RTA in Sydney would not have the slightest knowledge of Stormy Seas or the problems that face that company. There has to be a way of breaking down those types of barriers.

We have had a number of propositions put to us as to ways and means of possibly overcoming some of this logjam. When we were in Albany, one person put a proposal to us about establishing what she called 'G-shops'—essentially government shops established to be one point of access. If you want a licence or advice about government programs—for all government departments, not just one—or if you wanted to lodge your BAS statement, you could lodge it there and that was regarded as having been lodged with the government. Maybe there is some merit in that proposal, but that still means you have to seek out a government department.

The other side of the argument is that we have got to set up a structure, find a way in which we get government officers in various departments actively interacting with business in their environments—taking the initiative down into the business area. One of the suggestions on how we ought to do that was to consider funding the business organisations. It was argued that they are in the best position to understand the needs of people in their industry sectors; they are in contact with them, they know what will be good for potential start ups in that area, what will not

fly. They are in a position to better provide the service that government is trying to provide. Then there is the other issue of the business angels/business mentors approach.

What do you think about those types of approaches? I am not suggesting that there is any one model that fits all in any of these circumstances. In fact, the more we hear these discussions around the table, the more convinced I am that there is not any one perfect model; it has got to be a combination of a variety of them. But there seems to be a number of principles that are starting to emerge that we need to seriously look at, including the question of how we actually get the services, whatever they might be, and the information out to small business people at whatever level of business they are. How, and in what form, is the best form to be able to effectively do that? I would be interested in your views about your experiences, whether good or bad, and if there is any model that you are aware of that works in this arena.

**Mr Williams**—The thought of a mentor is terrific and it should be applied in most businesses across the board. This is a joint answer for support for small business as well as mentoring for small business and knowing what you have got to access. If someone wanted to become a tour guide or involved in the tourism industry, it comes back, initially, to support for small business. That means that not all funds should be directed at training or creating jobs for the future. Some funds should be used for looking after small businesses, to help them get to where they want to get and ensure they are going to be a sustainable and viable prospect for a long time.

Rather than have government departments with normal, everyday people—who are obviously quite smart—have a mentor there who either is in or was in that industry particularly, who has got first-hand practical knowledge of what is required. I spoke to Bernard last year on a trip that I did. Bernard was looking at becoming a tour guide himself, which he basically has done now. I went through with Bernard and told him what he had to have. So Bernard had a bit of an idea of what he was up for but he is still learning, he is still going through that system. You have got to have people at the front desk in those departments that actually know what they are talking about. I am not saying that people do not, but I am saying they have not got first-hand practical knowledge of the industry and what is involved. I think that would go a long way to helping people and their small businesses.

**Mr Zawadzki**—We have an organisation in Tasmania called Mentor Resources of Tasmania that basically seeks to address that problem. They have retired business people who provide their services free of charge to mentor businesses throughout the state. Once again, I do not know the extent of their operations here in the north of the state but they are very active in the south.

**Mr Williams**—That is another issue. There is a lot of help available within the industry, obviously, and I deal very closely with Tourism Tasmania, who are fantastic and fine. But, again, for people like me who want to improve our product knowledge and expertise et cetera it is basically always that we have got to go to Hobart to do that because that is where the forums and workshops are. It is not a matter of me just going down: it may be free of charge or there may only be a small fee to go to it, but the fact is that I am going to lose two or three days and I have to pay for my accommodation, travel, food and the rest of it, so there goes \$1,000. You have not wasted it, because it is great, but, again, it is all out of small businesses' pocket and that is what we are up against all the time. It is always ongoing costs to do this and that. With the Export

Marketing Development Grants Scheme, again, it is your time to do that. Where do you find the time? You are trying to earn a living and it is just not really feasible.

**Mr Reid**—A lot of those issues occur across all small businesses. Some of it is complicated by the fact that we have three levels of government and probably particularly by state and federal government in some areas. Particularly if you are looking at something relatively simple like exporting a product that is being made in Tasmania—we export a lot of rural and forest products—the number of licences and the amount of paperwork is very difficult. It is very difficult for a government department to have someone that knows all of that, because if they knew all that procedure they would probably be doing that job, so it is very hard to stay up-to-date with all the things you have to do. Bernard, I think, mentioned before that somebody came along and realised that there was another four-month wait before he could take the next step. Those sorts of things are very difficult for government to address because government employees are not required or even able to predict what is going to be the next hurdle. Apart from the business angels or mentors I do not know how you overcome that problem.

We can really concentrate on looking at some of the more structural issues, because that is what governments can do well. The devolution of these resources and controls down to a more local level is probably the best solution for getting some of those things to work. If you take Tasmania as an example, there are a lot of times when we cannot deal with anyone in Tasmania with regard to particular issues and we have to go for licensing and so on to Canberra, Sydney, Melbourne or wherever. If you take Tasmania as a test case, regional areas—and I guess we have got the ACCs set up on that sort of regional basis—might be the best level at which the Commonwealth government can provide the services.

**Senator BARNETT**—I wanted to ask three questions which we have not touched on today as yet. We had submissions in Perth and WA in regard to home based businesses, which are the majority of small businesses. I was wondering if you had any specific comments or recommendations on how we can support and encourage home based businesses, and that reflects on local government and the planning laws in particular? The second issue was technology: how has that helped you and how can it help you in the future? We have a representative from the TEAC and there is some federal government support for a particular microbusiness operator that is advancing the interests of the tourism industry in terms of getting people to the wineries around Tasmania. Are there other ways that technology can help small and microbusinesses? Finally, I would like to hear your views on maternity leave in terms of your support for it, whether it should be paid for by the taxpayer and whether you believe that owner-operated businesses—meaning one person microbusinesses—should also be entitled to that paid maternity leave if it is paid for employees as well. There are three issues there.

**Ms Drake-Mundy**—I would like to make one comment in relation to home based businesses. I refer to the issues of food safety regulations. I am in favour of unified food safety regulations, given a situation that I have come across in the past where local government was at odds with state government health regulations. They supposedly work under the same outcome based food regulations: the food must be kept under a certain temperature. But, in the situation I refer to, the local government decided they did not like it omnibus, and that was that. So I am in favour of the food safety regulations being the same across the board.

Where this comes into trouble is with the small business, the microbusiness and the home based business. First of all, let us take the example of a butcher shop making their own smallgoods. Under the new regulations nutritional panels, contents labelling and other food safety labelling is required, which is going to cut out a lot of small businesses. A lot of tiny businesses will not be able to comply and will be going out of business. So you will not get little shops making their own smallgoods or probably, more pertinently, people doing home baking and supplying their local shop. That kind of thing is going to get very difficult, unless we have a regime where there is some kind of leniency for microbusinesses whereby the same regulations are not imposed on them as are imposed on Arnott's Biscuits or somebody like that.

**CHAIR**—Would anyone else like to say anything?

**Mr Keep**—In respect of the third issue, paid maternity leave, I would like to take that to a different level. The concern here is really not about paid maternity leave. I must admit that I would be against any additional financial impost on small business. We are talking here about small business, but we are really talking about employment. We are really talking about encouraging small businesses to grow, giving them a reason to grow and not putting obstacles in their way, because we want to encourage employment opportunities. We want to encourage small businesses to grow and give them a reason to expand their businesses. I would be against any direct financial impost on small business; I would see that as an additional reason for them to keep their businesses very small. If it is challenging for someone to establish a small business, it becomes that much more challenging when they get into the game of employing people.

On your point about owner-operators or home based businesses, it really is an issue of owner-operators. One interesting challenge for us over the years has been that of trying to encourage owner-operators. Many are putting in enormous hours, but they do not want to take that next step of employing somebody—they could, but they do not want to, and they do not want to for a whole range of reasons. The federal government needs to find reasons to encourage those businesses to take that next step. Really, we are talking here about business growth. If we are going to create employment opportunities in this country, then we have to give small and medium businesses good reasons and excuses to take on additional staff.

**CHAIR**—How significant are the small businesses that fall into that category?

**Mr Keep**—When you say 'significant', are you talking about numbers?

**CHAIR**—Yes, in terms of the overall sector.

**Mr Keep**—There is a growing number of home based businesses and there is a growing number of owner-operators who are reluctant to take that next step of becoming owner-managers and starting to employ people. There is a perceived barrier there: the barrier of suddenly having to employ people. There is a whole heap of regulations and red tape that they need to come to grips with. For me, as an owner-operator, it is a lot easier to work 65 hours a week than to suddenly take the next step and say, 'Well, hang on, maybe I could work 35 hours a week, grow the business a bit further and employ somebody.'

**Mr Duke**—Craig and I are both in a business where we are definitely home-based. What I find is that technology is great. It allows you a low-cost business set up. A \$400-machine lets me do my faxes, my scanning and my printing or whatever. Add a computer and a couple of phone lines and basically you are in business. It makes it pretty easy. We have issues with things like it would be nice if we could have some combined assistance with web site promotion. But, apart from things like that where, if we all got together and did it, we could probably work it out for ourselves, technology is great. Down here we have access to the Internet and email—the whole lot—and I find that is making it very easy. We do not have to bring people into our homes or into ‘a business’. Basically, we just go and pick them up and take them on a tour. So we are not intrusive as far as the community around us is concerned; they probably would not even know that we have a business. Technology has made it very easy to run a business from home, and we are living proof of that. I will not touch on maternity leave; I think that is a separate issue for people who have employees.

**Mrs Thomas**—Identifying those micro home based businesses within the region is also quite difficult. In addition, two business incubators have been established, one in Launceston and one in Burnie, to encourage those home based businesses to come out and work in an environment where they will be mentored—and that also has proved to be extremely difficult. Again, perhaps it is associated with the lack of wanting to come out and be assisted in some ways with growing their business. Under the Regional Assistance Program, TEAC has also funded the Tamar Valley Growers Network. That is within the Tamar Valley and is comprised of microbusinesses that have been operating in growing small vegetables. The funding has assisted in enabling them to start up and work together in accessing markets. But always the will must be there to step over the line and talk and work with others.

**Mr Wilkes**—We were talking about paying people to have children. The interpretation of that does not mean that we will have to pay. Like you, I came out and said, ‘Jeez, I’m not going to have anything to do with that.’ But the actual wording of it should be changed, because it will be the government and not us who will be paying it. I brought this point up when I made my submission this morning. With retail outlets, the award system is appropriate for bigger firms and not for smaller firms. The award system does not recognise the smaller firms’ possible need for casual employment and greater flexibility. They say that having enterprise agreements is making things simpler. Having an enterprise agreement in this state is not simpler at all. Most probably you would find that a lot of people are going offshore to the Commonwealth award system, but not everybody is aware of that. Also, they are probably too small to be able to go to it, with the costs being too prohibitive. So, with interpretation, education and the mentoring system—with the mentoring being mainly the sharing of resources with other things—our model that Peter Fehre brought up would be of some use; it is not just one thing but a whole heap of things.

**Mr Zawadski**—With regard to home based business and the aversion of people that are perhaps sole operators to take that next step, as Danny said, in terms of employing staff, my experience recently has been that a lot of small businesses are looking to hire people on a contract basis rather than take on the responsibility of either casual or full-time employees. That runs into risks in terms of the changes to the taxation legislation that were recently introduced. I think that aversion to take on those employees on a full-time basis has been driven by perhaps a lack of capital that small businesses might have at any particular point in time. Taking on an employee is a large responsibility. A lot of the microbusinesses do not have the ability to raise

capital to take their businesses to the next step of business development. I think we are particularly disadvantaged down here in Tasmania because the usual form of capital raising for small businesses is the commercial-financial institutions. So you are left with banks, credit unions and finance companies—that is about it. There are no business angel type arrangements or organisations in Tasmania. There is one venture capitalist firm that basically looks, I would suggest, towards the upper end of town, in any event. At the lower end of the market, most businesses are faced with a limited finance market. Perhaps there could be an opportunity at some stage for attracting business angel organisations or venture capitalist organisations in the state to try to address that particular problem.

**CHAIR**—There is a problem in that area. When you talk to most venture capitalists, they say to rate a deal below \$5 million costs them money. The problem is that with most small business expansion you are looking at somewhere between half a million dollars bankcard capital and that \$5 million mark. There has been some stuff put out in relation to the role of banks in all of this, in the way in which they have been treating small businesses. I have an article from the *Age*, which appeared on 3 July, in which COSBOA raises issues relating to higher bank fees and charges and the question of small business charges for merchant use of EFTPOS and interchange fees. The article says that small businesses operating with large cash sums and requiring personal banking incur higher rates. What is your experience with the banks in terms of trying to operate your businesses? Do they treat you just the same as any other individual bank customer? Do they recognise that you are a business and that there are considerations? Or are they again—as we have been used to with the banks—just milking as much out of you as they can?

**Mr Reid**—One of the major complaints we always have from businesses trying to expand or even from businesses operating in a business where there is fluctuation in cash flow is the difficulty of getting finance in Tasmania. It seems more difficult here because house prices have not risen as much as in some other places. This means there is less equity available, and the banks are less inclined to lend against assets to the same extent.

**Mr Wilkes**—You are dealing with faceless men.

**CHAIR**—We just realised, Mr Abernethy, that you are with the Launceston City Council. Do you want to make any comment about whether councils have a role to play in assisting small business? They certainly do in Victoria. I was at Monash council on Tuesday, and they have got a very well developed group within the council assisting small business. They have incubators and so forth around the area of the university. Would you like to make some comments in that area?

**Mr Abernethy**—Ian's rule of thumb is that 90 per cent of councils' legislations are designed to restrict the actions of two per cent of the people who do not do the right thing. Unfortunately, that impacts on and affects 98 per cent of the people who do the right thing. That is my rule of thumb, not Launceston City Council's.

**CHAIR**—That is more extensive than the 80-20 rule.

**Mr Abernethy**—I would like to touch on the issue of home occupation. I have a planning background and a lot of my time in Victoria and Scotland was spent dealing with planning

permit applications. A lot of them related to whether people could establish small businesses from their houses or not. There are masses of businesses that can operate very happily from a house and there are the two per cent that cannot. For the two per cent that cannot, either it is the type of industry that they are in or they get to the stage where they outgrow working from a house and they start to impact on residential amenity or they fall out with their neighbours—which is probably more common—and it is at that point that councils have to intervene. It is at that point that the council can never win because, once you are involved in a dispute between neighbours on any topic, you will never, ever win. Somebody is always going to get it wrong.

Again, speaking for Launceston City Council, we have an economic development guidance group which was established to assist both new and existing businesses. That is an interesting diversion that we have taken in the last 12 months because, prior to that, the role of the EDGG was quite clearly to support new business. A lot of agencies and a lot of councils fall into the trap of their first priority being to support and attract new business. Yet, as we all know, 70 per cent of the growth in any jobs or in any investment is going to come from existing businesses.

For the last 12 months we have been trying to address that, so we run two distinct programs. We run the new business program and an existing business program. The key elements of the existing business program are reflected by a lot of the groups that are in this room, and that is that we are not going to go out and duplicate what other people are already doing. What we will try to do—and we do it for our web site and through contacts with our clients—is to refer them to people, rather than set up another system that somebody else has had to pay for. I deal with Russel and with Sheryl quite a lot and I deal with the BECs, and we will push people around rather than duplicate things. We will lobby for businesses that are located in our municipality if we feel that they are not getting the right treatment from other levels of government or from within the council. We will go out and take up the cudgels on behalf of a business against other parts of the council.

In regard to businesses approaching council and getting the right information, I believe that there is a role for somebody within the council structure to have a general understanding of what councils require in terms of legislation so that people are not taken by surprise. My experience, which is maybe not as great as that of some people in this room, is that people are not so much put off by the extent of the legislation, it is not knowing what the requirements are. If you can tell them up front, 'This is what you need to do, this is how you do it,' and help them through the process and they get a definite answer—they are not hanging around for years—they will probably leave happy. They may not get the answer they want, but they may leave happy.

**CHAIR**—What about the issue of standardising the rules across councils?

**Mr Abernethy**—Yes, I will go for that one, too. I think there is a role for that, and it is not just across councils. I think Australia has a lot to do in that regard. I started my working life in Britain. A simple example is that I could register my car at the northern-most point in Scotland, I could drive it down to the south and move house and not have to change my number plates. There was no cost to me to do that. Yet, we lived in Darwin, moved to Victoria and then to Tasmania, and that car has had three sets of number plates. Why? We are working and living in the same country. I think there has to be a tightening up of legislation across state boundaries



and across local boundaries. You would cut a lot of levels out, but it has to be very open and transparent as to what you have to do.

I refer to the point Katrina made in regard to small meat industries, which is something we have tried in rural Victoria. Local producers who had some primary produce they wanted to add value to and set up a little business could not meet the health requirements of establishing commercial kitchens on their own properties or even in a purpose-built building. We quite seriously looked at the public infrastructure that already existed, that already has these certificates and I thought of places like the local schools. Most secondary schools have commercial kitchens and after four o'clock they are vacant. I think there is a role for government to play in being a little more proactive in making those facilities available as a start-up for small business, particularly in rural areas.

**Senator BARNETT**—Can you expand on that a little in terms of allowing and using the facilities you are referring to?

**Mr Abernethy**—We investigated this in Alexandra in Victoria where there was a secondary school with 450 pupils, which had a full commercial kitchen with stainless appliances, cooling, refrigeration, the lot. There were producers of fruit who wanted to go into preserves and they could not afford to spend, in those days, I think it was between \$30,000 and \$35,000 to establish a commercial kitchen on their own properties. So we talked to the school about leasing out the kitchen on an hourly rate for them to come in with their fruit, do their cooking and bottle it up. The standards were already set in the kitchen and that is a facility that, as I said, shuts at four o'clock.

**Senator BARNETT**—Did it work?

**Mr Abernethy**—We started a pilot; I do not know if it is still going as it was three years ago. I think it would probably take off; it gives an income for the schools as well.

**Senator BARNETT**—This raises the issue of the business-government partnership, doesn't it. In small business, from my understanding from years of involvement, they believe that government does not listen—whatever level, federal, state or local—they are there but they do not listen. How do we build that partnership? We had an excellent recommendation this morning: a regulatory impact statement is made about the impact of any regulation or law on small business but it is made and not reviewed. The law is implemented but there is no annual review or review process. I am zooming in on trying to build this understanding; we have to get the public service and the people in the different levels of government to understand how small business and microbusiness think and where they are at. We have to get the voices of small business and microbusiness through to government, so we have to create a better partnership going and you have used an excellent example of how that can happen. How can we make that happen better?

**Mr Abernethy**—I do not want to hog this but Bernard or Craig made a great point: when you first make contact with a government agency, you wonder whether they know what your business is like and what you are talking about. I think the federal government agencies and particularly the bigger departments are very guilty of that. I could point to the Regional Solutions Program in particular, with whom our council—and we are probably quite good at knowing our

way round the system—has had some horrendous experiences lodging grant applications and getting the run around. If we are getting that, and we can sit and probably outgun a lot of people in this room in terms of time, what impact is it having on the other people around the table today?

**Senator BARNETT**—Point taken.

**Mr Duke**—The thing I was thinking about when I was dealing with these people in the various state government departments was that here is a person in a big department with all these resources and they do not realise that I am just one person doing everything myself. There is one guy who wants me to do accreditation on transport, one guy who wants me to do accreditation on tourism, this guy wants me to do this and that guy wants me to do that. They go off into their little boxes, have a giggle and morning tea, whatever, and I am left with a pile of work and shambolic mess. I think there is no understanding about what is happening at each level. They have all these backup resources and we have almost nothing—it is terrible.

**Senator BARNETT**—If you have any suggestions on the mechanism to get government to think, to get small business inside their head and to make them a small business auxiliary rather than a small business adversary is what I am getting at. Sitting around this table is a good process; another process, for example, is to put the politicians in who have a business background. Life does not work quite like that, but it would be helpful because then they would understand how business works. Are there other ways and means that we can get improved understanding?

**Mr Williams**—There are many mechanisms that could work and make things simpler for everybody. One instance would be something that I initiated a couple of years ago, in conjunction with Tourism Tasmania. I discussed this thought with all the operators, tour guides, around Tasmania that I network with. We were all in agreement that, between us, we should formalise an organisation and set a benchmark and standard: all being accredited, all having first aid certificates et cetera. We should form such an organisation and then collectively go to the government department, whether it is national parks, forestry or whoever, and say, 'Here we are; we're a professional organisation in Tasmania representing this body of people. These are our concerns. Let's sit down and talk about it. This is what we would like.' We could then discuss things as a group, and that would be great thing. But, again, a lack of support there meant that I had to do all the running around, which meant that I was leaving my business and I had no income. It just goes around. The support is not there for small business to do those things. We wanted to do it, Tourism Tasmania wanted it, national parks wanted it and forestry wanted it, but it was up to someone to do it.

**Mr Keep**—I want to swing the conversation a little, because I have a concern. Probably the largest waste of resources in this state and possibly the country is the people who sit in the rank and file of our unemployed. It occurs to me that I am here today to talk about business for a reason: it is the answer to assisting the resolution of that problem. For me, it is not about a bottom line for the sake of a bottom line; it is about a bottom line that delivers encouragement and confidence in our small business sector to grow employment opportunities for unemployed people in Tasmania and across the country. I congratulate the Senate inquiry in that it has recognised that this is not just about small business; it is about employment and providing employment opportunities. It is a roundabout: if we can employ more people, then more people will have more

confidence, more people will have more money and more people will spend that money, and that will create further business growth and employment opportunities. We have talked about a number of very useful and critical things here today. But we have to get down to the level where we can say to small and medium businesses: 'Here's a good reason why you should take on some additional employees.'

As an organisation, I believe that over the years we have been very enterprising in some fairly simple programs to encourage small businesses to take on additional staff. I reflect back on a program that was federally initiated about four or five years ago, called New Work Opportunities. Our organisation sought to use that concept, which traditionally was about community based programs, to put jobseekers into small businesses. We debated at a federal level for a number of months before we were given that opportunity. But the point I would make is that we were able to take 120 businesses that we thought had the capacity to grow—we went in and looked at those businesses—and the motivation to grow. We said to them, 'What are the barriers to your growth?' Where the barriers to that growth were finance related, capital related or employment related, we said, 'How about we give you somebody for the next 26 weeks and see what happens?' Seventy-five per cent of those businesses were able to use that opportunity to grow their business and retain that person at the end. At times the solution can be very simple; sometimes it is not as complex as it seems. I think all of the things we have talked about here today are critical. We need to make life easier for small businesses, but we need to come up with very simple solutions to encourage them to create employment opportunities.

**Mr Rice**—We spoke about reviewing the regulatory process where regulations are put in place and not reviewed. I would put to you that perhaps we should review them, in the first instance, when they come in far more rigorously than is done after they have been in for some time. I am sure that I could go into many instances where regulations have been brought in and impacted on employment.

Occupational superannuation—people would not disagree about the need to cater for later on and to come off the public system. We have a system where the employer is held responsible, and that is in addition to wages. There are much simpler ways within the taxation system, I believe, by which we could support the age pension system in the way that it is now. We could move around to the way superannuation is invested right across Australia in a whole range of issues, rather than being out in the public arena in a competitive atmosphere. Let us look at what we are putting in place in the first instance. As a major focus, will that prejudice employment in any way, shape or form? Perhaps we should look at it another way: will this encourage employment? They are the things we need to put in place: initiatives that will encourage it. How can we help move small business forward through the plethora of regulatory controls that are there at the moment? Many of them throw their arms in the air. Employment is one of the biggest related issues, as I said before. It seems as though we are just harping on these bits and pieces.

Maternity leave will be just another one added to that. Everyone would agree that that is the way it ought to be in an ideal world. But we do not live in an ideal world. There are cost pressures on families. We should not be in a time warp, but it was not there in the past and we seemed to manage. Our birthrates were higher than they are at the present time. All the things we have in place at the moment have not encouraged population growth within Australia. Perhaps you would argue that the economic pressures are such that people do need to stay as two-

income families; one could argue that perhaps that has always been the case. What has changed in the economic structure of Australia? Do we need to look at the fundamentals, the social structure and the social fabric, if two incomes are needed for families to survive the major centres? These are big issues. I am not an advocate of who ought to pay—I do not know. But I do know without any doubt whatsoever that, if employers have to pay, our female population will be prejudiced.

**Senator BARNETT**—Going back to education, training and mentoring, I am a bit of a fan of mentoring. Mr Jones is here from Northern Group Training. We know that a lot of small businesses and microbusinesses fail; they do not survive more than a few years. How can the different levels of government support the new entrants, whether it be microbusiness or small business, in making sure they have their business plans? What type of training should they have in business management and business skills? Should we have a role in helping to avoid the failures that occur in those first few years? What is the most important type of training? Those questions are open to all of you but, Mr Jones, would you like to comment?

**Mr Jones**—Yes. I work for a group training company that is a large employer. Albeit we supply a lot of labour to small business, as our name suggests we are also a large trainer. I have been listening with interest to the problems and solutions given around the room. From my perspective, I would encourage a two-pronged solution: firstly, I would like to see government inject more money into a NEIS type program for set-up costs initially. There has been talk that one of the main problems is a lack of initial business skills development. People may be good at making widgets or good at whatever industry they are in, but they are not necessarily adept at business management skills. I think a NEIS based program would be, I hesitate to say, almost mandatory. Perhaps it could be introduced with a carrot attached to encourage small business to undergo some form of business development program, to get a business plan in order and to identify what other bodies and hoops they need to go through.

I would personally like to see that develop on through once we have started that training and development process, to encourage lifelong learning and the successful ongoing establishment of their business, and to have a vocational education and training flavour to it. There are many advanced training programs now. We do not just talk about entry level training; it is at a much higher level. There are already small business programs out there and they could be expanded to include an ongoing training component so that people were continually learning. I suppose I would like to see the government put dollars into more action based learning programs, be they paper, online or CD-ROM based, so that people had access to a variety of those components rather than one size fits all and, as has been mentioned around the room, perhaps a mentor based program. I know that Mentor Resources do that; I suppose they are a small business in themselves. I do not know how much government backing that organisation has, but that would also be something that could go along those lines. As well, the mentor or the initial NEIS body that was thrown into the development would have an ongoing role and perhaps give information with regard to other bodies that could help. From my perspective, just jumping on the net and looking at superannuation laws, for instance, and determining which allowances attract those sorts of factors is in itself a nightmare. I believe that small business needs to have ready access to experts, rather than trying to ring the Taxation Office or jumping on the net and trying to wade through a lot of the information.

**Senator BARNETT**—To put you on that spot a little bit, if you do not mind—

**Mr Jones**—Sure.

**Senator BARNETT**—you avoided the use of the word ‘mandatory’ which I can understand and appreciate in terms of the training particularly for those new entrants. But you used the word ‘incentive’. You said: ‘Let us provide a carrot.’ Could you describe what types of incentives could be provided to encourage new entrants and encourage people to get into this training and to do the business planning that is necessary to have a successful business?

**Mr Jones**—I suppose the indirect incentive is the fact that hopefully the business will be there in four or five years time. But that in itself, as the stats are telling us, is not necessarily the only way to go. I suppose I am talking of a financial incentive. That in itself is a training carrot. It is not just a matter of getting the training free, as people have identified that travel and accommodation are all expensive. I suppose the carrot or the incentive would be that it would be as close to cost neutral as possible. I do not know whether other exemptions for other factors could then be built into that.

**Mrs Thomas**—Besides my role in TEAC I am chairperson of Launceston Workplace Learning, a secondary school cluster that offers vocational education and training. What small business is being asked to do—and not only from years 11 and 12—is to take young people on for their work placement, and within that work placement those employers must act as assessors as well. They are being asked to have greater qualifications and to be able to meet the secondary college requirement for work placements. While vocational education and training is certainly a wonderful way of meeting industry standards, it is another impost on the ability of small businesses to take a range of young people into their employ. They do not have to pay for them, but they have to perhaps have somebody designated within that employment area to watch, mentor and assess that young person against industry standards—in some cases for no benefit.

**CHAIR**—Where are they supposed to get the skills to do that or is it assumed that they have got the skills?

**Mrs Thomas**—In some cases it is assumed that they have the skills, but they are now being required to show that they do have the skills. The employers are actually being assessed to ensure that they have the skills. It is another form of perhaps increasing training within the small business, but it is another impost as well, because they do have to pay for it.

**CHAIR**—It still seems that one of the critical issues is how you put together a system that will provide support mechanisms to small business, in whatever form, that take into account the time management issue. You say that you are all pushed for time, you are all working 60 hours a week and you are all flogged to death trying to keep your businesses going. And somebody comes along and says that they want to take another slice out of that—whether it be five hours or 10 hours—to teach you to be more competent, so that you put 70 hours instead of 60 hours into running your business. I do not know how we are going to come to grips with this whole issue of time management. Maybe some other skills also need to be fostered as part of this process.

**Mr Rice**—I raise an issue with respect to your question on training. I think one of the things that the federal government did in its last budget was absolutely horrendous: withdrawing money from the industry training boards around Australia. I do not have any direct, anecdotal

evidence that some of them were not performing; that may or may not be so. But, if some of them were not performing, why not set some benchmarks and standards to which they should perform and at which they should operate, rather than throwing the baby out with the bathwater by closing some which have been very effective? Our organisation is recognised around Australia as at the vanguard of training, particularly in the rural areas—both for those who work in our industry and for our members—in introducing everything we have been speaking about here today: management skills and IT skills. We were recognised for having one of the best GST workshops for farmers, which was adopted by every state in Australia. Yet, in one fell swoop, the government says, ‘We will cut that out,’ rather than saying, ‘How can we improve it? Which are the ones that are working? They will be the benchmark to bring everyone else up to.’ I find it extraordinary that we had something in place that we have just thrown out.

**CHAIR**—The circumstances of that were similar to those of a range of other programs under the last budget: it was purely a matter of balancing the budget or shifting resources to other areas. A number of programs were given the chop without there being any real logic behind it.

**Mr Duke**—In response to the request from Senator Barnett before, something could probably be done through Centrelink. After I had been out of work for about three months, I had already applied for 100 jobs and been told by an employment agent that I was too old to get a job anyway. I had a business plan ready, I had my own capital, I had a business idea, I had done a lot of research and I was ready to go. Basically, they told me to go away; they said, ‘You will have to wait six months before we can do anything. You cannot start a business.’ I said, ‘I will just start it anyway.’ They said, ‘No, you cannot do that if you spend so many hours a week.’ So I think they need to be a bit more flexible in their approach to, ‘Who is this person? What do they have? Where are they?’ than saying, ‘Go away and come back in six months.’ That delayed me by another three months. I missed the summer season last year.

**Senator BARNETT**—Why did they say that?

**Mr Duke**—Because they said, ‘Six months; that’s the rule.’ You cannot go into your own business, through any of their schemes, within six months. I thought that was rather ludicrous, especially in my particular case.

**CHAIR**—That is another issue: the inflexibility of some of those programs.

**Mr Billing**—I support what Mr Duke said. The reality is that Centrelink, in particular, has very little understanding of the needs of small business. I think there is a need within that environment for a stream of business specialisation for people who are looking to set up a small business, have newly set up a small business or have been in small business for a while. Most people around the table would probably be aware that there are many small business operators who have had quite a partnership with Centrelink for a long time in running their small businesses. They faced the sorts of things that Mr Duke was talking about for quite a long period.

While we are talking about Centrelink, I would like to raise the idea of volunteer mentoring for business through Centrelink. The reality is that, as Mr Duke referred to earlier in our conversation this afternoon, many people who have been in business for themselves or are fairly experienced business managers find themselves unemployed and would like the opportunity to

give back to small business. The government has, rightly, been focussing on mutual obligation and on active participation of people who are on income support. It seems to me there is an opportunity at the moment, through that mutual obligation, for people to give back through volunteering and Work for the Dole and community work coordinators. There is also a potential opportunity for people to give back to business through a mentoring program. At the moment most people volunteer with community organisations—maybe aged care and those sorts of things—but Centrelink would not recognise the opportunity for people to be able to work with an organisation in a voluntary capacity to mentor to other small businesses. I think that is something that government could quite easily actively encourage.

**Mrs Thomas**—TEAC has just started working with a group in Burnie called Forty Plus that have identified their wonderful skills and how we can bring it together to be able to mentor in a range of areas. It is also trying to change the perception of some of the industries and show that, once you are over 40, you still have something to offer to the business and should not be thrown out the door. So there is something that has been started and it has been running within the Jobs East Area Consultative Committee in Melbourne. I will not be reinventing the wheel; I will be using the spokes in the wheel.

**CHAIR**—How big an issue is this in Tasmania that you are aware of—the over-45 syndrome? It is very clear and there is a lot of evidence that people over 45 are being discriminated against in the labour market. I have recently been in the UK and there is the same problem there, except that it is the over-fifties. I think there are three million people aged between 50 and 65 in the UK, and there are only 167,000 actively seeking work. The rest of them give up because as soon as their age is mentioned the interview ends. A person I play golf with regularly is 47 and has been unemployed for about six months. He is a fitter and turner, he has first class welding certificates, he can do sheet metalwork but he cannot even get a labouring job. Yet in the area he lives in businesses are crying out for skilled metal tradesmen because there is a shortage of them. He says that, with every job he has gone for, as soon as he mentions his age that is the end of the interview. Is that the same experience in Tasmania? Why is it a phenomenon there, because these are skilled people, people with real skills and experience, that are being turned away?

**Mr Wilkes**—In some industries workers comp has, in the past, created a situation where an older person is more open to injury. There is possibly that mentality in certain industries, where there is the problem of having a bad back as a consequence of the fact that you are older. Maybe that is a reason, I do not know. Maybe someone else can shed some light on that.

**CHAIR**—It is certainly there. Ms Drake-Mundy, you have been trying to say something.

**Ms Drake-Mundy**—I think workers comp is a big disincentive for employing older people—I know it is when I employ older people. If they have had years of working very hard in industries, when they get older they may get sick and whoever employs that person may be lumbered with them for the rest of their working life. That can be a big impost on small business. The other thing I want to say is in relation to delivering business incentives to small business. I want to bring it back to families because I think it is very close; small business and families go hand in hand. Small business train the next generation of people to work; children see their parents working very hard and what goes into nurturing and making a business successful, and they pick up very good business skills. So families are very important. It is very

important to offer child care for people who go to training, particularly so that women can get to training. I have always offered incentives for people to bring their children to any training that is being conducted, because children bring different skills to a business and a family. Often the family is busy and they do not acknowledge it, but young people have a lot of computer skills that can really value-add to a business and they deserve encouragement.

**Mr Keep**—In regard to the development of new businesses, at a federal level the only real program that provides a conduit for that is the New Enterprise Incentive Scheme, which has been wonderfully successful, of course. It occurs to me that there is a tremendous opportunity for us to look at the concept provided by the New Enterprise Incentive Scheme and marry that to some financial incentives and the need for business management skills training. We could talk about that in detail, but there is a tremendous opportunity for us to look at the concept of a very successful program and open it up more broadly as an incentive for people who want to go into business and say, ‘Look if you are prepared to go through some sort of business management skills training, there are some financial incentives that are available to you.’

**CHAIR**—That is a good point. That brings us to the conclusion of the roundtable. On behalf the committee, I express my appreciation to all of you for making the time available because I know how busy you are and, more importantly, for your input this afternoon. It will certainly help inform the committee’s work and, like all the other roundtables, has been a very valuable exercise. When the report comes down sometime in November, you might see a little bit of your input in the final outcomes and, hopefully, it will be something that will at least try to address the major issues of concern that you have talked about around the table. Thank you very much.

**Committee adjourned at 3.31 p.m.**