

17 June 2015

Mr Robert Little
Inquiry Secretary
House of Representatives Standing Committee on Education and Employment
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Mr Little

Re: Inquiry into inhibitors to employment for small business and disincentives to working for individuals

The Victorian Employers' Chamber of Commerce and Industry (VECCI) welcomes the opportunity to provide a submission to the Committee's Inquiry into inhibitors to small business employment.

As Victoria's leading business organisation, VECCI informs and services more than 15,000 members, customers and clients across the state each year. The vast majority of our members are small businesses from a broad range of industries including retail, manufacturing, business services, transport, tourism and hospitality.

Our submission draws on our experience in supporting our members and is also informed by VECCI's Small Business Policy Taskforce which recently released a report 'Small Business. Big Opportunities.'. The report makes a constructive contribution to the policy debate by recommending a series of reforms to better support the growth of small business and employment.

Priority actions to support small business growth

We consider a number of the key recommendations in the 'Small Business. Big Opportunities.' report are particularly pertinent to the Committee's Inquiry.

These include:

- Enable small businesses to employ more people by reforming penalty rate pay structures for small business employers.
- Simplify existing workplace relations legislation applying to small business, including the content of modern awards.

- Include ‘minimum engagement’ as an award matter that can be varied under the individual flexibility arrangements (IFA) in all awards.
- Review and rationalise the number of business regulators.
- Develop a strategy to actively leverage opportunities created by free trade agreements and assist small businesses to take advantage of these.
- Reduce the company tax rate to 10 per cent on SME profits earned from their patents developed in Australia, to encourage innovation.
- Implement the extension of unfair contract term protections to small business, as proposed by the Commonwealth Government.
- Consolidate existing federal, state and local government information on available small business grants and financial support under a single electronic point of entry.

For further information on these recommendations, a copy of the VECCI Small Business Taskforce Report “Small business. Big opportunities.” is attached.

Reform of Australia’s Workplace Relations System is critical to support small business employment

In VECCI’s view, key aspects of our workplace relations framework must be improved in order to raise competitiveness, increase productivity and grow employment. Of foremost importance is making the system simpler and fairer for business. It also needs to be more flexible, to meet the needs of modern Australian businesses.

VECCI recently made a submission to the Productivity Commission Review of the Australian Workplace Relations Framework. Our submission focuses on the issues our members have told us present the greatest obstacles to operating successful and growing businesses. They are issues that increase costs, delays, uncertainty and even lost business, particularly for small business.

Key issues of concern are:

- The operation of so-called ‘modern awards’, which in practice do not adequately meet the needs of a modern economy.
- The lack of genuine, modern and flexible agreement-making options for business, underpinned by a competitive and fair safety net of conditions.
- A system where industrial action is utilised in a ‘strike first, talk later’ approach and unprotected industrial action is common.
- The negative impact and inefficient and unbalanced operation of Unfair Dismissal and ‘General Protections’ mechanisms.

A copy of our submission, discussing the above points in further detail, with accompanying reform recommendations, is attached for the consideration of the Committee.

Small business is vital to the growth and development of the Australian economy. Taken together, small businesses are major employers and key drivers of economic activity, investment and trade. If we are to continue to grow employment opportunities and living standards for all Australians, small business must be supported by government policies that reduce red tape and encourage business investment, innovation and growth.

Thank you for the opportunity to provide input into the Inquiry. We would be happy to discuss our submission with you in further detail if required.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Mark Stone', written in a cursive style.

Mark Stone

Chief Executive

Encl. 'Small Business. Big Opportunities.' VECCI Small Business Taskforce Report
VECCI Submission, Productivity Commission Review of the Workplace Relations Framework

