



geelongchamberofcommerce
the voice of business

Productivity Commission Review into the Workplace Relations Framework

March 2015

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The Geelong Chamber of Commerce

The Geelong Chamber of Commerce welcomes the opportunity to provide feedback to the Productivity Commission Review into the Workplace Relations Framework and we thank you for this opportunity to comment on behalf of the business sector within the Geelong region.

The Chamber, which has been in existence for over 160 years, is one of the oldest and largest Chambers in Australia representing over 800 businesses and organisations in the Geelong region from micro and small businesses through to large enterprises, including government and community organisations. Collectively our members employ over 23,000 people, which represents nearly a third of the total workforce of Greater Geelong. The Chamber is seen as the 'Voice of Business' in the Geelong region, working to support and develop economic activity and opportunities in the region to drive business growth and key economic outcomes for the region.

Key issues relating to the current workplace relations framework

There are a number of key issues that the Geelong Chamber of Commerce will address within this submission.

1. The impact of the workplace relations framework on productivity in a city such as Geelong that is currently undergoing significant economic structural transition.
2. The small business sector comprises approximately 97% of the 16,000 businesses operating in the Geelong region so the workplace relations framework needs to be small business friendly.
3. The current workplace relations system is outdated and has not kept pace with modern work practices and social needs.
4. Small business is unfairly impacted by the convoluted, outdated and unnecessary processes involved in complying with the current workplace relations system.

1. Geelong's economy is undergoing transition

Geelong is currently undergoing major transition from its traditional manufacturing base to a new and diverse economy which is largely centred around services, health, insurance, education, tourism and advanced manufacturing. The region has suffered immensely from a series of economic blows affecting jobs and the local economy over the past few years with the closure of Alcoa and large scale workforce reductions in other traditional manufacturing companies such as the Ford Motor Company. Unemployment currently sits at 7.4% and is higher than both the Victorian and national unemployment figures. In some pockets of the region, unemployment, especially youth unemployment, is approaching 20%.

Against this backdrop, the Geelong Chamber of Commerce seeks to explore opportunities for much greater flexibility of the workplace relations framework to enable more people, especially those who are marginalized and long term unemployed, to be in a better position to be considered for employment.

2. The workplace relations framework must be small business friendly

A recent survey of business trends (*Geelong Region Survey of Business Trends 2014*) undertaken by the Geelong Chamber of Commerce, in conjunction with Deakin University, found that small business, whilst optimistic about the future, are suffering, citing workplace relations as one of a number key barriers to employment. As Geelong's traditional industries continue to experience challenging times, it is imperative that action is taken now to stem the tide and provide long term opportunities for economic growth to stimulate better employment outcomes in the Geelong region.

The current workplace relations framework is not small business friendly. Most small business owners do not have the resources to fully understand their compliance obligations nor do they fully understand how to interpret issues relating to workplace relations.

By way of example, a small business in the services industry with offices in Geelong and Ballarat advised the Geelong Chamber of Commerce that, when seeking advice about a simple workplace relations issue, they received three different and conflicting answers from three different sources – the fair work small business hotline, a private lawyer and an industry association. In such an environment, it is impossible for small businesses to fully understand their obligations and to be sure that they are receiving the right advice.

3. The current workplace relations system is outdated

Small businesses, in particular, need to be able to offer greater flexibility of employment conditions in order to generate the greatest productivity outcomes. Flexibility to provide greater work-life balance to employees to meet family responsibilities and other employee needs is critical to improving the productivity of workplaces. Greater flexibility is required by businesses to manage workplace practices to meet the needs of a modern economy and society. With businesses of all sizes facing intense competition from online overseas businesses and competing with business in countries where workplace frameworks are far more efficient and cost-effective, many Australian businesses are suffering and rapidly losing their competitive edge. The workplace relations framework needs to be overhauled to create a more competitive labour market and enable Australian businesses to generate increased productivity gains.

Penalty rates are outdated and not reflective of modern employment and societal conditions. Many people want to work on weekends and public holidays to suit their lifestyle and personal needs. The negative imposition of excessive penalty rates is counter-productive to employment growth and often results in either the business not trading on days when penalty rates would apply or the business owner electing to work the extra hours to the detriment of their own health and well-being and to their ultimate ability to operate a successful and sustainable business long term.

The Geelong Chamber of Commerce supports the views expressed in submissions to this Review by the Australian Chamber of Commerce and Industry and the Victorian Employers Chamber of Commerce and Industry on the matter of unfair dismissal laws. We believe that unfair dismissal laws currently discriminate against small businesses and provide a disincentive to employ people. We agree that a system where small businesses employing less than twenty employees should be exempt from unfair dismissal provisions. The current system is unclear and creates much uncertainty for small businesses.

4. Small business is unfairly impacted by the current workplace relations system

Small businesses have been often referred to as “the backbone of the Australian economy” yet small business carries a disproportionate load when it comes to compliance with government regulation and red tape.

The Geelong Chamber of Commerce seeks to have measures put in place to simplify the workplace relations framework with an underlying principle that it be “small business friendly”. Unnecessary processes and excessive documentation are posing an unfair burden on small businesses and create disincentives to employ.