



# **CESSNOCK CITY COUNCIL SUBMISSION**

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In response to the  
Select Committee on Jobs for the Future in  
Regional Areas

Inquiry into

*“New industries and employment opportunities that can be created in regions”*

**September 2019**

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# 1 Introduction

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It is well noted by all governments that regional areas can thrive where there is economic diversification beyond the traditional areas of agriculture and mining. However, this prescribes that a strong commitment and strategic preference is required from all levels of government to effectively realise economic diversity in regional areas. The regions need an approach to economic development that prevents an unsustainable transference from a dependence of one traditional industry to another new emergent industry.

The Cessnock City Council (CCC) welcomes the opportunity to provide a submission in response to the Select Committee on Jobs for the Future in Regional Areas Inquiry into – *“New industries and employment opportunities that can be created in regions.”*

As a regional city, Cessnock LGA has the ability and the means to be a leading growth area. Targeted support in the regions should encourage entrepreneurialism, commercialisation, value adding to supply chains and innovative job creation. Strategies which support new businesses to grow can be delivered at the local level in conjunction with strategies for business retention and expansion and exploration of circular economies.

Regional cities offer excellent opportunities for economic diversification through support for existing businesses to grow, for new businesses to establish and for employment nodes to expand and establish. All three levels of government can encourage and stimulate growth in regional centres with a strategic approach to local economic development. This requires an understanding of the relationships between local needs, regional capacity and their importance to the nation as a whole.

In recognition of the importance of this Inquiry in seeking strategies and solutions into how new industries and employment opportunities can support local economies, the CCC provides the following submission for your consideration.

## 2 Overview

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### 2.1.1 The Hunter Region and Cessnock LGA

Cessnock LGA is in the Lower Hunter region along with Newcastle, Maitland, Port Stephens and Lake Macquarie LGAs and in the zone called Greater Newcastle which is depicted by Figure 1: Hunter Region Transport Connections as Courtesy of Hunter Regional Plan 2036<sup>2</sup>.

The Hunter Region is Australia's largest regional economy, with an economic output of over \$102.019 billion pa.<sup>1</sup> According to the NSW Government, the Hunter Region is the largest regional economy in Australia, ranking above Tasmania, the Northern Territory and the Australian Capital Territory in terms of economic output<sup>2</sup>.

The region is situated on Australia's main east coast transport corridor. The Hunter Regional Plan 2036 discusses the strategic advantages of the Hunter Region as being extremely well connected to transport corridors leveraging from road, rail, ports and air, liveable as an attractive place to live realising and absorbing population growth, and having well-established economic and employment bases and build on its existing strengths to foster greater market and industry diversification.

It has sophisticated infrastructure, international gateways including an airport and the third largest deep see port in Australia. Comprising of 10 Local Government Areas (LGAs), divided into the Upper Hunter and Lower Hunter sub-regions, the Hunter Region is the fastest growing region in NSW outside of the Sydney Metropolitan area.

Cessnock is home to Hunter Valley Wine Country, and is highly accessible by road from Sydney, Newcastle and the New England area. The LGA is within 35 minutes of the Port of Newcastle and 50 minutes of Newcastle Airport. The LGA has rail connections to both the Port of Newcastle and to Sydney, and is only 2 hours journey to Sydney by road.

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<sup>1</sup> ABS Australian Bureau of Statistics' (ABS) June 2018 Gross State Product, 2015 / 2016 National Input Output Tables and 2016 Census Place of Work Employment Data.



Figure 1: Hunter Region Transport Connections as Courtesy of Hunter Regional Plan 2036

**2.1.1.1 Population Growth**

The ABS 2016 Census estimates the population for Hunter Region at 707,666 people, up 6.1 percent from 2011. The region has an estimated 322,000 jobs and this is projected to increase to 384,000 by 2036<sup>2</sup>.

From 2011 to 2016 the usual resident population of Cessnock increased by 8.5% from 50,840 people to 55,567 people. Based on the 2016 Census, there were 22,525 households in the region. Cessnock’s population is on the rise and the LGA ranked with the 16<sup>th</sup> highest rate of growth in NSW between 2006 and 2016, following our neighbouring Hunter population centre of Maitland

<sup>2</sup> Hunter Regional Plan 2036: NSW Department of Planning, Industry and Environment

with 24.9% and ranked 8<sup>th</sup> in NSW<sup>3</sup>. ABS data shows that Cessnock LGA experienced 19.7% growth in population over the ten years, NSW only experienced 15.0%, and Australia 18%. Cessnock LGA's growth between 2006-2016 was at a higher rate than Greater Sydney with 18.2% and the rest of NSW 9.0%.

The Hunter Regional Plan (2016) establishes the NSW Government's vision for the region, and identified the potential for 6,350 additional dwellings for Cessnock LGA by 2036. The plan also projects an additional 13,150 people and a need for 6,592 additional jobs. The Hunter Regional Plan advocates for the strategic locations of both Cessnock and Kurri Kurri as regionally significant centres and employment land clusters.

#### ***2.1.1.2 Cessnock Economic Spatiality***

Cessnock LGA has a long history of coal mining, manufacturing, construction, agriculture (e.g. grazing, poultry), viticulture and related tourism activities, all of which are still its primary employment sectors. Cessnock town centre is the administrative, retail and service centre for the LGA with Kurri Kurri town centre being an important secondary retail node and the industrial heart of the LGA.

### **2.1.2 Important Sectors in Cessnock LGA**

#### ***2.1.2.1 Mining***

At 2016 Census, 2,065 (10.1%) of the 20,501 employed people living in Cessnock LGA were employed in the Mining sector. Of these, 62.5% travelled to Singleton LGA, 9.9% travelled to Muswellbrook, 9.6% worked in mines within the Cessnock LGA, 4.3% Lake Macquarie and 3.6% to Maitland.

A study undertaken by BHP Billiton in 2011 into mining impacts and community sustainability in the Hunter Region, reported that Singleton, our adjoining LGA neighbour was the least diverse local government area economy in the Hunter Region (based on ABS data). This is a threat to the sustainability of the Hunter Region economy as it is less resilient to change. So while mining is a major contributor to the local economy, the lack of industry diversity may reduce the economy's long-term resilience once mining ends.

#### ***2.1.2.2 Tourism***

The Hunter Tourism Region attracts approximately 2.3 million visitors per year, of which 1.4 million visit the Hunter Valley Wine Country.<sup>4</sup> Wine Country is one of the highest profile wine destinations in Australia, with Pokolbin being the focal point for wine tourism within the Region. The area is also known for high profile entertainment, concerts and events with a range of attractions and activities that bring non wine visitors into the area.

The growth in numbers of businesses across Arts and Recreation, Other Services, Accommodation and Food Services and even Retail could be attributed to a rise in the importance of the visitor economy in the Cessnock LGA greater economy. These sectors attract and support the visitor economy through associated activities in arts and cultural activities, support services such as celebrants and hairdressers, and enhanced demand on general accommodation, restaurants, and associated retail.

A growing population such as in Cessnock LGA would catalyse an increase in demand and justify more services in Health Care and Social Assistance and Education and Training.

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<sup>3</sup> Regional Population Growth, Australia, 2016 (ABS cat. no. 3218.0)

<sup>4</sup> Wine Country area is defined as Cessnock LGA and Singleton LGA

### **2.1.3 Employment challenges in the region**

The mining downturn has hit the Hunter region hard with more than 2,500 Hunter miners losing their jobs in the past few years. Cessnock LGA's unemployment rate spiked significantly since June 2012, rising more than 10% to 14.4% as at September 2015. In real terms, if 733 more people been employed at the time of the census, Cessnock LGA's unemployment rate would have been equal to the Australian rate.

Workers have been displaced from prominent employers within the region, with closures and contractions of local mines, as well as closures of significant employers such as Hydro Aluminium. The transition into other industries, particularly from blue collar jobs to service roles can be a challenging and incongruent process. Compounding this, is generational challenges associated with disadvantage and lack of foundation skills can mean some unemployed are harder to place in available jobs.

The fastest growing and most prominent industry within the Cessnock LGA is currently the tourism sector. Jobs in the service economy creates a shift in the range and types of skills needed by the current and future workforce.

Youth unemployment is also a major issue nationally and locally. For the Hunter Region, outside of Newcastle, youth unemployment in 2015 had risen to 21.8% and was the highest in NSW, according to figures released by the Australia Bureau of Statistics. It has now been smoothed by other factors including seasonality and increasing under-employment (unmeasurable), causing what appears to be an under calculation of percentage.

### **2.1.4 Socio-economic disadvantage**

Cessnock has the lowest scores and ranking of all Hunter LGA's with Muswellbrook, indicating many households with low education levels and many people in unskilled occupations. Cessnock is placed in the bottom 4% of NSW in terms of Education and Occupation and ranks in the lowest of all LGA's in NSW in this index.

Education levels in Cessnock LGA have traditionally been lower than the State average, in 2016, 27.7% of people aged 15+ years in Cessnock City left school with only Year 10 or equivalent qualifications, compared with 17.3% in NSW. The total number of people with Year 12 or equivalent School Completion in 2016 was 12,159, or 21.9% of the total (41.9% for NSW).

At 2011, Cessnock LGA has the lowest rates of persons aged 25-34 who have attained a Bachelor Degree or Higher across the Hunter Region. Between 2006-2011 there had been a 10.6% increase in people with tertiary qualifications in Cessnock LGA.

## 3 Response to Terms of Reference

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### *a) New industries and employment opportunities that can be created in the regions;*

#### **Harnessing existing businesses for growth and innovation**

The contribution of regional small businesses is qualified by Hettihewa and Wright (2018) as crucial in contributing to their region's socio-economic viability, and, thereby enhancing the quality of life by slowing or reversing labour migration to metropolitan areas.<sup>5</sup> Accounting for 35% of Australia's gross domestic profit and employing 44% of its workforce, small businesses are, as qualified by the Australian Small Business and Family Enterprise Ombudsman, vital to the health of the Australian economy.<sup>6</sup>

The notions of innovation and entrepreneurship often associated with start-ups and new and emerging industries have driven a common belief that they represent important opportunities with potential high-growth. New industries are being perceived as the vehicle of regional economies but may instead might prove to be a riskier investment for governments if the objective is sustainable productivity and jobs in regional Australia.

A focus on supporting start-ups and new industries can realise benefits and excitement for regional communities. However, it may be more impactful to stimulate and supporting existing businesses to grow and innovate in the regions, than to pursue high risk, untested, resource intensive investments in new industries which have uncertain viability. Research<sup>7</sup> also suggests that while start-ups and new industry development allow for quick adaptation to changing markets at that point in time, established companies with established networks and cash flow present a more likely source of sustainable innovation and more appropriate use of public investment: "the use of more traditional and rigorous support mechanisms, targeting later stage enterprises and innovations within existing, successful companies, would appear to be a better option in the allocation of public funds".

Australia's regional and rural communities need an approach to economic development that prevents an unsustainable transference from a dependence of one traditional industry to another new emergent industry. Instead it is recommended that on top of a focus of business investment attraction in new sectors, there also be a focus on reinforcing and strengthening existing businesses. It is important that decision makers take due diligence should when planning for future jobs in new emergent industries to ensure they are not also vulnerable to economic shocks, disruption and changing market conditions.

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<sup>5</sup> Hettihewa and Wright (2018). Nature and Importance of Small Business in Regional Australia, with a Contrast to Studies of Urban Small Businesses. *Australasian Journal of Regional Studies*, Vol. 24, No.1

<sup>6</sup> Australian Small Business and Family Enterprise Ombudsman (2019). Small Business Counts, Small business in the Australian economy, Online version accessed 29 August 2019, <https://www.asbfeo.gov.au/sites/default/files/documents/ASBFEO-small-business-counts2019.pdf>

<sup>7</sup> Hefferan and Fern (2018). Questioning the Value of Government Support for Start-Up, Knowledge-Intensive Companies: Emerging Evidence and Future Options. *Australasian Journal of Regional Studies*, Vol. 24, No.1.

Start-ups have been supported in recent strategies and programs supported by state governments, however it is important to note, new businesses may be more likely to fail in their first 18 months, from lacking resources, funds or facing no real market need. There is indeed little evidence to support that start-ups and new industries can effectively replace permanent jobs that are required to achieve longer term economic sustainability and stability in regions. There is also little evidence which demonstrates emergent industries might be more resilient to economic shocks and disruption.

Providing greater support for existing businesses may prove invaluable towards sustaining and stimulating more employment in the regions. In 2017-2018, 71.5% of employing businesses had between 1 and 4 employees only.<sup>8</sup> These micro and small businesses have the greatest capacity for employment growth, given the right economic conditions. The contribution of regional small businesses is qualified by Hettihewa and Wright (2018) as crucial in contributing to their region's socio-economic viability, and, thereby enhancing the quality of life by slowing or reversing labour migration to metropolitan areas.<sup>5</sup> Accounting for 35% of Australia's gross domestic profit and employing 44% of its workforce, small businesses are, as qualified by the Australian Small Business and Family Enterprise Ombudsman's, vital to the health of the Australian economy.<sup>6</sup>

Businesses with greater turnover proved to have higher survival rates. Of the 2,313,291 actively trading businesses operating at the end of 2017-18, 93.1% businesses had an annual turnover of less than \$2m. In 2017-18, businesses with a turnover of \$50k to less than \$200k had the smallest annual percentage increase (2.1%), whilst businesses with less than \$50k turnover had the highest exit rate (19.4%).<sup>8</sup> Of those businesses operating in June 2014, survival rates at June 2018 generally increased with increasing annual turnover.<sup>8</sup> Thus, it is also important to renew focus on increasing productivity of existing businesses to support increasing turnover and capacity to employ.

### **Stimulate growth by enhancing business access to funding and cash flow**

The Australian Small Business and Family Enterprise Ombudsman's Small Business Counts<sup>6</sup> reports that "large businesses generally have greater resources to spend on innovative processes such as research and development. While innovations have been generated by micro businesses, they observed that propensity to engage in innovative activity increases with the size of the business, possibly linked to access to resources, human capital and finance.

Decreased access to funding, partly resulting of the tightening of lending practices, is also challenging for small businesses, and is cited as the greatest barrier to innovation for micro and small business in the Small Business Counts report<sup>6</sup>. The Australian Banking Association has also acknowledged that small business loan applications have fallen by 33% since 2014<sup>9</sup>.

Payment times and late payments are also identified in the report as key concern, 92% of all small businesses surveyed indicating that would have generated more revenue if their cash flow was improved.

The negative impact of late payment on small businesses can have disastrous results including:

1. Inability to grow their business;
2. The need to source alternate bridging finance to mitigate the impact of extended trading terms;

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<sup>8</sup> Australian Bureau of Statistics (2016). Counts of Australian Businesses, Including Entries and Exits. Jun 2014 to Jun 2018, Online version accessed 23 August 2019, [www.abs.gov.au/ausstats/abs@.nsf/mf/8165.0](http://www.abs.gov.au/ausstats/abs@.nsf/mf/8165.0)

<sup>9</sup> Australian Small Business and Family Enterprise Ombudsman (2019). "Ombudsman seeks feedback on Business Funding Guide" MEDIA STATEMENT 4 September 2019



3. Passing on extended payment terms to their own creditors, creating a negative domino effect on supply chains;
4. Large companies having the benefit of earning interest and/or utilisation of monies owed to small business;
5. Inability to meet wages and salaries and other legislative requirements such as superannuation payments;
6. Inability to allocate capital and resources to research and development, and critically innovation, which has been the mantra of mining companies as part of being considered for procurement. This situation is not just during downturns in the industry, but as an ongoing and regular activity of their business.

In December 2019 NSW will be Australia's fastest government payer with the state's Payment Terms Policy recognising the importance of cash flow for small businesses. By December this year, small businesses that supply from \$10,000 up to \$1 million worth of goods or services to the NSW Government will be paid in five business days, exhibiting an exceptional level of leadership which could be followed by all levels of Australian Governments.

### **Harness disruption to enable economic participation**

Technological advancement is a double-edged sword. For all the advancements in productivity it offers, it also has the potential to render five million Australian jobs redundant by 2030.

Entrepreneurialism and adaptive businesses can capitalise on disruption and generate jobs in new industries. While new business failure rates may be high as previously outlined, disruption is generating a Gig Economy or Sharing Economy where "short term" work engagements is normalised. Increased pressures, job volatility and cost of living has driven people to use entrepreneurial online platforms such as Airtasker and Air Bnb to find "work", supplement their income or enable some form of non-traditional economic participation.

Examples of emerging services growing at an exponential rate are virtual assistants. With the companies increasingly operating without a physical office location - many choosing for flexible, shared co-working spaces - the modern workplace has opened a wide array of remote opportunities. Virtual assistants can not only save money, but also boost productivity by enabling entrepreneurs to focus on their core business activities. By completing time consuming tasks such as making traveling arrangements, managing emails, entering data or doing online research, they allow business owners to focus on core activities, competition or expansion. Virtual assistants are usually paid on an hourly basis for specific tasks for which they are skilled, which can eliminate the cost of training a regular employee. Unlike regular employees, they work from home and communicate using collaborative software, via phone, e-mail or instant messaging.

This increasing reliance on technology will create substantial growth opportunities, both in the physical infrastructure sector and cybersecurity sector: data storage and server banks, optic fibre and copper wire network will require maintenance. Installing and servicing our smart homes is likely to remain local, and will require a mobile workforce with advanced level skills.

As economic pressures make it less feasible for people to stay home full time to look after children or the home, tasks like cleaning, ironing, mowing, dog walking and shopping can all be outsourced. Higher demand for these types of services will be realised in regions facing increased population growth.

Similarly, there is potential for our aging population to take greater advantage of these services; the more affluent in the population may be more likely to utilise these services as a stop-gap measure to enable them to stay in their homes longer after retirement.

A positive step would be a national commitment to reducing red tape for small business, hastening approvals and assisting small business to navigate requirements, approvals, taxation, employment and other challenges. One model that could be rolled out nationally is the Easy to Do Business program, where small business owners in NSW can access free online and phone support from Service NSW's Business Concierge. Ultimately it means small businesses can establish trading, open and grow much faster.

Targeted support in the regions should encourage entrepreneurialism, commercialisation, value adding to supply chains and innovative job creation. Strategies which support new businesses to grow can be delivered at the local level in conjunction with strategies for business retention and expansion.

### ***b) the number of existing jobs in regional areas in clean energy technology and ecological services and their future significance;***

#### **Innovative solutions within existing industries and circular economies**

Industrial ecology is an integral part of the notion of a circular economy. By definition, industrial ecology may aim to produce zero waste although essentially reduces, re-purposes or re-introduces any industrial by-products or waste products of an industry into economic outputs. Synonyms for these notions are also "Greening of Industry" and Industrial Symbiosis. It is a way for a businesses to maximize profits through processes which reduce waste and retaining value.

In Cessnock LGA, Weston Aluminium responded to the declining demand and prices of aluminium for the steel industry by diversifying their core production into processing and recycling aluminium dross and scrap in an environmentally efficient and responsible manner. They developed technologies to process all forms of aluminium by-products: the residual non-metallic particles are manufactured into various products including fluxes, desulphurising agents and slag conditioner for the steel industry and raw feed for the cement & building industries.

Weston Aluminium's infrastructure also allow for the safe treatment of medical waste, further diversifying their current operations by environmentally burning hazardous material such as clinical waste, pathogenic substances, pharmaceutical waste, cytotoxic substances, quarantine wastes, and illicit materials, including drugs. Symbiotic companies near Weston Aluminium have established an Industrial Ecology Precinct at Kurri Kurri (NSW), to collectively cluster for reuse and recycling of materials which may have been intended for landfill or otherwise. Industrial ecology can mitigate an organisation's environmental impact, whilst simultaneously realising commercialisation of a waste product, and resulting in increased economic outputs through additional sales, reduced costs, and job creation.

While it may not increase their 36-full-time-people workforce, it will allow employment to continue in similar skilled jobs post closure of the Hydro Aluminium Smelter. Gas and electrical pricing are however major cost items that could threaten employment. Weston Aluminium is currently lobbying government for better pricing and has previously cited concerns and barriers with red tape in approvals of expanded enterprise. Policy in sustainable strategy development for circular economies including industrial ecology needs to be reinforced nationally, should the opportunities be maximised for regional jobs.

Other industries which may be pursued are specialised agriculture, aquaculture and solar-powered greenhouses or hydroponics which could prove to be emergent sectors in regions,

particularly with and food security and displacement of these activities within proximal location to major cities. The demand for agri-tourism, and niche agricultural products is growing, particularly with growing regional populations, particularly in the Hunter Region, and a more informed market.

Challenges restricting the growth of these markets include issues with access to transport and freight, rail, access ports, and capacity of regional airports for distributing and exporting food products and value-adding to regional exports.

***c) lessons learned from structural adjustments in the automotive, manufacturing and forestry industries and energy privatisation and their impact on labour markets and local economies;***

**Diversification away from mining and other traditional sectors**

Businesses are experiencing workforce issues as a result of a number of factors, one major regional issue being the decline of traditional industries including the resource sector economy in the Region. The presence of mining brings advantages and challenges. It provides employment opportunities, supports local supply chains, and, in the contemporary context it contributes to the skilling and professionalisation of those employed within the sector. While mining has historically been a major contributor to the Hunter Regional economy, the lack of industrial diversity may reduce long-term resilience to change within the region.

This is confirmed by a study undertaken by BHP Billiton in 2011 into mining impacts and community sustainability in the Hunter Region. The study reported that mono-industries such as mining create disproportionate opportunities for local employment. A blue collar workforce is provided with significant wage opportunities which in turn are spent in the local economy, a false economy that bursts when the resources market changes. Small and local businesses also sometimes struggle to compete with wages offered by mining.

Workers have been displaced from prominent employers within the Hunter Region, with closures and contractions of local mines, as well as closures of significant employers such as Hydro Aluminium. An Employment Facilitator has only just been recruited by the Australia Government for the shutdown of Liddell Power Station. The transition into other industries, particularly from blue collar jobs to available service roles can be a challenging and incongruent process. Compounding this, is generational challenges associated with disadvantage and lack of foundation skills can mean some unemployed are harder to place in available jobs.

The outcome sought to address diversification in regional economies goes beyond dealing with the volatility challenge. The aim is for a workforce that is sustainable for the regions in relation to any sector's growth or changes and, one which has skills and vocational aptitude to be transferrable to the changing needs of industries.

The Australian labour market is moving away from the high labour intensive construction phase of the mining boom towards a less labour demanding production phase. The former dominance and reliance on mining is generally misleading for ongoing jobs growth in the Australian economy. The mining industry is projected to employ fewer people.<sup>10</sup>

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<sup>10</sup> Labour market challenges and opportunities in the Cessnock Local Government Area – Mr. Ivan Neville, Department of Employment, November 2014

## Forestry

Sweetman's Timber in the Cessnock LGA at Millfield, NSW have a 5 year contract to source timber from Forestry Corporation of NSW. Forestry Corporation manages environmental sustainability, tourism and renewable timber production in NSW's State-owned commercial native and plantation State forests. Negotiations for an extension to this are not due to be renewed at this time. The industry in Cessnock LGA reports that new home construction and population growth is driving the profitability of the business to business component of their operations, and business to customer is propelled by the home renovation market locally. They employ 25 staff and will manage to maintain this as people leave or retire.

It is important that renewable industries such as regional timber mills, be supported by policy which allows them to renegotiate access to renewable timbers as required, with sustainable practices and sustainable business at the heart of decision making.

*d) the importance of long-term planning to support the diversification of supply chain industries and local economies;*

## A Collaborative and integrated approach to economic development planning

There is a need to renew a nationwide commitment for responsible regional economic development as an Australian priority. Positive economic development initiatives must still promote growth and investment, assist in securing future economic diversity and aim for sustainability and social equity, but must target resilience and community liveability.

Many local Councils have an economic development plan or approach which prescribes a mix overarching strategies around strengthening the business environment, supporting and nurturing existing businesses and attracting business investment. However, when macro or micro forces threaten to impact opportunities, efficiencies and future legacies; the traditional economic development strategy becomes surpassed and outdated.

Economic development is also a longer term strategy, which requires a three tiered government commitment to promoting the economy. A national commitment to a standardised framework to prescribe economic development approaches based on best practice would be welcome in the regions. It could set principles or foundations which support robust, resilient and self-sustainable economic and social growth to occur, sensitive to the needs of regional communities.

## Recognise local government

Councils can take a strategic leadership role in facilitating outcomes that stimulate job creation, economic resilience and enable environment conducive to undertaking business, but no "one" public authority should manage the transition into new industries.

While there is merit to regions prioritising diversification and pursuing exciting new business investment attraction, a key asset to sustainable economic development is also in supporting a positive business environment in the regions. Local government can play an integral role in by facilitating, collaborating and enabling local economic outcomes and generating the business environment conducive to do business.

Damien Tudehope, NSW Minister for Finance and Small Business recognises "local Councils are an essential part of the small business ecosystem, offering a supportive environment to local

entrepreneurs to enable them to start and grow”<sup>11</sup>. Recognition of this role and introduction of a planning framework supported by all levels of government could instigate some very impactful economic development outcomes.

## **Plan for business investment attraction**

Generally, regional areas may lack entrepreneurial investment in critical infrastructure taken for granted in major capitals. Unless regions have incurred opportunities to leverage private investment, retain and sustain industries that remain productive, or are able to capture resilience through diversification of economy; many have experienced decline. Cessnock City is one which faces major social and economic devastation under post-mining, post-smelter, post-manufacturing legacies combined with a lack of investment in critical infrastructure to support diversification and sustain economic activity into the future.

## **Procurement to leverage local economic development**

The Small Business Counts report a decrease of small businesses participating in government procurement in 2017-18, citing that they do not have the resources to complete overly burdensome tender or panel documentation. It recommends the use of tender panels as a mean for small businesses to establish and maintain a relationship with government agencies.<sup>12</sup>

Major projects, developments and companies including Council could review procurement processes to ensure that companies that benefit from winning contracts with council are held accountable to ensure that they hire a percentage of people from the unemployed population including marginalised groups. This would ensure that procurement dollars return to the local economy and have a positive social impact.

Cessnock City Council have, in April 2019, implemented Vendor Panel Marketplace to simplify their procurement process, provide small businesses in the LGA an easy to navigate system that’s entirely free for suppliers, with no costs for signing up, receiving notifications or submitting quotes. In addition, Marketplace is designed to boost the local economy and drive business to local suppliers. Once registered, small businesses are also be eligible to receive opportunities, quotes and tenders from any organisations that uses Vendor Panel to get quotes from suppliers.

Council simultaneously launched “Doing Business with Council” a guide providing small businesses with an understanding of how to do business with Council and covering covers tenders, quotations, safety, risk and environmental management. Local businesses were invited to an information and networking session, where they had the opportunity to learn about being a local government supplier, how to navigate partnering with council and meet the Finance and Procurement team. Payment times will be critical to realising impact.

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<sup>11</sup> <https://www.smallbusiness.nsw.gov.au/news/smallbiz-connect/meet-damien-tudehope>

<sup>12</sup> Australian Small Business and Family Enterprise Ombudsman (2019). Small Business Counts, Small business in the Australian economy, Online version accessed 29 August 2019, <https://www.asbfeo.gov.au/sites/default/files/documents/ASBFFEO-small-business-counts2019.pdf>

*e) measures to guide the transition into new industries and employment, including:*

*1. community infrastructure to attract investment and job creation;*

**Regional infrastructure shortfalls**

Providing employment opportunities close to where people live can have positive social, economic and environmental outcomes as people reduce travel times for work. From an economic development perspective, employing staff from outside the LGA effectively moves that money out of the local economy, as those staff spend their money at businesses that are close to where they live (consumption effects).

Based on the results of the Cessnock Skills Audit 2018, not all skill deficits can be met from within the LGA. Skilled professionals earn higher than average wages, and in order to benefit the local economy it is preferable that these skilled workers reside within the LGA.

Generally, regional areas may lack entrepreneurial investment in critical infrastructure taken for granted in major capitals. Unless regions have incurred opportunities to leverage private investment, retain and sustain industries that remain productive, or are able to capture resilience through diversification of economy; many have experienced decline. Cessnock City is one which faces major social and economic devastation under post-mining legacies combined with a lack of investment in critical infrastructure to support diversification and sustain industries into the future.

How do you attract businesses and industry (and subsequent jobs) to establish which support regional growth and economic development when:

- Township presentation is poor?
- Essential services are lacking?
- Governments continue retracting or merging services and reducing presences and subsequent jobs in regional centres? E.g. Service NSW, Medicare/Centrelink.
- Public transport is extremely limited?
- Critical utilities and connections are missing? E.g. Power, water, sewer
- Basic infrastructure backlogs are significant? E.g. Roads
- Industrial and commercial lands are non-existent or inappropriate for purpose?
- Governments refuse to maintain or expand in demand, essential services? e.g. Healthcare
- There are significant internet, phone and mobile black spots?
- Skills shortages are rampant after successive industry retractions?
- Socioeconomic disadvantage, high unemployment, and youth unemployment leave communities devastated?

Addressing these critical shortfalls through appropriate funding mechanisms would make serious headway in responding to some of the issues that are emerging across mining affected Regional Australia, and support providing positive catalysts for the attraction and diversification of business.

## **Infrastructure needs to unlock regional growth**

For the success of economic zones and the attraction of businesses that would enable sustainable growth and development in mining affected regional areas is investment into efficient and appropriate infrastructure. Responding to growth will require long-term, incremental improvements in capacity, safety, asset condition and resilience of road, rail and regional air transport infrastructure, particularly along key transport corridors. It is essential that there be a commitment for the continuation of a longer term outlook on infrastructure priorities to support regional growth and prosperity.

A partnership approach with all three levels of government in the longer term is vital, particularly the local government. This partnership would utilise:

- a. the local knowledge that would identify the infrastructure needed to support and further encourage growth in that particular economic zone;
- b. jointly improve the way existing infrastructure is managed; and
- c. provide an agreed pipeline of targeted investment to deliver infrastructure where and when it was needed.

## **Information Communication Technology Infrastructure**

The NBN has not brought high speed internet access to all parts of Australia, and some regions such as Cessnock LGA still suffer mobile blackspots and lack of NBN access or high speed internet. NBN has been rolled out, yet in some cases, fails to deliver on its promise.

Regional centres in Australia including Cessnock LGA has many homes and businesses in existing service areas told they must wait for their NBN connection which has not yet been rolled out or continues to be extended, postponed or delayed. Other towns have such unreliable fibre connections to NBN they report more reliable internet access from more remote places with satellite. In Cessnock LGA, many homes and businesses would be grateful to have had the opportunity to have copper wire and an exchange with the correct number of nodes.

Regional areas support growing populations and can absorb more growth, and flexible work arrangements and home based businesses now make a satisfactory internet connection a requirement for liveable communities. Families are missing out on vital online connections which reinforce their engagement within their communities - to their local school, community groups, education and social networks.

The cost of accessing broadband in regional Australia is already higher than that in metropolitan centres. Mobile networks conflict with each other, and fail in peak periods. Some towers are not running at 4G let alone 5G capacity.

Cessnock LGA post mining is very much reliant on the visitor economy to retain jobs, however, Hunter Valley Wine Country businesses report not being able to take EFTPOS transactions during high volume concerts and events due to the number of visitors accessing social networks putting strain on existing mobile internet. Satellite and mobile based internet solutions can sometimes be cost prohibitive, ineffective and not competitive with speeds offered by fixed broadband elsewhere.

Hettihewa and Wright (2018) further suggest that “support for regional small businesses Internet marketing is likely to be an appropriate government policy option [...] in that expanded internet use can dramatically enhance the scope, reach and competitiveness of regional small businesses”.<sup>5</sup> Research conducted by Deloitte confirms that businesses who are digitally engaged grow faster, employ on average two more people & earn more revenue per employee.

But, as cited in The Australian Small Business and Family Enterprise Ombudsman's *Small Business Counts* report, "there remains a reluctance for micro and small businesses to maximise the potential of the digital economy. While there is little difference between businesses' use of the internet, micro businesses do not appear to use online tools to grow their business".<sup>6</sup> Cyber-security breaches are also a threat for small businesses, 43% of them being the target of all cybercrimes and 53% identify hacking as concern.<sup>6</sup>

Cyber-attacks may target client and employee data, or may attack systems that interfere with the way a product or service works. They are potentially expensive, and can have a real effect on consumer trust and confidence in a business and its products.

It is vital for small businesses to understand what kind of threats they are facing, take steps to minimise the risk of cyber-breaches, and know how to respond to incidents and comply with legislative requirements.

Promising government initiatives in this sphere include the development of a best practice guide on cyber security, support for small businesses to access cybersecurity testing and funding to enable universities to provide the training of cyber-security experts.

Cessnock City Council however rates high in "bizruption", engaging with small businesses online and supporting business owners to develop their digital literacy and renew their digital strategies. Through the online platform and business engagement tool that is Advance Cessnock City, Council's economic development team members are more responsive and better engaged with businesses, promote digital innovation, and provide small and micro businesses owners with the knowledge and tools for growth.

The business community is also made aware of opportunities to up-skill through workshops and training promoted in a Fortnightly Newsletter.

## *II. the need for a public authority to manage the transition;*

### **Triple Helix approach**

It is important that an integrated and collaborative approach be taken by all levels of government to support economic development of the regions and support the transition to jobs of the future. Hefferan and Fern (2018) insist on the value of skills development and the role of government agencies in facilitating and supporting networks between training providers, business associations and individual firms by providing facilities that are relevant in that location.<sup>13</sup> The following is a case study which demonstrates success.

Louisiana Economic Development's (LED<sup>14</sup>) success reinforce the importance of a collaborative approach in developing a productive and competitive workforce through a business-friendly climate attracting business investment. LED works with educational partners to ensure that the occupational demand of its growing sectors is reflected in the curriculum of the state's technical and community colleges, and its four-year colleges and universities. Education institutions collaborate with public and private sector partners across the state to create jobs and opportunity, including the development of regional training centre, industry recruitment, workforce studies and site visits to assess regional employers' needs.

While directly supporting the needs of global corporations making significant capital investments in Louisiana, these educational programs also feed an advanced manufacturing workforce

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<sup>13</sup> Hefferan and Fern (2018). Questioning the Value of Government Support for Start-Up, Knowledge-Intensive Companies: Emerging Evidence and Future Options. *Australasian Journal of Regional Studies*, Vol. 24, No.1

<sup>14</sup> Louisiana Economic Development (2018) Annual Report.



pipeline that sustain many other companies, now and into the future. In addition, LED offered significant tax breaks on capital gains for investors redirecting their gains into qualifying projects in designated "Opportunity Zones", shifting profits from stocks or other holdings into communities needing capital investment and the jobs that come with it. When combined with other state or federal tax incentives, these designated zones have proven especially valuable for investors. LED also offers an extensive database of 180-day development ready certified sites, shortening and reducing development schedules and risks for investors.

LED launched a mentor program to connect small, emerging businesses with larger mentor companies for tutelage, effectively nurturing the existing small businesses to grow. Value added solutions involve linking large companies with in-state subcontractors, including women, minority and veteran-owned businesses. To help small companies develop their export capacity and gain access to new international markets a grant program was also established, covering travel-related expenses and other costs related to international trade shows.

By removing obstacles, reducing bureaucracy, providing meaningful support and eliminating roadblocks, Louisiana Economic Development successfully created a conducive business climate, a reliable talent pool and a productive partnerships with colleges and universities state wide.

### *III. meaningful community consultation to guide the transition; and*

#### **A consultative approach to employment**

Wide stakeholder involvement (public, private, academic and community) is rather cited as "crucial in any planning and governance of regional futures because the ability of societies to adapt with climate change is determined [...] by the ability to act collectively."<sup>15</sup>

CCC took a consultative approach to training needs and skill shortages to plan for shorter term jobs of the future, by conducting a workforce skills audit survey in 2018<sup>16</sup>: local businesses were asked to inform Council about the skill shortages and employment issues they experienced in operating their business now and into the future.

The survey was developed in response to a high workforce volatility challenge across the LGA and a job shift from traditional industries such as mining and manufacturing to the service economy, creating a changing demand in the range and types of skills needed by a current and future workforce. The key guiding principle for the development of the skills audit was collaboration, the project being delivered by Council's Economic Development Unit as part of the Advance Cessnock City partnership of Cessnock City Council and 11 local Chambers of Commerce and industry bodies.

Over 1,000 businesses provided feedback to the survey which is considered a significant response. Following the collation of the information obtained, key stakeholders, including job network agencies, the training and education sector and representatives of business were also consulted to determine the next steps and action plan. Training programs that directly address the identified skill shortages were then established in collaboration with TAFE NSW, chambers of commerce and local businesses.

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<sup>15</sup> Bosomworth et al (2017). Living in uncertain landscapes: an NRM lens on the implications of climate change for regional futures. *Australasian Journal of Regional Studies*, Vol. 23, No.3

<sup>16</sup> Cessnock City Council (2018), Cessnock City Skills Audit 2018, <https://advancecessnock.com.au/cessnock-city-skills-audit/>

These programs targeted groups facing higher barriers to employment including unemployed residents, youth, indigenous persons or people living with a disability. The program also identified how governments, training bodies and institutions can return value to businesses by planning and providing programs to develop a future workforce with specific attributes required by businesses.

The consultative approach has been instrumental in determining the need and outcomes for:

- The development of a first of its kind STEM partnership between Cessnock City Council and the NSW Department of Education to test ideas in the development of a NSW STEM curriculum and focus on student engagement and retention (development of future talent).
- The development of a partnership between TAFE NSW and Cessnock City Council to program training to upskill existing workers, and job seekers in response to identified business skills needs.

The local job agencies also identified that registering for TAFE was not an easy process for applicants and assisted with their enrolment, enabling the minimum numbers for the classes and courses to go ahead. They also assisted in engaging employers to conduct work experience programmes, giving them a prospective look at potential employees and giving employees “real work life” experience.

Using the collective results of the Skills Audit has supported TAFE NSW to demonstrate demand to expand their service operations in the LGA, and have negotiated and influenced the potential for TAFE to relocate their air logistics, piloting and other aviation courses into Cessnock Airport.

Expected outcomes include either employment for the participant (casual, part time or full time), continuation of training and education (further studies and certificates) or volunteering opportunities (training and education).

A further outcome from the Skills Audit showed that employers are confused about what actions to take when employing staff which means they are reluctant to take this initial step. Cessnock City Council is also looking at workshops for business owners for them to know how to better recruit and employ.

#### ***IV. the role of vocational education providers, including TAFE, in enabling reskilling and retraining;***

### **Education training must meet local business needs**

One key finding of the Cessnock City Skills Audit 2018 is the connection between businesses and the tertiary education sector as the missing link. This is not only a local matter, the separation of training outputs and business workforce needs is a nationally recognised issue.

Speaking at the Independent Tertiary Education Conference on 22 August 2019, the Australian Small Business and Family Enterprise Ombudsman said education professionals must consult with local small businesses so they can train the right people with the right skills.

The strongest growth is predicted for industry sectors where the main source of skills is Vocational Education and Training (VET) such as aged care, disability and child care as well as construction and hospitality.

“Small businesses need VET providers to be more flexible in their approaches to training workers, including tailoring courses to match the skills needed by employers. Instead of

concentrating on whole qualifications, they should provide a variety of short courses that build a skills profile that makes workers more employable to the small businesses in their community. If training organisations genuinely engage with small employers, new markets will open and enrolments will grow".<sup>17</sup>

## **Building Transferable skills**

The need for diversification of industry also leads to a need for diversification of the labour force. There needs to be an emphasis on building a labour force with 'transferable skills' – that is, skills that can adapt to changes within the industry of employment as well as across diverse industries (recognition of opportunities horizontally across industries).

## **Target pathways into jobs rich industries**

In regional areas where mining has been a significant employer, there can be lower levels of aspiration within children to pursue further education. This is because these children's social norms suggest that a high income can be achieved without a trade qualification or university education. As a consequence of accessible high paying jobs and exaggerated wages and salaries forms a culture that devalues any esteem linked to securing a higher education.

Emphasis should be placed on attracting young people into training that is relative to targeted projected jobs growth sectors. Health Care and Social Assistance, Education and Training and Professional, Scientific and Technical Services and Accommodation and Food Services are set to provide the largest numbers of Australian jobs.

## **Facilitating Vocational experience**

Research<sup>18</sup> supports that funding should be used for job creation where training is linked to jobs and a pathway to a permanent job is created. Work placements and on the job experience are more beneficial for employment outcomes than group work projects to a student's aptitude and experience valued by employers<sup>19</sup>. This creates candidates of greater value to employers as they have acquired appropriate work skills.

## **Invest in the future talent and upskill existing workers**

Technological advancement is a double-edged sword. For all the advancements in productivity it offers, it also has the potential to render five million Australian jobs redundant by 2030. It is important to implement holistic approaches which support regional populations who might be marginalised, increase workforce participation, and adapt to the needs of current and future employers.

Not all existing jobs are vulnerable to the "Jobs of the Future" paradigm: there are occupations more likely to avoid computerisation and automation. These include the services industry that require soft or people skills and a level of nuance in human interaction that has yet to be successfully replicated by computer programming.

The Job Vulnerability in Australia Report (2018) cites that workforce development is required in order to address both technical and soft skills gaps required by the upcoming demand. Regions

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<sup>17</sup> Australian Associated Press, Media Net Release, Media Statement, 22 August 2019

<sup>18</sup> Borland, J. (2015) "The Australian Labour Market: The More things Change..." *The Australian Economic Review*, 48:3, pp225-42

<sup>19</sup> Australian Jobs 2015, Department of Employment

with innovation and entrepreneurial skills will be the most adaptive to the changing nature of work. For the Hunter Region, the report recognised that Cessnock Local Government Area (LGA), had the largest proportion of highly vulnerable jobs, at 30.1%, and higher than the Australian average of 26.5%<sup>20</sup>. The most vulnerable jobs have been identified in sales, hospitality and food.

The Regional Australia Institute also advocate for ongoing skills development, and transferrable skill sets in regional Australia. They say remaining adaptable to any future workforce challenges is a priority for regional areas, and ongoing investment in skills development is crucial<sup>21</sup>.

A pathways program could assist to upskill existing workers to move up into higher level roles, creating job vacancies and career entry opportunities for clients from government employment programs such as Jobactive or Disability Employment Services, contributing to lowering the overall local unemployment rate. Aspirational pathways and horizontal pathways across industries can be identified.

### *f) the use of renewable resources in Northern Australia to build a clean energy export industry to export into Asia; and*

#### **Renewable energy as an economic development strategy**

The Beyond Zero Emissions' report (2019) suggest that embracing clean energy and replacing gas-fired electricity with solar power and batteries in the Northern Territory could expand the electricity, mining and mineral processing industries while also reducing household costs by up to 80% for transport costs and up to 30% for energy bills.<sup>22</sup>

By pursuing what has been named the "10 Gigawatt Vision", the NT Government could not only prevent 20 billion tonnes of carbon emissions from entering the atmosphere, but create an estimated 8,000 new jobs in the manufacturing and the renewable technology sectors, generating over \$2 billion in revenue by 2030.

The 10 Gigawatt Vision calls for mines to transition to clean energy (wind, solar) and electric machinery and industrial sites to run on solar rather than gas or diesel. It relies on the NT and federal governments to fund common infrastructure and create incentives for renewable-powered manufacturing and minerals processing.

Shar Molloy, director of the Environment Centre NT, says the NT remains "incredibly focused" on gas, in part due to a belief that renewable energy is more expensive. However, Eytan Lenko, chairman of Beyond Zero Emissions, says that "the NT has the best renewable energy resource in the world and renewable energy is the cheapest form of energy".<sup>23</sup>

Molloy further support that "this is an incredible export opportunity. There are markets in Asia that simply do not have the resource or space to do this themselves."

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<sup>20</sup> Regional Australia Institute (2018), Job Vulnerability In Australia.

<sup>21</sup> The Regional Australia Institute (2018). Riding the next wave of automation in rural Australia: Safeguarding agriculture and rural labour markets through migrant work and skills development

<sup>22</sup> Beyond Zero Emissions (2019), The 10 Gigawatt Vision. How renewable energy can power jobs and investment in the Northern Territory, Online version accessed 27 August 2019, <https://bze.org.au/research/regional/repowering-nt/>

<sup>23</sup> Adam Morton (2019), Clean Energy found to be a "pathway to prosperity" for Northern Territory, *The Guardian*, Online version accessed 27 August 2019, <https://www.theguardian.com/australia-news/2019/jun/20/clean-energy-found-to-be-a-pathway-to-prosperity-for-northern-territory>

## Recycling waste into high-value, exportable products

Australia's waste management issues are increasing with China and India restricting the import of its waste. The Beyond Zero Emissions' report (2019) that waste products such as plastic, paper and glass could not only be recycled using renewable energy (wind, solar), but turned into raw manufacturing material that could be sent to China or used in new NT-based industries developing renewable energy equipment such as solar panels or batteries.<sup>24</sup> The notion of circular economy and industrial ecology can be an area of investigation to realise economic outputs through reusing our waste and increasing productiveness and effectiveness of manufactured products.

## Transition challenges for mining regions

For remote or regional areas where mines are the mono-industry, such as Cessnock LGA, transition to low-carbon pathways present a real economic and social challenge for their communities and workers.

In its closing review on shifting conceptualisations for regional futures, Coenen (2017) state that "when considering the coming climate crisis, efforts by regions to be innovative, adaptive and entrepreneurial are not just a matter of opportunity but equally of necessity, survival and, ultimately, resilience."<sup>25</sup>

But, with over 100 years of mining in the Cessnock LGA, deeply held values on water and land use have emerged from such an extensive period of resource extraction. Research however caution against strong beliefs and ideologies for regional governance facing climate change, stating that a dominating pattern of values can act as barrier to adaptation and undermine sustainability.<sup>26</sup>

## *g) any related matters*

### Other regional challenges in employment

Employers in regional areas often find it difficult to compete with the remuneration and career opportunities offered by employers in the metropolitan areas or by dominant sectors such as mining. In most small to medium businesses, by far the biggest cost item in their budget is wages.

Compounding this issue, some businesses, particularly micro and small businesses who have the greatest capacity to employ and create jobs in regional Australia, are struggling to navigate how to employ. Employers and potential employers are confused about what actions to take when employing staff, reported a perceived difficulty in superannuation and payroll or issues with casualisation.

Some businesses surveyed by CCC for the Cessnock City Skills Audit in 2018<sup>16</sup> expressed they are opposed to recruiting from within the local pool of jobseekers and perceive that local recruitment in the regions can be challenging. These employers are looking outside the LGA to recruit staff and have an aversion to direct employing local people, citing issues with work ethic

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<sup>24</sup> Beyond Zero Emissions (2019), The 10 Gigawatt Vision. How renewable energy can power jobs and investment in the Northern Territory, Online version accessed 27 August 2019, <https://bze.org.au/research/regional/repowering-nt/>

<sup>25</sup> Coenen (2017). From sustainable to resilient regions? Shifting conceptualisations of regional futures: a closing review. *Australasian Journal of Regional Studies*, Vol. 23, No.3

<sup>26</sup> Bosomworth et al (2017). Living in uncertain landscapes: an NRM lens on the implications of climate change for regional futures. *Australasian Journal of Regional Studies*, Vol. 23, No.3

and attitude to work, applicants who break trust or become unreliable, and both technical and soft skills or just overall challenges with previous negative employing experiences and how to engage an employee in general.

Strategies combatting employability and worker traits, and even preventing disengagement through engaging immersive education such as a focus in STEM could have greater results in the regions.

Responses towards Cessnock City Council's Economic Development Jobs Portal however demonstrate businesses are open to and generally want to utilise local recruitment. Raising awareness of employment processes, highlighting positive case studies and re-education of businesses through local economic development initiatives at the Council level could prove to be a successful strategy towards reversing negative attitudes to employing locally or employing in general.

CCC's study<sup>16</sup> has found local businesses are overwhelmed with the rules and regulations, compliance and confusion of how to employ. Instead the Cessnock City Skills Audit identified some businesses went out of their way to hire contractors or outsource work instead of direct recruitment.

To highlight some of the confusion and barriers experienced by small businesses in taking on new employees:

- Payroll tax can inhibit employment if a business knows they will incur a liability. Payroll tax thresholds also have no consistency around Australia and are not unified. Thresholds vary from \$650,000 in Victoria to \$2,000,000 in the Australian Capital Territory. The rate varies from as low as 2.50 per cent to as high as 6.85 per cent<sup>27</sup>. In NSW there have been recommendations for a metro vs regional zone with differing rates. Compliance with payroll tax obligations can consume significant time resource for businesses,<sup>28</sup>
- The differences between an "employee" and a "contractor" and employer obligations.
- Landmark decisions on casual employees and permanent entitlements adding to fear and confusion of small businesses<sup>29</sup>.
- Perceived issues with meeting the correct Awards and Agreements, the difference in National industrial relations, vs state etc.
- Small businesses without policies or procedures in place may find it harder to manage employees, dismiss due to misconduct and meet their obligations.
- Crackdown on the black economy by the Australian Taxation Office (ATO). Some small businesses have expressed concerns that the ATO will be targeting those who hide, falsify or deliberately under-declare their income. They will also be looking at anyone who underpays staff superannuation and wages, particularly through cash-in-hand payments. Reports may incite fearmongering amongst smaller firms trying to do the right thing, but become resistant to employ in the case it might be too hard to comply.
- The risk and aversion to Fair Work issues incl unfair dismissals and harassment.
- An increase in reports in the media of employers not fulfilling their financial obligations to their staff. This is both in terms of underpayment of wages, and also non-payment of their superannuation guarantee contributions. Due to the effect of compound interest,

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<sup>27</sup> <https://www.payrolltax.gov.au/harmonisation/payroll-tax-rates-and-thresholds>

<sup>28</sup> Office of the NSW Small Business Commissioner (2018)  
[https://www.smallbusiness.nsw.gov.au/\\_data/assets/pdf\\_file/0011/173981/Submission-to-the-Board-of-Taxations-Review-of-Small-Business-Tax-Concessions-2-August-2018.pdf](https://www.smallbusiness.nsw.gov.au/_data/assets/pdf_file/0011/173981/Submission-to-the-Board-of-Taxations-Review-of-Small-Business-Tax-Concessions-2-August-2018.pdf)

<sup>29</sup> <https://advancecessnock.com.au/landmark-decision-affecting-casual-employment-in-all-industries/>

delays or non-payment of these quarterly payments can quickly add up to a major loss of earnings in an employee's super account.

- Introduction of Single Touch Payroll and new laws has added a layer of confusion for small employers.
- Staff turnover costs can prove to be significant burdens for smaller businesses.

## 4 Strategic Recommendations

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Based on the previous discussion the following strategic recommendations are posed for consideration:

1. Continue the commitment and undertakings of the Australian Small Business and Family Enterprise Ombudsman nationally, and support to state level equivalents
2. Australian Government leadership on faster payment terms
3. Commitment to local economic development funding programs through continued community funding streams such as the Building Better Regions Funding.
4. Advocacy, incentives and support to businesses in the regions to increase business survival rates, unlock productivity and achieve greater economic resilience (e.g. capacity building and development, business skills, cut red tape).
5. Encourage and commit to a national approach, implement a strategic framework, led by all levels of government to reinforce local economic development and sustainable employment in the regions.
6. Acknowledge and reinforce the role of local government in the small business ecosystem.
7. Continued investment in regional infrastructure and community development which unlock liveability for working families, enhance lifestyle attributes to support population growth, and ensure the viability of jobs of the future in the regions.
8. Advocacy, support and investment in workforce development.
9. Incentives and reduced barriers with consideration to:
  - a. payroll tax reductions;
  - b. cash rate loans for businesses purchasing of assets, buildings and renovations;
  - c. easily accessible funding grants towards relocation costs for skilled migration;
  - d. higher R&D tax-offsets if undertaken in a regional centre;
  - e. tax-offsets for employee relocation costs;
  - f. employment support and incentives such as contributions towards salaries for each employee, hired from the host community;
  - g. increased funding to the host community for local skill development.
  - h. advocacy and support for reduced red tape at all levels
  - i. continued taxation concessions or support towards reduced taxable transactions for regionally based employing businesses (e.g. motor vehicle registration and transfers, insurance policies, leases and mortgages, hire purchase agreements, stamp duty.)
  - j. penalties or disincentives to retain vacant commercial land or rental premises in regional Australia
  - k. incentives for landlords to activate empty commercial spaces with social enterprise, micro business or place making activities.
  - l. housing affordability stimulus specific to regions.