

19 August 2013

Geographic Labour Mobility study
Productivity Commission
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Melbourne VIC 8003
labour.mobility@pc.gov.au

Dear Commissioner,

I write to you in relation to the Productivity Commission's Issues Paper on Geographic Labour Mobility.

Business SA is South Australia's leading business membership organisation, representing thousands of businesses through direct membership and affiliated industry associations. We represent businesses across all industry sectors, ranging in size from micro-business to multi-national companies. Business SA advocates on behalf of business to propose legislative, regulatory and policy reforms and programs for sustainable economic growth in South Australia.

Business SA was pleased to be involved in the initial consultations regarding the Productivity Commission's study on geographic labour mobility in Australia and would like to formally thank the Productivity Commission for taking the time to meet with Business SA in Adelaide during the consultation period.

Business SA has members all across South Australia and we know that our members in regional areas often have different issues and concerns compared to businesses in the Metropolitan area. Whilst it is often hard to find appropriately qualified employees in the metropolitan area, this task can become even harder in regional areas, and many businesses struggle to attract the employees that they require.

The members in regional areas that Business SA consulted with when preparing a response to this report indicated there were external factors that they had very little control over, as reasons why it is hard to find suitable employees in regional areas and entice potential employees to move to regional areas.

Business SA consulted with members that were based in Port Wakefield, Millicent, Bordertown and Mt Gambier. With the exception of Mt Gambier, which is a fairly large regional centre with a population of about 30,000, the other towns are relatively small regional towns.

Similar feedback was received from all the businesses with regards to external factors, such as infrastructure, that proved a deterrent in attracting employees to the region. Businesses highlighted that often potential employees were hesitant to move to regional centres due the lack of health and education services. One business, located in Port Wakefield, also highlighted that there was inadequate public transport in the area, or to and from Adelaide, and hence anyone who decided to move would need to own a car.

Another external factor that was highlighted by the businesses was that potential employees were unwilling to sell their property and purchase another property due to the high burden of stamp duty. This is particularly the case in South Australia which has a very high stamp duty burden compared to other states. Business SA also notes that often businesses themselves are hesitant to relocate, even if better facilities could be provided elsewhere, due to the associated taxes will buying and selling properties. Our members regularly complain about the high cost of doing business in South Australia and stamp duty and land taxes are two of the most cited costs along with payroll tax.

On particular business located in Millicent, offers a stamp duty 'refund' to some of its new employees that purchase a house in the area within a year of taking up full time employment. The business has used this in some employment contracts to assist in attracting senior management employees to the region. This business also offers employees that relocate to the region an option to send their children to Adelaide for secondary or tertiary education and pays some of the expenses associated with such education. This is negotiated individually but the business believes it is an important aspect of attracting employees to the region as secondary and tertiary education options are limited in the area.

However, as you would appreciate not all businesses, and in particular small businesses, have the 'capacity' to offer such incentives to attract new employees.

The members that we consulted in regional areas also highlighted that for the lower skilled jobs, such as factory work, they found it relatively easy to source these employees from people already living in the area. It was for more senior and skilled roles, such as management positions that they usually needed to source from outside the regional area and relocate them.

The one exception was a food manufacturer located in Port Wakefield that finds it difficult to source local employees and often has employees that commute from the outer suburbs of Adelaide or further north. This often means employees have to commute up to 50-60km each way which creates problems with the retention of staff, as long commutes combined with the requirement to work shift work, have an adverse effect on retention. The business is currently reviewing the shift work starting and finishing times to make it easier for people to commute, and it already offers a car pooling service to its employees.

This particular business believes that Port Wakefield simply does not have enough housing in order to provide or attract local staff and hence, due to their large land availability, investigated building on-site accommodation for its employees. They did not proceed with the project because whilst the cost of building the accommodation was not overly expensive the cost of infrastructure, specifically an electricity transformer that would be required, was prohibitive. This is a clear example of infrastructure in regional areas being a problem for further development.

Business SA knows from our members that they would prefer to hire local staff where possible; however, in regional areas this is not always feasible. Some of our members, particularly in manufacturing, also use 457 Visas to ensure that they can meet their workforce requirements.

Business SA looks forward to the final report and to continuing to be involved in this process.

Should you require any further information, please do not hesitate to contact Mr Rick Cairney, Director of Policy on telephone (08) 8300 0060.

Yours sincerely

Nigel McBride
Chief Executive Officer