

Keeping up the Pressure

The start of 2010 is one of the busiest that I have been involved with since joining the Chamber. Changes to the Industrial Legislation landscape and preparation for a National Occupational Health and Safety regime has meant that the business community has had a lot to deal with in a relatively small timeframe and many are struggling to just keep up. As such, there has been strong demand from the membership base of the Chamber for assistance in interpretation, formulation, development and production of relevant policies and instruments to keep the business community informed and compliant with the requirements. That work is going to continue for some time to come as there are still many issues that will need to be resolved over the coming months.



The new Award Modernisation legislation took effect from 1 January 2010 and there is a further group of changes due to commence from 1 July. For many small businesses, right throughout the Territory, this is all uncharted waters as they have not been subject to awards in the past or have been unwilling or unable to meet all of the legislative requirements. The introduction of the National Employment Standards has also meant that some past practices are no longer applicable in the current environment and if the business owner has not done their homework there is a real risk of being in breach of the legislation. To complicate matters even further the new legislative watchdog, Fair Work Australia, is not able to uniformly apply the legislation as many aspects are open to interpretation and subject to change as issues raised amend the conclusions provided. A question asked today can receive an answer which may be revised tomorrow and rescinded in a couple of days with a completely different answer being given. At the time of writing we have a single question with two completely different answers, both of which would have a financial impact on the employer and offer no comfort at all by going with the wrong one.

The harmonisation of Occupational Health and Safety legislation is progressing well with the model legislation already prepared and put out to stakeholders. At this stage the model regulations are still undergoing development and considerable work is being done by both the union and employer movements to ensure that as many areas of concern are properly addressed. From the Territory perspective, the NT Act that was introduced in 2008 goes a long way towards the issues addressed in the model act although there are still some areas of difference. The regulations will introduce a number of concepts that have not been dealt with before in the NT and employers in some industries will need to ensure that they are keeping themselves informed to avoid finding themselves in breach of the new legislation once it is introduced.

A continuing concern for the Chamber membership, irrespective of where it is situated, is the current housing shortage in the Northern Territory. The Government has been big on making announcements about the release of land in this area or that area but with April fast approaching, there appears to be little action to back up the words delivered.

Whichever way you look at the situation, the current housing shortage is attributable to only one cause, lack of government planning and action over the last ten years. The Chief Minister acknowledged that fact but the Government seems to be unable to overcome the inertia created by its own policies and fire up the machine to deliver requirements. The Government also appears to lack an understanding of market forces and the impact of current land release policies. They are driving prices higher and making affordability even more difficult and entry level housing more expensive. At a recent presentation delivered by the esteemed and well known demographer Bernard Salt in Alice Springs, one of the clearest messages was simply this; affordability starts with a two, not a four or five. Affordable housing must be less than \$300,000 if the Territory wishes to compete with both internal and external migration plans. If it is not, the economy will suffer. Market forces working the way they do, the Territory government could release 1,000 blocks of land in Palmerston tomorrow to first home buyers at \$5,000 each, if they had them, and it would not alter the price of a single block of land for sale anywhere else in the greater Darwin region. The same fact holds true in all of the other major centres. There are certain conditions that would need to be applied to those blocks but the simple fact is that the Government's lack of planning and the bureaucracies lack of understanding is negatively impacting business growth and opportunities right across the Territory.

At the beginning of this year the Chamber predicted that one of the issues facing the business community would be the availability and cost of credit for both operational and expansion programs. The Reserve Bank has already started the ball rolling by increasing the cash rate to 4% at the March meeting. The language suggests that rates will continue to rise to "normal" levels across the course of the next twelve to eighteen months. What "normal" means is anybody's guess but the experts suggest that a "normal" rate is around 5% or 6%. The business community is aware that loan "risk" premiums have increased markedly in the wake of the Global Financial Crisis. As such, business is paying well above the home mortgage rate for access to funding and this is going to increase further as we approach that "normal" mark. Add to that a shortage of available credit providers, given the withdrawal from the Australian market by a number of players, and the clear domination the big four banks have in the marketplace, thanks in no small part to the fiscal policies of the Federal Government which gave the banks a competitive edge and forced others out, the recipe for a credit crunch is well and truly on the boil with small to medium enterprises sure to bear the brunt. Given the size of this sector the employment effects could be more far reaching than anybody has imagined.

We currently await the release of the Territory budget in early May. It is interesting to note that the Treasurer is already talking about it being a tough budget for tough economic times while continuing to maintain the progressiveness and activity of the Territories economy. More importantly, there has been little or no consultation whatsoever with the business community leading up to the formulation of the 2010 budget.

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