

Dear Members,

Welcome to 2009, a year that is shaping up to be like no other in many ways. There are challenges aplenty for us all this year as the economy starts to slow down, credit and funding arrangements become harder to arrange or even come by, the full impact of the Global Financial Crisis is felt across many sectors and we come to terms with new expressions like “toxic assets” and “bank bailout”. On top of that, of course, we also have the changing industrial environment in Australia as well as the modernisation of the entire award system. It is going to be a tough year to keep up the business and stay abreast of all of the changes going on.



Without a doubt, the impact of the Global Financial Crisis is going to be felt in the Territory. We are not immune to its effects nor is there sufficient new business coming on stream immediately to offset any downturn. We are, however, far better placed to minimise the fallout from the crisis and, with some imagination and a bit of clever planning, should be able to continue business operations and keep the majority of our employees at the same time. Some sectors of the economy are already experiencing difficulty, particularly resource exploration and certain mining operations. Others are not so exposed or have discovered additional opportunities in the current climate. Many businesses are still busy with the backlog of work left over from last year and this will take some time to clear.

Of major concern to the Chamber of Commerce is the availability of finance within the market to allow business to borrow and continue to operate. We have all been told that there will be a credit squeeze and that finance will be harder to obtain. The difficult question has been to quantify this within the local (Australian) market. Many overseas banks with facilities within Australia are starting to withdraw their funds back to the host organisation and main country. This is due to a large number of factors but includes bank amalgamations which have changed the lending criteria of many risk taker institutions, the virtual nationalisation of a number of the larger banks, who now have a country government dictating where they can lend their money and a general cautiousness to lend into foreign markets. Our local banks are going to be hard pressed to fill the void created by this money drain, so higher risk, lower return projects will have increasing difficulty attracting investors. Although we have seen a reduction in interest rates on personal loans come down, business lending rates have remained fairly high and could be pushed higher still when demand really kicks in. Current estimates are that over \$100 billion in loans are due for re-financing in the first six months of this year. A large portion of those loans are with overseas institutions who may wish to withdraw their funds from the local market.

It has been said by some that 2009 is likely to be the most significant year in industrial relations since 1904, the year labour relations laws were passed by the fledgling Commonwealth of Australia. It remains to be seen if that proposition holds up although there are many signs that would suggest that it will be true. What can be said with complete certainty is that if you are an employer of staff you will be affected by the changes taking place this year, even if you do not yet know it. Heard it all before? They told us this was the case with Workchoices but nothing changed for me! As I mentioned above, even if you don't know it, these changes will affect your business and could leave you exposed to costly fines and remedies if you do not take the necessary steps to ensure you are

covered. The processes this year are broken down into two major components. One is the new "Forward with Fairness" legislation which is currently before parliament and which will take effect in two steps, at 1 July 2009 and then at 1 January 2010. The second is the Award Modernisation process being undertaken by the Australian Industrial Relations Commission which intends to reduce the number of active awards in Australia down to around 200 from the current 4,000 plus.

The "Forward with Fairness" legislation has a number of impacts on small business. Firstly there is the right of union access to any workplace that could contain a potential member of that union under their industrial coverage. That right of access currently extends to examination of payroll and other employment records. Secondly, the unfair dismissal protection to small business is completely removed. All business must now follow the legislated processes to remove an employee, except while they are on probation. Union involvement in industrial wage negotiations is now far easier for the union to achieve and business (the employer) cannot seek to have the union excluded from that process. These are but a few of the many consequences from the new legislation, the final version of which is still a month or more away.

Award Modernisation, however, is going to have as great an impact on business for one simple reason. If you are an employer of staff in a workplace subject to the federal industrial relations laws you will be required to conform to one or more of the "modernised" awards. It does not matter if you do not employ staff under an award; the award modernisation process says that you will be subject to an award anyway. You will be required to pay your staff and meet all of the conditions of whichever award is applied to your workplace, so as a business you need to be aware of which awards are available and which ones you are likely to be a part of. For many smaller work places this is the first time that you will have been exposed to an industrial instrument. Just as importantly, to demonstrate compliance with any particular award, you will need to keep the appropriate records so that you can prove your compliance.

As I said at the beginning, 2009 is shaping up to be a very interesting year. I hope it is a safe and prosperous one for you and your family. Remember, the Chamber of Commerce can and will help you and your business through the changing economic scene during this year. Our people are informed and up to date with the ever changing climate and have the necessary expertise to assist your business.

Chris Young
Chief Executive Officer