

31 March 2021

COSBOA Communiqué

“Never been a better time for unskilled workers” – the current Labour force challenges for SMEs.

SYNOPSIS

COSBOA’s *COVID-19 Roundtable* provides a forum for COSBOA’s member organisations to caucus issues associated with the COVID-19 Pandemic and discuss what actions might reasonably be pursued by Australian governments to maintain the economic vitality of Australia’s small business sector.

The latest meeting was conducted on Wednesday 31 March 2021. This meeting was called against a background of COSBOA member bodies calling for action on labour issues as a result of their small business members reporting significant difficulties in securing new employees. In addition, the meeting was convened just three days after the formal conclusion of the Australian Government’s 12-month JobKeeper initiative.

The meeting discussion was conducted in two parts. The first part sought to canvass participant feedback on the nature of the current employment challenge being faced by small business owners. The second part focussed on what strategies, if any, could be adopted to resolve the current employment difficulties being experienced by Australia’s small business owners.

A summary of the key points arising from this latest roundtable meeting is provided below.

KEY THEMES

- 1. Small business owners are currently reporting significant difficulties in recruiting employees in the post COVID-19 economic climate.**
 - Numerous industry sectors are reporting significant challenges in recruiting staff (both unskilled and skilled) for their businesses. For many, this failure represents a growing opportunity cost for both the individual enterprise and the wider national economy. Some businesses are reporting that they are being forced to handoff customers to their larger competitors as a result of not being able to recruit staff to support growing customer demand in a post COVID-19 context.
 - Contrary to expectations, businesses are encountering difficulties in recruiting new staff in both CBD locations and regional locations. The issues do not appear to be limited to any single Australian state or territory – albeit that the nature of the underlying causes appear to differ slightly between jurisdictions.

- There was a general consensus that COVID-19 had not created these challenges, but rather appears to have exacerbated longer-term employment trends that pre-dated the COVID-19 Pandemic of 2020.
- 2. The underlying cause of the current SME employment challenge cannot be attributed to a single cause. Rather, the current difficulties appear to be due to the simultaneous interplay of a number of factors. In all, a total of four factors were cited by roundtable participants.**
- ***Near total loss of incoming migrant labour and international university students.*** All participants pointed to a marked contraction of the national labour force as a result of the cessation of immigration (both permanent and temporary) and the loss of international students in the university sector. These two factors have significantly reduced the employment pool used by SMEs for seasonal and casual labour in BOTH regional and CBD locations.
 - ***An overly complex and bureaucratic visa system that has not been adapted to compensate for the dramatic reduction in visa workers in a post COVID-19 climate.*** Participants cited 9-month delays for sponsored visas and the arcane nature of the requirements of some visas which force worker to relocate from their jobs in metropolitan areas to regional areas. Problems were also cited with long delays experienced by international residents who had accompanied highly skilled expatriate Australians returning home (with suggestions that these delays would likely result in these recently acquired and highly skilled workers leaving Australia again as a result of their spouses or family members not being allowed to work in the country within a reasonable timeframe).
 - ***Mismatch between the labour supply and labour demand that is further exacerbated by accommodation challenges for new employees in regional areas.*** Regional businesses were reporting that one of the principal barriers to securing new employees was the lack of affordable accommodation in their community. It was suggested that this problem was due to net population outflow from metropolitan to regional areas (i.e. increased home purchase rates) and increased temporary accommodation demand from increased domestic tourism (e.g. Airbnb), which is effectively incentivising use of available temporary accommodation for higher profit tourism at the cost of medium to long term accommodation for local workers.
 - ***Apparent ineffectiveness and reduced relevance of electronic recruitment platforms AND national jobactive program for SMEs in a post COVID-19 economy.*** There was a strong view that the utility of electronic recruitment portals (e.g. Seek) for SMEs has diminished markedly in a post COVID-19 environment. Participants were also critical of the Federal Government's jobactive program in that this program does not provide the level of 'community granularity' that is essential for successful small business recruitment actions. In effect, there are suggestions that these electronic platforms are being 'gamed' by JobSeeker recipients to demonstrate compliance with the mutual obligations of this program.
 - ***Unintended adverse consequences of COVID-19 policy initiatives.*** Some participants noted that one of the minor downsides of JobKeeper – which pale into insignificance compared with the national economic benefit of this scheme – is the fact that this program allowed 'zombie' businesses to retain staff, depriving viable businesses of workers.

3. Short term changes to the operation of the national visa program, together with a redesign of the national jobactive program would likely assist with the resolution of the current employment challenges being experienced by SMEs.

- Participants suggested that there was a need to make substantial changes to the current operation of the national visa worker system, even if only for a temporary 2-3 year period. Potential changes could be limited to SMEs and might include:
 - a) Removing the 20-hour cap on weekly hours worked by the small number of international students that remain in the country.
 - b) Relaxing regional relocation requirements for those on relevant classes of working visas
 - c) Streamlining the sponsored visa process to the point of reducing processing times from the current 9 months to 3 months.
 - d) Expanding eligible occupations for visa workers for SMEs.
 - e) Streamlining the process for residency approvals of spouses that have returned to Australia with highly skilled expatriate workers.
- Introducing a new place-based employment initiative for SMEs – even if only via a series of pilots – to deliver a fit for purpose local employment mechanism for SMEs in regional areas of Australia.

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