

SE Features
HD **Green shoots of recovery point to prosperous times for business**
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The fortunes of small businesses at Prosperity Place mirror those around the nation

LITTERED with signs screaming ``For **Sale**'' and ``For Lease'', Prosperity Place is a dead-end street that leads into a once-buzzing industrial **estate**.

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The global financial crisis struck hard in this working-class suburb of Geebung, decimating businesses in the Brisbane electorate of long-time Labor treasurer Wayne Swan.

Gibbins Motor Bodies, on the junction of Prosperity Place and Fortune Street, went belly up in 2012. A year later, the **estate**'s biggest tenant, PPI -- a **company** that had manufactured irrigation equipment for a quarter of a century -- went into liquidation. Dozens of workers were laid off before rival pipe manufacturer Damos rescued the business. Another newcomer is the council ``Tip Shop'', where junk is **sold** on weekends for charity.

Other businesses bled money and shed staff yet, like thousands of small enterprises across the country, managed to weather the near-miss recession through ingenuity, brutal cost-cutting and a shot of ``she'll be right'' optimism. Five years after the start of the crisis, the occupants of Prosperity Place are starting to sprout the green shoots of Australia's fragile economic revival.

Laurence Svenson bought the space for his German Autos mechanical workshop off the plan when the **estate** opened 18 years ago. Despite a loyal base of customers bringing their Volkswagens and Audis for a service, he has yet to fully recover from the downturn.

``Before the GFC, we were booked up to six weeks ahead,'' he recalls. ``After the GFC it was down to two or three days ahead, and if you told people they had very little tread on their tyres, they'd still drive it for another month or two.''

With three employees, Svenson has no intention of expanding (``you can't keep control'') and laments that he needs to teach remedial science to new apprentices.

``If you don't know how something works, you don't know what went wrong,'' he reasons. ``Kids don't get practical experience nowadays. Fathers don't have the backyard shed any more, where their dad fixed the lawnmower; now they go down to Harvey Norman and **buy** a new one.''

Last year, Svenson took on a new apprentice: his 26-year-old son, a qualified carpenter and builder who could not find enough work in the building industry during the downturn.

Despite the supposed ``housing-led recovery'', Tait Svenson still watches his mates struggle.

``I've got a mate who was a plasterer working for a big **company** and he just got let go,'' he says. ``A lot of the bigger renos have slowed up. I wasn't making any money: there wasn't work around and one of the companies I worked for has gone under.''

Sota Tractors moved into Fortune Street last year, filling the prime space left by Giblyns Motor Bodies. Whereas Giblyns manufactured vehicle bodies in-house, Sota imports tractors made in **China**.

Fifty-year-old Nigel Cheadle, who works at the Geebung warehouse, worries about job security. He is tipping every spare cent into the mortgage and hopes to pay off the house by year's end. If big companies such as Qantas, Holden and Telstra are shedding staff en masse, he reasons, how safe are the smaller ones?

"I don't spend much money as I get older," he says. "It's beer and food and petrol, the daily things. You hear so much about people being unemployed, especially with Holden and Toyota (shutting down their factories), and I think, 'Gee, are we all going to just be cleaners and bartenders?'"

Cheadle will need to keep working until he is 67 and is not impressed by Joe Hockey's musing about raising the retirement age even higher: "If you can't get work at 50, how are you going to get it at 60 or 65?"

Since the start of the financial crisis, 370,000 Australians have joined the dole queue. Back in January 2008, when 4.1 per cent of the workforce was unemployed, there were 458,500 people looking for work. Now the unemployment rate has soared to 6 per cent, and 728,600 Australians are jostling for a job. One in five has been looking for longer than a year.

Youth unemployment has crept from 10 per cent at the start of 2008 to 13.4 per cent of 15-24-year-olds today. Among middle-aged Australians, the jobless rate has jumped from 2.8 per cent to 4.6 per cent.

GW Fasteners, its retro-red shelves tidily stacked with an obscure collection of hard-to-source screws, tapes and adhesives for the building and manufacturing industries, had to sack staff when its turnover shrivelled by 60 per cent during 2009.

"We laid a couple of people off, the delivery drivers," says owner Dean Williams. "It's not as bad now as it was, and I'm quite confident that this year there'll be a lot of work there."

Williams still employs four long-serving staff and has no beef with workplace laws: they have been a team for 15 years and "get on really well". What he would like, though, is for the federal government to put small businesses and contractors at the front of the creditors' queue when big companies go bust.

"We had a big one fail two years ago that hurt us pretty bad," he recalls. "It's all right to give Ford \$20 million but, for small business, they just make it harder and harder for us."

At Oscar's Cafe, new owner Jimmy (who does not want his surname in the paper) is cleaning up after the lunchtime rush for hot chips and hamburgers. He complains about the red tape involved in transferring the business from his brother's name.

"It's time-consuming and expensive," he frowns as he wipes down the stainless-steel counter. "It is such a waste of money -- I am spending \$3000 just for my lawyer and, after six months, I still don't have the final papers. The government puts so much red tape, they make it so difficult, and then wonder why business isn't doing so well."

The industrial **park** borders a sleepy slice of suburbia 11km north of the Brisbane CBD. Geebung is a postwar housing **estate** where the original owners, now octogenarians tending to neat lawns and old-fashioned flower beds, are gradually selling out to a new generation of working families with young children. A coffee shop has sprung up next to the Salvation Army store, a sure sign of Geebung's gradual gentrification.

At the railway station, a fluorescent colony of construction workers toils on a \$199m overpass, which the Newman government funded to unclog one of Brisbane's worst traffic bottlenecks at the dangerous level crossing.

Even the discovery of prehistoric crocodile fossils, unearthed during pile-driving at the **site** last year, failed to halt the day-and-night construction. Around the corner, along Robinson Road East, is another relic: an Australian furniture manufacturer.

Feldman's Factory Direct Furniture had to whittle its workforce from 95 to 45 when one of Australia's biggest furniture retailers replaced its Australian-made furniture with imports eight years ago. Then the financial crisis hit.

“Fifty per cent of Queensland's furniture was **sold** through Super A-Mart,” says owner Kevin Feldman. Super A-Mart's founder, John Van Lieshout, one of Australia's richest men, had championed home-grown manufacturers.

“Then John **sold** the business to an investment **group** and they decided to **buy** everything from overseas, and immediately 50 per cent of Queensland's furniture industry went broke,” says Feldman. “Companies that had 200 employees just shut the doors.”

The furniture factory sits in the shadow of the Arnott's biscuit plant, where 169 staff lost their jobs in 2011. Five years and \$100m later, the 700 remaining workers have learned new skills, using an automated production line that has increased output by 20 per cent.

“Arnott's is committing to manufacturing in Australia,” says Craig Funnell, vice-president of supply chain for Campbell Arnott's. “To stay competitive, we must be at the cutting edge of innovation and technology.”

Silvia Austin has worked on the production line for 23 years, and “really loves” a job others might spurn as too tiring or repetitive. “It's the people who are there, they're good-natured and friendly,” she explains. “It's a great **company** to work for and we have a strong union.”

Austin uses Facebook to keep in touch with the colleagues who took voluntary redundancy, and says most found other work. “Some people have gone to secretarial jobs and some have gone back into the same field, working for a place that does sandwiches for the service stations,” she says. “Some of them were of retirement age and the older ones have gone into volunteering in the local community.”

Back in the furniture factory, Feldman greets each employee by name as he wanders through the vast shed, past piles of foam bus seats, colour-coded lounge cushions and stacks of mattresses produced by the other part of his business, Dyman Foams.

He grieves the loss of local jobs that sustain a strong economy and healthy community. “The workers bank here,” he says. “They **buy** from the pie cart. Their kids go to school. It filters down to everyone.”

Feldman competes with cheap **Chinese** imports with high quality, long warranties and a bespoke design service, selling direct to the public as well as boutique furniture stores. Australia's high wages are not a problem, he insists: it's the mindless regulation that inflates his production costs.

“The **Chinese buy** their raw products the same as me and they have a huge advantage in labour, but it costs them \$500-\$600 a container to send something out here so the freight balances out the labour costs,” he says. “But I also have workplace health and safety, Workcover, superannuation, payroll tax, insurance.”

During the drought, Feldman had to spend \$10,000 upgrading his water pipes to meet new fire brigade requirements after Brisbane City Council lowered the city's water pressure to save precious water. Recently he paid \$1000 to replace his emergency exit signs to comply with a new requirement that they stay bright for 72 hours in a blackout.

His electricity bill has doubled in eight years, to \$50,000 a year -- including a \$6000 slug from the carbon tax. Feldman must pay tariffs as high as 42 per cent on any imported fabrics he uses to manufacture his furniture, yet an imported lounge with the same cover comes into the country duty-free.

“We say the government should stop giving incentives to business to be more efficient, and work with us to increase our sales instead,” he says. “I've got trucks going down the coast half-full: I know that's inefficient.”

His solution?

“Government buildings should be stocked with 80 per cent Australian-made furniture.”

Tucked into a far corner of Prosperity Place is a retailing refugee from a nearby shopping centre. My Big Event used to sell its party wares and invitations from busy booths at two Westfield shopping centres in Brisbane, but shut one and moved the other to Geebung when the financial crisis crunched in 2010. The shop now employs three staff instead of 10.

Co-owner Chris Connors has been in business for nine years, and views the internet as his biggest threat, yet his greatest opportunity. “When we first started, our competition was shops close by in the shopping centre,” he says.

“Then it was other shops in Brisbane, but we’ve got global competition now. People aren’t afraid to **buy** online now, no matter where it is.”

Personal service is the key to his survival: Connors now offers a set-up service for parties, something he never contemplated in his shopping centre days. The internet amplifies his advertising, through search engines and word-of-mouth promotion from contented customers on wedding website forums.

“There are other opportunities,” he says. “It’s how you attack them. I’ll go out now and decorate the sites, be it a **hotel** or a private venue. It’s very much one-on-one service. Wedding invitations are so personal -- on the best website in the world you can’t feel the fabric and the paper.”

Connors works six days a week, 50 hours in the office and 20 more at home, yet he cannot afford to take on more staff. “There’s more incentive to be on the dole sometimes,” he admits. “The average small-business owner is below the poverty line and when you work out the rate per hour it’s well below the minimum wage.”

So why does he persist? “My wife wants me to go and get a ‘real job’ and let somebody else have the problems associated with the business, but I think there’s a degree of self-satisfaction,” he says. “When the customers come to pick up their invitations, you get to see the delight on their faces. I enjoy it.”

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