




THE SMALL BUSINESS AND JOBS AGENDA RECOMMENDATIONS



98%

OF VICTORIAN BUSINESS
IS SMALL BUSINESS



WHEN VICTORIAN SMALL BUSINESSES SUCCEED, SO DOES THE WHOLE STATE.

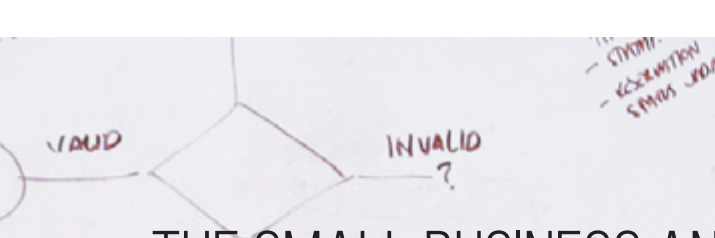
Small businesses currently make up 98 per cent of the Victorian business community. Together, they are major employers and key drivers of economic activity, investment and trade.

Small businesses are not big businesses on a smaller scale. Small businesses are unique extensions of their owners' capacities, goals and aspirations. Each business has distinctive needs and a different vision of what success looks like. The nature of their operations and the way they interact with governments, customers and other businesses means they face unique challenges in growing their operations and workforces.

Reforms that champion small business will be rewarded with faster rates of business start-up and expansion, accelerated investment and jobs growth. Action and vision is needed to build small business confidence, boost competitiveness and create an environment for small business expansion, creativity and activity.

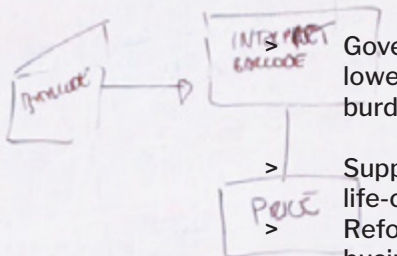
Policy responses must focus on reducing small business costs, improving access to skills, cutting red tape and providing more targeted programs to support small business growth.





THE SMALL BUSINESS AND JOBS AGENDA

The following principles should guide the development and implementation of policies and programs to drive sustainable economic and employment growth among Victoria's small business community:

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- > Governments must facilitate small business and jobs growth by lowering business costs and removing unnecessary and overly burdensome regulation.
 - > Support for small businesses must be provided throughout their life-cycle, from start-up through to growth and mature stages.
 - > Reforms must be targeted and represent value for money for small businesses and taxpayers.
 - > Because small businesses are time poor and often overwhelmed by regulatory complexities, small business support programs must be easily accessible and involve minimal reporting and administrative requirements.
 - > All Government procurement policies must ensure that Victorian small businesses receive full and fair opportunity to tender through the whole life of projects.
 - > Victoria's universities play a fundamental role in the State's economic development. The sector makes a significant contribution to Victorian exports, a competitive workforce, innovation in industry, and individual and social wellbeing.
 - > Victoria's education system must be industry driven, support life-long learning and not stop once a student has completed their initial studies or training. Employers must be supported to continuously up-skill their staff.
 - > Innovation, both incremental and step change, is critical to small business productivity, success and sustainability.

A top-down view of a person with dark hair, wearing a light blue button-down shirt, holding a large black rectangular sign with both hands. The sign is centered in the frame and features the text "SEVEN PRIORITIES FOR THE NEXT STATE GOVERNMENT" in bold, white, sans-serif capital letters. The person is seated at a rustic wooden table. Surrounding the sign are various items: a bouquet of pink and white tulips in the top left, a bunch of white hydrangeas, a green foam block, a small wooden wreath, a spool of pink ribbon, a smartphone, a pair of black scissors, and several pink roses in the bottom right. The background is a light-colored wooden surface with a dark diagonal band running from the top left to the bottom right, behind the sign.

SEVEN PRIORITIES FOR THE NEXT STATE GOVERNMENT

LOWER SMALL BUSINESS COSTS

- > Increase the payroll tax threshold to \$850,000 from 1 July 2019. This will save business around \$150 million per annum.
- > Conduct a review of State taxes that identifies options to shift the State's revenue base toward more efficient and competitive taxes.
- > Freeze for 24 months the indexation of all fees, fines and charges set by regulation.
- > Reduce the differential between the Fire Services Property Levy charged on residential and commercial/industrial properties by at least 25 per cent. Currently commercial and industrial property owners pay double the fixed charge (\$205 versus \$102) and a variable charge up to 13 times that of residential properties, thereby making a disproportionate contribution to funding fire services.
- > Reduce the rate of duty on general insurance from 10 per cent of premiums to 9 per cent to match rates in NSW and Queensland. This will provide a saving to Victorians of around \$130 million per annum.
- > Work with the Federal Government to continue to reform penalty rates to better reflect the 24/7 economy. The recent Fair Work Commission changes to penalty rates will give business more capacity to hire staff but are only applicable to some employees in the hospitality, retail, pharmacy and fast food industries. These changes should be expanded across additional industries.
- > Encourage the Federal Government to adopt the UK Patent Box model which enables companies to apply a lower rate of company tax to profits earned from patented inventions. Such a measure would help small business profit from their innovations and increase the adoption rate of Australian innovations by providing a longer term return on investment.

CUT SMALL BUSINESS RED TAPE

- > Repeal the Grand Final eve Public holiday and do not proceed with plans to make Christmas Day a public holiday when it falls on a weekend.
- > Enforce and publicly report quarterly on the Victorian government's 25 per cent red tape reduction target. To help meet this target, introduce a 'one-in, two-out' policy where each calendar year the number of principal legislative instruments (i.e. principal Acts and principal Regulations) repealed is at least twice the number of new principal legislative instruments introduced.
- > Make the following sectors priorities for regulation review and undertake these reviews concurrently:
 - > Agribusiness
 - > Transport and logistics
 - > International education
- > Undertake a pilot to harmonise and join-up local government regulatory services. Councils undertake a wide range of regulatory functions, such as planning, food safety and soon environmental protection. However, businesses often experience delays and costs because of uncertainty of regulatory outcomes and differences in interpretation and processes between councils.
- > Undertake an independent government review of the more than 390 different types of licenses, registrations, certifications, permits or approvals in Victoria, many of which impose significant costs on businesses and individuals across the economy. The objective of the review must be to ensure that the rationale for these schemes remain relevant and fit for purpose, given changing risks, new technologies and changing community behaviour and expectations.
- > In consultation with SMEs, develop an occupational health and safety digital tool to reduce the costs of business compliance with OHS obligations. The tool should also facilitate understanding of regulatory requirements, including functionality to undertake risk assessments, monitoring and reporting to regulators.
- > Strengthen government department and agency use of regulatory impact statements (RIS) to assess the impact of new regulation on small business and require new legislation which imposes a regulatory burden on small business to be subject to the same requirements.

STRENGTHEN JOBS GROWTH

- > Reintroduce payroll tax exemptions for eligible new trainees and apprentices, as currently exists in NSW, QLD, TAS and WA.
- > Assist mid-career and older workers in transition by providing a career advice service for employees seeking to re-skill or transition to a new sector or industry. The service will offer bespoke advice on training options and where there are current skill shortages and anticipated future demand.
- > Optimise apprenticeship productivity and minimise time 'off the job' by fully funding the travel and accommodation expenses of apprentices in regional Victoria who attend intensive block release programs.
- > Support changing the definition of 'small business employer' in the Fair Work Act 2009 to refer to 'fewer than 20 Full Time Equivalent (FTE) employees', rather than 15 as is currently the case. This will expand the coverage of the clauses relating to minimum engagement period (s 383), Small Business Fair Dismissal Code (s 385, 338) and Exemption or Redundancy Pay (s121) (1B).
- > Encourage the Federal Government to include 'minimum engagement' as an award matter that can be varied under the individual flexibility arrangements (IFA) in all awards. This would allow employees and employers to decide the most appropriate minimum hours of engagement per day. Currently IFAs allow variations to overtime rates, penalty rates, allowances, leave loading and working hours, but not 'minimum engagement'.

GET MORE BUSINESSES INTERNATIONALLY ENGAGED

- > Establish an 'Export Pathways Voucher' program for small and medium sized businesses who want to expand their export markets but need to develop their capabilities and capacity to become export ready. The voucher can be exchanged for access to advice or expertise, training or the purchase of products or services needed to access international markets.
- > Provide personalised advice to small businesses on how to utilise the ASEAN Australia-New Zealand Free Trade Agreement (ANZTAFA), the Malaysia-Australia Free Trade Agreement (MAFTA), the Singapore-Australia Free Trade Agreement (SAFTA) and the Thailand-Australia Free Trade Agreement (TAFTA).
- > Deliver an 'Export Ready' program for all businesses participating in a government funded trade mission. The training will be over a 6 month period and will include pre and post-mission support to ensure participants capitalise on identified opportunities and build longer term, trusted business relationships.
- > Fund a series of 'Export Mentoring' activities that help new exporters connect with businesses who have successfully developed their export markets. Novice exporters in Victoria's growth sectors would be paired with established businesses who will guide, support and provide advice on successful pathways to export market development.
- > Conduct a campaign that highlights the ease of hiring a current or former international student and how it can increase business productivity and linkages with global markets.

STRENGTHEN VICTORIA'S EDUCATION SYSTEM

- > Boost the profile and reputation of apprenticeships and traineeships as relevant, lucrative and sustainable career pathways by launching a public awareness campaign on the benefits and job opportunities that can result from a vocational education.
- > Establish a new \$40 million Foundation Industries Training Fund that would provide eligible employers with up to \$4,000 to support accredited and non-accredited training for existing employees.
 - > The training subsidy will underpin the upskilling of foundation industry workforces. It will be of particular benefit to employers that cannot find suitably trained workers or are not in a position to expand their current employment numbers, but still value investment in workforce training.
- > Require state school career advisors to promote vocational education pathways as well as university pathways to employment.
- > Victoria's TAFE system has received significantly increased funding over the past three years with the explicit aim of developing and expanding courses that align with the needs of local employers. Undertake a rigorous analysis to ensure this is taking place and a return on investment from the additional TAFE funding is occurring.
- > Pilot an apprenticeship and traineeship rebate for small and medium sized businesses that commit to take a minimum of two apprentices or trainees. The rebate will be offered in the first year of the training to offset the lost productivity that occurs when a dedicated supervisor is required to support students. The rebate will be tiered depending on the industry segment, the qualification type and the size of the business.
- > As part of student coursework, include an internship preparation unit which teaches students how to engage in a work environment and important 'employability' skills such as teamwork, communication, lateral thinking and resourcefulness.

SUPPORT SMALL BUSINESS START-UP AND EXPANSION

- > Strengthen small business and start-up survival rates by funding the establishment of a new low cost Business Foundations short course program.
 - > Delivered by industry, the program would help SME start-ups acquaint themselves with the prerequisites needed to successfully operate a small business. Training and mentoring would cover a range of topics including sales and marketing, meeting workplace HR and OHS obligations, basic accounting and cash-flow, tax management, credit management, customer service and business planning.
 - > Successful completion of the course would entitle participants to a discount on the costs associated with registering a business name and meeting other government licence and registration requirements relevant to starting and operating a business.
- > Fund a small business Supply Chain Development Program to facilitate connections between more established small businesses and Victoria's start-up sector. This program will assist start-ups to commercialise their products and services and increase the level of innovation in more mature Victorian businesses.
- > Establish and maintain a single point of information for all Victorian State Government and Local Government grants and support available for businesses, including non-for-profit organisations. Provide face-to-face support to help small businesses navigate these grants and provide advice on how to prepare an application.
- > Provide newly established small business with a 6 month holiday from local council rates to encourage small business growth.
- > Expand the number of small businesses participating in the digital economy by providing Digital Literacy Training grants of \$10,000 to support up to 50 per cent of the cost of new ICT capital expenditure designed to improve business performance.
- > Of those businesses who are implementing measures to protect themselves from cyber security risks, only a quarter use basic anti-virus software. Furthermore, 12 per cent of businesses have not taken any measures. To assist businesses understand and adequately protect themselves from cyber security risks, provide a free cyber security audit for small businesses managing their own digital infrastructure.
- > Given the complexity and expense of navigating IP law, to assist small businesses commercialise their research and development, provide easily digestible information and free legal advice (3x1 hour sessions per eligible business) to assist them to protect their assets.
- > Allocate \$5 million for a program to provide tailored training to small business on how to produce stronger credit applications. This should include how to successfully compete loan applications and practical steps small businesses can take to strengthen their business case, deepen relationships with their business bankers and document their technical capabilities in financial language.

MAKE GOVERNMENT A BETTER CUSTOMER

- > Establish a confidential, independent and transparent mechanism for the investigation of complaints regarding government procurement processes. The objective must be to ensure small businesses have full and fair to access government procurement opportunities.
- > Mandate the use of the www.tenders.vic.gov.au website for all public sector procurement above \$100,000 without exclusion (i.e. hospitals, schools, police, courthouses should all be required to use the website, not just government departments).
- > Provide \$5 million in funding to deliver a Procurement Access Program to help small businesses understand how to access government procurement opportunities, how to pre-qualify, where to find out about tenders, how to form joint ventures and facilitate introductions to key procurement officers within government agencies.
- > Establish a Small Business Major Projects Ready Program to assist businesses understand and prepare to engage in supply chains, major projects, tenders and joint ventures.



“A healthy small business sector is a prerequisite for a growing economy with high employment opportunities. In a very real sense, small business counts.”

Australian Small Business and Family Enterprise Ombudsman





Written and authorised by the
Victorian Chamber of Commerce and Industry

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