

# CORRECTED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into 2002–03 budget estimates

Melbourne – 22 May 2002

#### Members

Ms A. P. Barker  
Mr R. W. Clark  
Ms S. M. Davies  
Mr D. McL. Davis  
Mr R. M. Hallam

Mr T. J. Holding  
Mr P. J. Loney  
Mrs J. M. Maddigan  
Mr G. K. Rich-Phillips  
Mr T. C. Theophanous

Chairman: Mr P. J. Loney  
Deputy Chairman: Mr R. M. Hallam

#### Staff

Executive Officer: Ms M. Cornwell  
Research Officers: Mr M. Holloway

#### Witnesses

Ms M. Thomson, Minister for Small Business;

Mr N. Edwards, Secretary; and

Ms A. Polmear, Head of Business Group, Department of Innovation, Industry and Regional Development.

**The ACTING CHAIRMAN (Mrs Maddigan)** — I declare open the Public Accounts and Estimates hearing on the budget estimates for the portfolios of small business and information and communication technology. The Chairman, Mr Peter Loney, extends his apologies; I have been asked to chair in his absence.

I welcome the Honourable Marsha Thomson, MP, Minister for Small Business and Minister for Information and Communication Technology; Ms Andrea Polmear, head of business group; departmental officers; members of the public and media, and of course Mr Neil Edwards as well. All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded, and witnesses will be provided with proof versions of the transcript next week.

Initially I will ask the minister to give a brief presentation on the more complex financial performance information that relates to the budget estimates for the portfolio of small business.

**Slides shown.**

**Ms THOMSON** — My first slide shows the acts that are under my control. There have been no changes since last year.

The next slide shows how small business is placed in the general economy. There are around 280 000 small businesses in Victoria, accounting for about 761 800 jobs and about 43 per cent of employment from the private sector. A total of 120 900 women operate in small businesses, so there is a strong representation of women operating small businesses. The one that we have to keep an eye on is the fact that 26.9 per cent of operators were in fact born overseas, and we need to take that into account in the programs that we operate.

Looking at Victoria's economic performance, Victorian small business at this time, as indicated in recent surveys is very strong, and that is reflected in the fact that the Victorian economy is performing very strongly. As a matter of fact Victoria is leading the way in a number of economic indicators. Private business investment in Victoria was up by 9.5 per cent for the December quarter. The unemployment rate, currently at 5.7 per cent in April, is the lowest for nearly 12 years and the best result in the nation at the rate or below the national rate for 23 months now. It has only been twice since July 1990 that Victoria has had the lowest unemployment rate of the states, and both occasions were under the Bracks government.

Retail turnover is now nearly 9 per cent above a year ago, so that consumer confidence is pretty high, and state final demand is up by 2.6 per cent for the December quarter. So it demonstrates that the economy is going very strongly in Victoria and thus the confidence that small businesses have about the future.

Going to achievements in the past financial year, or since I reported last August, enterprise improvement and business development funding — members may recall that we as a government made a commitment to spending 50 per cent of the business development grants on small business over the life of the Parliament. In 1998-99 only 39 per cent of business development grants went to small business. We are on target to ensure that 50 per cent is being spent in the life of this Parliament.

In relation to legislation and regulation reform, unconscionable conduct was drawn down into the Fair Trading Act from the Trade Practices Act, section 51AC, which will enable small businesses to now use the Victorian Civil and Administrative Tribunal as a cheap dispute resolution alternative and also give access to other businesses that are not covered in the Trade Practices Act because they are not listed as public corporations.

Packaged liquor was also an issue last time around. We have now brought into Parliament legislation in relation to the liquor industry after an industry sector agreement was reached. The other legislation in Parliament at the moment relates to utility meters. It deals with the issues of a privatised utilities market and contestability in the marketplace to ensure that we have accurate measurements with the meters in place.

The Showcasing Women in Small Business strategy looks at both women's access to finance and their confidence when they approach financial institutions, along with mentoring and networking programs. The enhanced electronic exports assistance, VicExport, I spoke about last time, when we

had put stage 1 on, and now stages 2 and 3 have been put on VicExport. VicExport recently won an award for the useability and standard of that site; it is a very good site.

We have refocused Streetlife, a program that was geared to the retail sector and is now geared totally to small business, not just retail, and has enhanced Streetlife as an assistance to small business as a consequence.

The other one is e-commerce exhibition projects under E-commerce Advantage, one of the programs that has operated primarily out of Multimedia Victoria, and I will talk more about that when we move into information and communication technology.

If we look at the strategic overview of small business and what really impacts and what we are trying to drive here, we want to see more small businesses growing and we want to see new small businesses being established. In order to do that we need to make sure that we are providing the right business programs that enhance the skills required to run a small business in today's environment, that we ensure that we are a business-friendly government, both in our legislation and in the capacity for small business to access us, and in the role of advocacy in relation to the issues that concern small business and the environment in which small business has to operate.

Turning specifically to the budget, funding included in the budget papers increased to \$14.4 million in 2002–03 from \$13 million in 2001–02. This increase of \$1.4 million — or 11 per cent — is primarily due to the transfer of small business policy functions from the innovation and policy output group at \$0.6 million into the small business budget; the Easy Government initiative, which is one of the initiatives out of the business statement *Building Tomorrow's Businesses Today* at \$0.4 million; and the regional small business mentoring program, which is also an initiative out of the *Building Tomorrow's Businesses Today* business statement, at \$0.1 million.

The budget funding dedicated to small business is in excess of \$22 million, but this is spread right across the department and is not necessarily in my direct ministerial control. Some of the other areas that have direct involvement will be the Victorian Business Centres, which provide support and programs out of the regional offices; \$4 million for the enterprise improvement program, of which I sign off on \$3.3 million; the Buying a Business program, which is for new business start-ups or people intending to start up businesses, has funding of \$940 000, which has come out of the estate agents guarantee fund for the purposes of encouraging business start-up and activity.

Other areas where there is a lot of small business activity are in the industry parts of the department, as well as multimedia and science, technology and innovation (STI), but I do not have direct responsibility for these areas as they reside with the Minister for State and Regional Development and Minister for Innovation.

Under the heading of strategic priorities for 2002–03, the retail tenancies legislation is one of our major priorities and we would have liked to have had amending legislation into the Parliament this sitting, but the review has indicated a need for a total rewrite of the legislation. There has been a lot of consultation over this piece of legislation and we will now see that in the spring sitting, but it will be totally new legislation coming into the Parliament.

Better integrated service delivery is another priority. People may recall that last year I talked about the importance of businesses not having to know how government actually works in order to access what they need from government. The Easy Government program is just another step to try to achieve this, and it will mean that for business start-ups, instead of people having to go to three or four departments to lodge various forms and applications, they will be able to go to one location and fill in all their forms at the one place rather than having to know where they have to go at any given time.

The Buying a Business program is fundamentally about ensuring that the right decisions are made before people start making commitments they cannot retreat from. We provide the capacity for one-on-one online activity as well as face-to-face activity in promoting a better awareness of what people need to take into account when starting up a business.

The Showcasing Women in Small Business program is the rolling out of the strategy, which includes seminars and workshops in relation to women and finance, and involves networking and mentoring. The Skilling Small Business for the Future program is a cooperative arrangement with the Department of Education and Training and it is about ensuring that we are providing access to

training options that are innovative for small business people who cannot access traditional training models to enhance their own business skills.

In relation to our priority for increasing access to business development expenditure, people will be aware that I am fairly passionate about the notion that the business development programs we have within the Department of Innovation, Industry and Regional Development are available to small business in a proportion that actually does make a difference to small business and ensures that the target is being met.

To put these initiatives in context, the business statement announced by the Premier and the Treasurer is an important component of what we are doing for small business, and although I do not have direct responsibility for a number of those initiatives, they were not taken without understanding the impact on small business. As you can see, we have \$262 million in business tax cuts; \$86 million of that were bring-forwards from the tax package last year and \$176 million are new tax cuts. There has been a freeze on the average Workcover premium rate for the third year in a row; and \$27 million has been allocated over four years to develop modern manufacturing future. That agenda for new manufacturing is vitally important to small and medium enterprises (SMEs) in the manufacturing sector.

Other funding includes \$2 million over four years for the Easy Government initiative and the single lodgment point; the Buying a Business program which I talked about; the trial of a regional small business mentoring program which will be conducted in East Gippsland; and service charters for government agencies, which will encourage best practice in dealing with business by government agencies.

Funding also includes \$8 million for trade fairs and marketing government business offices overseas — if we are really to grow our small and medium-sized enterprises we need to have them thinking globally and looking for opportunities in overseas markets, and that is an important part of what we do; \$18 million to boost tourism — well over 90 per cent of businesses in tourism are actually small businesses, and we spent \$10 million from the Regional Infrastructure Development Fund on tourism infrastructure; and the \$8 million extension on the Farmbis program and \$3 million for the extension of the Agribusiness network. These initiatives recognise that only a competitive, innovative and connected economy can drive the future of small business growth.

**The ACTING CHAIRMAN** — In the budget estimates it suggests that more integrated service delivery, including such things as the Victorian Business Line, the business channel and VicExport, will be to the benefit of SMEs. Perhaps you can demonstrate to us what you think the benefits of these services will be and how they will assist SMEs in the future.

**Ms THOMSON** — When I first became the Minister for Small Business we were a very isolated lot, so the activity online was different from the activity that came from the telephone service, and then the business centres themselves were doing their own thing. Over the past couple of years those various models of delivery of information and services have now been put into one management stream so that there is a better coordination of the information that flows, as their relationship to each other is important in the delivery of information and services.

We are now providing a capacity for people to get that kind of information from various sources, including the online telephone service that we provide, which I must say is first class. Those who have used the business line will know that it provides very accurate and informative advice to businesses. We are looking at the potential for extending the time that that line is in operation so that small business can access it out of traditional business hours. The Victorian Business Channel and the Business Licensing Information Service are also providing the most up-to-date information. People may be aware that the business channel is well recognised as providing a great deal of good information to business and is constantly being updated. The business centres themselves now utilise both our online facilities and, in some instances, the business line to assist them in the job they have to do face-to-face with small businesses.

We are now seeing a more active approach from the business centres themselves in going out and looking for small businesses that could use the services of the state government and promoting those services to small business. A little while ago when listening to small business operators in Ballarat I met with Sharon Roxburgh, who owns Wool Doza. Wool Doza makes quilts, and not only has she been able to utilise the services of the business centre to enhance her business opportunities, but her

son has also used the centre to assist in adding a further line of new business making quilts for disabled people. It has meant that they have been able to get access to good advice on finance, taxation and employment issues. It is pleasing that that information is being provided face to face, but the channel information is available 24 hours a day, 7 days a week, which enhances access to information that small business may need and often cannot obtain during business hours.

**The ACTING CHAIRMAN** — Has there been good feedback from users of the information?

**Ms THOMSON** — Absolutely. The numbers are increasing astronomically. We targeted the business channel for 60 000 this year, and nearly 86 000 have used it. There is a real interest in getting access to the type of information that the business channel provides. Our business referrals are also up. VicExport, which has been doing well, we targeted for 3000 hits but have had 8000 hits. It demonstrates a need out there for relevant online services as well as face-to-face services.

**Mr RICH-PHILLIPS** — An article in Monday's *National Review* talks about the establishment of a retail ombudsman. Is that a proposal you are putting together?

**Ms THOMSON** — The article you are referring to is one in relation to the liquor industry and what we are doing to protect small businesses. The liquor industry in relation to an ombudsman is speculation. We are keen to ensure that whatever happens to the liquor industry in the future that there is a place for a vibrant small business sector. When we drew up the legislation, after agreement was reached, it was our intention to ensure that what we put in place secures small business in this industry, and that is what we are seeking to achieve.

**Mr RICH-PHILLIPS** — Have you a proposal or are you working on an ombudsman-type proposal?

**Ms THOMSON** — That is total speculation by the journalists or some business person. It has not come from government.

**Mr RICH-PHILLIPS** — So you rule it out?

**The ACTING CHAIRMAN** — The minister has answered that it is speculation.

**Mr HOLDING** — One of the strategic priorities you identified for 2002–03 in your overhead presentations was meeting client needs, the showcasing women in small business initiative, that there would be seminars, workshops, networking, mentoring, women in finance, among other things. Will you outline some of the benefits that you think the strategic priority will deliver for small business in Victoria, particularly for women involved in small business?

**Ms THOMSON** — It was not only in the areas of finance and policy commitment that we made a commitment in coming to office, but in speaking to a lot of women in small business, particularly in country Victoria, this is a big issue. The capacity to meet other women with similar experiences, to find mentors to assist along the way in relation to finance, comes from a visit I undertook in regional Victoria. It was a small business exercise. I spoke with a woman who manufactures gourmet food products and who was interested in expanding her business. She was the first person I came across who expressed a need in having greater access to the kind of information she would need to get finance and what is required for opportunities to get access to that finance. This was a woman already employing about 5 employees and wanting to expand, probably double her operation, to about 10 employees, needed a new factory and so on. She went along to the bank asking for money, to which the bank manager — I am sure there are not many bank managers like this any more — asked whether she had the permission of her husband to seek the loan. It made us aware that there are real issues pertinent to women that may not affect men. It was important to produce product especially for women in relation to accessing finance. I was pleased when we launched the strategy on 6 March. We also launched 'Show me the money — A women's guide to the financial maze'. We have now distributed more than 2000 manuals, which are being followed up with workshops. Two seminars have already been held. The first one was attended by 60 and the second one in Bendigo had 30 in attendance. It is amazing the reception those seminars are receiving. We are looking at following those up with workshops and further seminars. Another matter for women is that life choices vary at various age groups. If you are in small business your ability to talk with other women and to utilise their experiences become important. Part of the strategy will also look at women not only being able to use the experiences of other women to enhance their business opportunities but also to make living life a little easier, which can be difficult



in small business with many other commitments to take into account and dealing with the pressures that come with having other responsibilities.

On the whole, these initiatives have been welcomed by women. We had over 100 women at the launch, and they thought it was a fantastic opportunity for women to support one another. We hope it will encourage more women to be involved in small business. When I first became Minister for Small Business it looked like the trend for 2010 would see women owning and operating about 50 per cent of small businesses, but the actual rate of increase in the number of women starting small business has slowed a little, which is of concern.

**Mr DAVIS** — How much has it slowed?

**Ms THOMSON** — It is a bit hard to pick because of the different indicators. It is not necessarily a whole lot, but the fact that it was trending the other way suggests that women might not find small business the attractive option it previously was. The number of women taking up small business is still increasing, but the rate at which it is increasing has slowed. We want to ensure that there is access to the information and support that women might need to encourage them to look at small business as an opportunity.

**Mr DAVIS** — What percentage increase do you expect to see over the next 12 months?

**Ms THOMSON** — The trend is a longer indicator than that. We will have to look at how the program runs, but when talking about those kinds of trends you are looking at longer than 12 months.

**Mr DAVIS** — You do not have a target?

**Ms THOMSON** — No.

**Mr DAVIS** — I have a question on liquor. Will you explain how many businesses, and if there are estimates that the department has, will be impacted directly by the loss of the 8 per cent liquor cap — what number of businesses or what percentage of small businesses currently with liquor licences will be impacted by the loss of that?

**Ms THOMSON** — We are anticipating that some businesses will choose not to continue in the liquor industry and will take up options for buy-outs. We do not think it will be significant. There are over 1300 liquor licences in Victoria at the moment that are packaged liquor licences.

**Mr DAVIS** — When you say you do not think, does that mean you actually have some hard estimates or hard data or some modelling of the impact?

**Ms THOMSON** — Working in relation to the likelihood of the phase out and licence applications over that period of time, it is possible to calculate potentials, but because licences are so easy to get in Victoria there is an increasing number of licences all the time. Packaged liquor licences are growing at 3 per cent roughly per year, so I think what we are likely to see is a trend of small business activity in this area continuing.

**Mr DAVIS** — Let me get this clear. You actually do have some estimates in that area, and you do have some modelling. Would you be able to make that available to us?

**Ms THOMSON** — It will be indicators only. It will depend —

**The ACTING CHAIRMAN** — It will be indicating possible trends; is that what it would be?

**Ms THOMSON** — We will have a look at what possible trends might be likely to occur.

**The ACTING CHAIRMAN** — I was going to ask you about training people up in small business particularly. I guess that the development of management skills is really important to small business, particularly in the Victorian economy as a whole. You refer to it in the departmental objectives in the budget papers. I am wondering if you could tell us a bit about what you have been doing to assist in that way, or what you intend to do in the future to improve those small business management skills?

**Ms THOMSON** — I think I did refer on the slides to skilling small businesses for the future, which is a program that we are running in conjunction with the Department of Education and Training. This is another program that comes out of the small business program, where in isolated parts of Victoria or in areas where people are spending an awful lot of hours in their business and are therefore not able to access traditional training models, what we wanted to do was to be able to look to a number of providers and options. So we have competitively tendered to providers in the TAFE system, the private system and the adult education system to look at innovative ways of providing training options to small business that will make them accessible to small business.

We were very pleased that the response was as high as it was. I think we got over 60 applications in the process of tendering. Grants will be made available for from between \$30 000 to \$100 000, depending on the options that have been provided. What we are hoping will occur is that there will be a kind of one-off grant, and then it will be of a standard that will make it self-sufficient and self-sustaining so we are meeting real needs of small businesses out there. That process of vetting those applications is currently occurring, and we hope that early in the next financial year we will be able to make an announcement as to where those projects will be occurring.

**The ACTING CHAIRMAN** — Early next year, did you say?

**Ms THOMSON** — Financial year — around July or August.

**The ACTING CHAIRMAN** — This year?

**Ms THOMSON** — And we are hoping that there is a real option there for some of those businesses in more isolated communities.

**The ACTING CHAIRMAN** — I was thinking that would probably be particularly useful for rural communities and people in small rural towns or regional centres.

**Ms THOMSON** — That is right, and also for those who spend a lot of time in their business. There are some businesses for which it just is not possible to go to a training provider and get access to the courses, be a regular attender and do all things you need to do in order to get through the course. We also want to make sure that the course content is relevant too, and that it has not just got what trainers believe is good for small business training but actually represents what small businesses believe they actually need to skill themselves for the future.

**The ACTING CHAIRMAN** — Would a lot of that be financial stuff and getting used to the GST, or has everyone got used to that by now?

**Ms THOMSON** — There are still some people who could do with some help in relation to that. There are more important things that small business has problems with, such as staff management, marketing, competition, and more broadly the capacity to develop a business plan for the future so that they look to tomorrow's needs and not just today, which is very hard to do in small business. We will be looking at all of those sorts of things at in the submissions that have come in.

**Mr RICH-PHILLIPS** — Can I ask you about the Easy Government program, which you spoke on earlier. One of the press releases which came out with the budget indicated that is a \$2 million program. Can you provide a breakdown on what that \$2 million will go towards in that program?

**Ms THOMSON** — That program is still being scoped, but what that program will do is look to online facilitation as well as one point lodgment. So it will be the backup support that is required online to ensure that we can enhance what government does to provide forms and access to the kind of information that business needs in starting a business and ensuring we have that one lodgment capacity in place. I cannot give you the breakdown because, as I said, the project is still being scoped, but it will be a break-up of those sorts of activities.

**Mr RICH-PHILLIPS** — I guess that would largely go into hardware infrastructure, would it?

**Ms THOMSON** — And software, and people, yes, at points of contact.

**Mr RICH-PHILLIPS** — That is across 11 —

**Ms THOMSON** — Business centres.

**Mr RICH-PHILLIPS** — Eleven centres. Do you know what the staffing requirement is going to be for that program?

**Ms THOMSON** — No, I do not know. As I said, we are still scoping it, so until we have completed the scoping or the staffing and the online capability, I cannot give you an answer on that.

**Mr RICH-PHILLIPS** — What is the time line for doing that?

**Ms THOMSON** — We are hoping for an August commencement for some of the processes.

**Mr RICH-PHILLIPS** — The rollout?

**Ms THOMSON** — Yes.

**Mr HOLDING** — I would like to ask about government initiatives that promote business purchases from people interested in commencing a small business. If I could begin by taking you to page 169 of budget paper 3. This includes a whole lot of information and performance measures in relation to the small business support and online business services that the department runs. It

includes a set of actuals and targets for inquiries, presumably from members of the public, in relation to inquiries about small business. I presume that many of these inquiries actually relate to or come from people who are interested in starting a small business or who are perhaps interested in purchasing a small business. I am wondering if you can point to government initiatives that would assist people who are interested in doing that to assist them in reaching that goal?

**Ms THOMSON** — I think roughly 50 per cent of our inquiries would be business start ups. We are concerned at the number of business failures that occur because the preparation for the start up has not been done adequately and therefore the business goes belly up, so we will spend a bit more time and effort on those intending to start a business. The Buying a Business program is again intended to provide a range of means of getting the message out to small businesses about the sorts of things you need to take into account when you are starting a business — whether it is an online service that will be available right through one-to-one counselling, where required, face-to-face seminars. Again it is important that we provide our services across a number of mediums. It is not good enough to say, ‘We will organise a seminar in 55 Collins Street’, and expect that you are really going to have an impact on those who wish to start a business.

We are looking to ensure that we go out and reach small businesses and we are offering a number of options to those who wish to start a business, to look at what they need to take into account. Important issues that people need to look at when they start up a business include not only the scope of the business, if they are purchasing one, but if they are entering a tenancy lease, particularly in retail, that they understand what that means and what they are getting into, and that they understand the financials that they need to take into account when they start a business. The notion of a proper business plan to look at where they are taking their business becomes crucially important. We will be looking at things in relation to buying a franchise, which is now what a lot of people are looking at as an alternative to starting up their own business. There is almost double the complexity of buying a franchise as there is to starting your own business. You need to check the contractual arrangements you are entering into and the obligatory nature of any franchise agreement you might enter into and understand whether or not you have the financial capacity to meet that requirement. We expect the program will commence towards the end of this year and we are looking forward to a large number of Victorians interested in starting a business using this as an opportunity to start on the right foundations.

**Mr HOLDING** — By way of follow-up, you mentioned in your presentation that about 26 per cent of small businesses are run by people who have come from overseas or are born overseas but who are not necessarily from non-English-speaking backgrounds. Is it envisaged that sort of program will target people whose first language may not be English in terms of providing them with information or support and assistance?

**Ms THOMSON** — I certainly hope we will look at that. We also look at the materials we provide being in languages other than English, so that those who are from a non-English-speaking background have access to information that is in a language with which they are more comfortable.

**Mr DAVIS** — This is take 2 of this question because I was in the correct portfolio area. The overall department is innovation, industry and regional development, and you have responsibility for the innovation and policy section in part, and for the business section in part, and the committee is looking at the small business section at the moment. In that context I want to look at the human resources of the department overall. I refer to page 27 of the department’s submission. I note the overall effective full-time staffing levels increased from 534.4 to 587.4, and that the number of temporary or fixed-term staff employed by the department goes from an estimate for the department for 2001–02 at 30 June of 118.2 effective full time up to an estimated 2002–03 figure of 144.2. I am seeking some elucidation of those figures. Do we conclude in terms of the total number of people that we add those together to get a figure of 652.6 for the current financial year, rising to 731.6 for the year in which these budget estimates apply, and that would be an increase of 79 people employed by the department across that period? Am I correct in surmising that?

**Ms THOMSON** — Given that it is going across the whole of the department this might be a better one for the secretary to respond to.

**Mr DAVIS** — I want to come to your area, but I want to understand this first.

**Mr EDWARDS** — Yes.



**Mr DAVIS** — That is succinct, a welcome innovation.

**Ms THOMSON** — It is the department of innovation!

**Mr DAVIS** — Looking at the business group services, what number of staff there relate to your small business area, both in the financial year which we are still in and the one to which these budget estimates apply? I should ask the same question about your share, as it were, of the innovation and policy output group.

**Ms THOMSON** — I am not sure I have the break-up available in relation to that.

**The ACTING CHAIRMAN** — Do you want to get it to the committee later?

**Ms THOMSON** — We can attempt to. As I said, in a lot of these areas there is no break-up in that way. They will work to what needs to be done rather than portfolio specific. They might work on things that relate to my portfolio one day but relate to Minister Brumby's on another day, but we will do the best we can. However, it will only be an estimate.

**The ACTING CHAIRMAN** — I want to return to the StreetLife program you mentioned before, which I always think is a rather strange name for it.

**Ms THOMSON** — We thought of changing it but we did not want to upset Mark Birrell, who started the original program.

**The ACTING CHAIRMAN** — There was a Streetlife program under the former government. Is this a similar program; is it heading in a different direction; what is the state of play with it? I would not like to upset Mark Birrell either, especially as he is retiring.

**Ms THOMSON** — In all seriousness, we gave thought to changing the name. The program had high recognition out in the community and, to give Mark Birrell his due, it was a good initiative at the time. It was intended to be an employment initiative. I do not know that it did that. It had a consequence other than what was intended in that it helped the retail sector, particularly strip shopping centres, to coordinate and market themselves and look at innovative ways of increasing their opportunity to get more people shopping in those centres. In that sense it was always intended to be a temporary support until people got their act together.

On that basis we looked at StreetLife and said that it was not strictly an employment program but a program that can be used by small business, has traditionally been used by the retail sector — that is how Streetlife was being utilised — so we changed the parameters under which Streetlife now operates. Instead of it just being a program for the retail sector it really is a program for small business, no matter what sector they are coming from. Thirty-four organisations encompassing more than 214 various Victorian commercial centres, small towns, suburban neighbourhoods and business centres have been offered funding under the new arrangements. Grants of \$5000 to \$30 000 have been committed over two years. So this is \$515 000 worth of funds being made available. Some of the more innovative applicants that have been successful include a youth program coming out of Bendigo; strategies for home-based business, which is important given that they find it difficult to network, so funding is being made available for small businesses in five rural towns in the Western District for business planning and training; and a small business cluster in the northern suburbs of Melbourne. As you can see, StreetLife is now changing its focus. It still does some of the retail sector stuff in strip shopping centres, which it traditionally has done, but we are now looking at women's networking programs and mentoring programs, those sorts of things, and again taking into account communities that might not otherwise have access to support. A large percentage of what we are doing in StreetLife is going to country Victoria, and they are reaping the benefits of the program. Of those programs that have been funded, 61 per cent were local government sponsored, and 39 per cent have come from community organisations. So it does demonstrate there is a need out there. It has been a great program which has required community commitment to them: whether it be from local council or community groups, they must actually financially support it; it is not just money that comes from government. It must be supported by them as well. Where there were partnerships involved, greater emphasis was placed on supporting where they were bringing a number of players together, and in some instances groups of councils came together to seek funding. We need to ensure that for all regions, so a good spread from the applications were covered. And we also took into account those who had received funding under the program or other means before, because this program has never been intended to be an ongoing funding arrangement. It has always been about giving the impetus to start something with support and being able to maintain beyond that on your

own. And that is the strength of StreetLife, I think. It has never been intended to be ongoing funding beyond the two years. It is a very good program, and when I travel through country Victoria a number of communities who have been recipients talk about the benefits the StreetLife program brought to them.

**The ACTING CHAIRMAN** — I think this might be a bit outside the area — it is probably more a Minister for Youth Affairs matter — but would it cover such things as, I notice a lot of young adolescents hang around shopping centres? They don't have anywhere much to sit or chat or anything. Has that been included in the program or is that really outside the gambit?

**Ms THOMSON** — No, that is not strictly StreetLife, no.

**The ACTING CHAIRMAN** — No, okay.

**Ms THOMSON** — It is street life of another sort!

**The ACTING CHAIRMAN** — That's right! But I'm sure we could harness those young people into doing something useful. Don't you think so? Good!

**Mr RICH-PHILLIPS** — Possibly not through providing benches.

**The ACTING CHAIRMAN** — They are safe there!

**Mr RICH-PHILLIPS** — I don't think the proprietors would necessarily agree with you, Judy!

Minister, can I ask you about the regional small business mentoring scheme which was announced in the budget this year: I understand it is a \$100 000 trial, and there is a press release which relates saying that the trial is in East Gippsland. So the first thing I would like to ask you is: on what basis was East Gippsland chosen; what were the criteria for choosing East Gippsland? And also how many people are going to be involved in it, from the business point of view and from the mentor side of things?

**Ms THOMSON** — East Gippsland was chosen because it is a fairly isolated community that does not have access to a whole lot of support, and so East Gippsland was chosen on that basis. In relation to the number of mentors that would be involved, at this stage I cannot give you figures as we are currently scoping where we can get locally based mentors as well as providing support from mentors from the small business counselling service and other options in relation to that. We are looking at operating the program in smaller towns in East Gippsland so the number of participants, I think, will be dependent on a demonstration of interest from those participating communities. That work is now being undertaken by the department, so we should have more detail on that shortly.

**Mr RICH-PHILLIPS** — Do you know, at this stage, which towns or any towns?

**Ms THOMSON** — We have not finalised the towns at this point in time. We are looking at some of those much smaller communities, but there has not been a finalisation of those towns, there really are a number of individuals sounding out where there might be some interest in the program and the take-up around that. So I would think shortly we would be able to provide details if the committee wants details.

**The ACTING CHAIRMAN** — Thank you very much, Marsha.

**Mr HOLDING** — I would like to ask about the enhanced electronic export assistance program — the Vicexport program. You mentioned this in your slide presentation earlier, Marsha, and I was wondering if you could provide the committee with some information on the take-up of the Vicexport web site, and also if you could provide the committee with some information about how the web site is being enhanced so that it can, I guess, better promote the development of export-related skills by businesses?

**Ms THOMSON** — Yes, this is a web site that the department is very proud of, especially those for whom it is their personal baby. If I don't —

**The ACTING CHAIRMAN** — Anyone in particular?

**Ms THOMSON** — Grahame Jackson is here, so I will mention him in the list —

**The ACTING CHAIRMAN** — Okay!

**Ms THOMSON** — And I know it will be very remiss of me if I don't get on the record that Vicexport has won an award for the government technology productivity awards.

**The ACTING CHAIRMAN** — Very good!

**Mr HOLDING** — Congratulations!

**The ACTING CHAIRMAN** — Good on you, Grahame!

**Ms THOMSON** — You can put that on the record, because it is a site that I try and go and have a look at every now and then to see what updates have occurred there and what it actually does. I see that Tim Holding is now about to get onto the site — —

**Mr HOLDING** — Thank you!

**Ms THOMSON** — It is, in fact, an easy-to-navigate site which is vitally important. It provides real information to potential and existing exporters. It is structured in a way in which you can go from the initial inquiry right through to, hopefully, through to the finalisation of contracts to export expansion. It links to other sites such as Bizapeac, which is the APEC site that has been set up to enhance trade and export cooperation between APEC partners and trade opportunities, so it is in fact linking to international potential. Stage 1, when it went up, was tested with focus groups and was adapted and changed accordingly in stage 2. Stage 2 includes information on export skills development, available export training courses and directories of private-sector facilitators and export agents. Stage 3, which has just recently gone on line — is that right, Grahame? Yes? — just recently gone on line, contains information on the use of e-commerce to assist export. And also the various documents that are used in export transactions, so they are also on the web site. It also informs you about the kind of agreements and things that you need in place for when you are looking at export.

The fourth stage, which is not online yet, will take advantage of the emerging technologies for web-based trading platforms. So it is a site that is really useful to small and medium-size enterprises in particular who want to look at exporting. It will provide them with an opportunity to look to potential markets, so not only will they be able to find out all they need to know, but potentially will find out where they could export to and even, over time, arrange it online. And it is one that we are aware from the Ethnic Enterprise Advisory Council, was a good site for us to actually initiate some other languages on. So we have now put Arabic, Chinese, Spanish, Indian, Khmer, Polish, Russian, Tagalog?

**The ACTING CHAIRMAN** — Yes, Tagalog!

**Ms THOMSON** — Philippines? Turkish and the Vietnamese languages onto the Vicexport site, so — —

**Mr HOLDING** — Indonesian.

**Ms THOMSON** — And Indonesian, you reckon we need, too?

**Mr HOLDING** — No, no! Indonesian is on there!

**Ms THOMSON** — Oh, you are up? And we have got Indonesian? There you go!

**The ACTING CHAIRMAN** — Tim is fluent in Indonesian; he is just reading it now!

**Ms THOMSON** — So, as you can see it is a very useful site for our ethnic communities who are looking to export themselves.

**Mr DAVIS** — Turning to the small business output group, I am just wondering whether you see it as your role and whether that part of the department sees it as its role, whether alone or in conjunction with the business output group, the larger business area, to actually attract small businesses to Victoria, and if so, can you point to the number of small businesses that the department may have attracted to Victoria and the value of those businesses to Victoria?

**Ms THOMSON** — I think the easiest thing to say in relation to that, in investment attraction, the department intends to look to attracting business that value-adds to Victoria and does not duplicate necessarily what other businesses are already doing in Victoria. It would be fair to say that not much attention has been given to attracting small businesses — —

**Mr DAVIS** — What about niche businesses, for example, into specific areas — maybe quite small businesses, but important strategically?

**Ms THOMSON** — I do not think individual businesses — if you ask in another session whether we would be trying to enhance our reputation in manufacturing and therefore encouraging businesses from interstate to move to Victoria, as a general rule in a campaign potentially, we are interested in enhancing small businesses here and seeing new business start-ups occurring. That is where the concentration has been.

**Mr DAVIS** — The answer is no?

**Ms THOMSON** — The answer is not that I am aware of.

**The ACTING CHAIRMAN** — I refer to another initiative — that is, the Koori Business Network (KBN). I understand that is to give small business support and online support. Can you tell us how that works and what you are trying to achieve there? Has it been effective in encouraging new Koori businesses?

**Ms THOMSON** — The Koori Business Network was established in 2000. It provided an opportunity to look at the Koori community and ways in which they could enhance business opportunities for themselves. We have actual business development officers attached to the Koori Business Network and we have recently employed an officer in Gippsland. The KBN works with Aboriginal communities in maximising business opportunities. For instance, the KBN has been working with the Yorta Yorta nation in business opportunities and in developing a business plan to facilitate and coordinate their activities. It held a business forum on 26 and 27 February that brought together the stakeholders and main players — Parks Victoria, the Aboriginal and Torres Strait Islander Commission, the Aboriginal Advancement League, local government and the Department of Natural Resources and Environment to look at a proposal to be developed. It looked at a training centre in and around Barmah, a cultural interpretation and accommodation centre, properties along the Murray River, and a Koori transaction centre.

**The ACTING CHAIRMAN** — Is it more into traditional Koori areas or any areas of small business?

**Ms THOMSON** — No, a lot has also gone into the arts area. They have actually worked with other Koori businesses that are successful but are not traditional, be it restaurants or propagation of plants at nurseries, and those sorts of things. They run workshops and promotions of what the Koori communities are doing in relation to business. Arts cooperatives are being established together with Arts Victoria under what is called Deadly Arts Business in Victoria, which is a mentoring program, and a distribution centre for Robinvale is also included. We are looking at three regional workshops. It is an opportunity to look at what are the talents of the community, how they can be harnessed, what business opportunities they can make themselves, and to promote and assist in that endeavour.

**Mr RICH-PHILLIPS** — Minister, in your presentation you spoke about a briefing on tourism and said 80 per cent or 90 per cent of tourism businesses are small businesses?

**Ms THOMSON** — I think 90 per cent. The Minister for Tourism can tell you off the top of his head.

**Mr RICH-PHILLIPS** — Okay, 80 per cent to 90 per cent. I am sure you are aware that one of the big factors facing small business in tourism is public liability. What measures exist in the budget in your area or elsewhere if it is the responsibility of another minister to address the issue of public liability for tourism small businesses?

**The ACTING CHAIRMAN** — I think that is mainly in the area of the Minister for Finance. Are there items in your budget relating to that?

**Ms THOMSON** — There is nothing in my budget items relating to public liability. It is being overseen by the Minister for Finance who is working on a national response in relation to public liability for small business throughout Australia. Having said that, the public record would indicate that about \$100 000 has been set aside for risk management and there is something for adventure tourism that is in place.

**Mr RICH-PHILLIPS** — Before the house?

**Ms THOMSON** — I am not sure of other financial measures in relation to tourism. I think that matter should be raised with the Minister for Tourism or the Minister for Finance.

**Mr RICH-PHILLIPS** — There have been no initiatives through the small business portfolio?

**Ms THOMSON** — Only the assistance the Office of Regulation Reform has given to the processes the Minister for Finance is overseeing in relation to the national response and apart from what we did earlier last year, which we talked about.

**Mr HOLDING** — At the conclusion of an answer you mentioned regulatory reform. One of the values mentioned earlier in your presentation that underscored the government's approach to regulatory reform was balancing the creation of a business-friendly environment with the protection



of the public interest. Can you point to those initiatives within the business statement that seek to achieve that goal?

**Ms THOMSON** — We are conscious as a government of the need to get regulation right for business, that it needs to be regulation that is necessary and that regulation should be flexible. It is of concern to us that regulation is often put in place that may be relevant to big businesses — it is easy for them to implement, they have a number of staff to call on, but they cannot translate that readily to small business. Probably one of the best examples is in relation to food handling, where we had a massive requirement of regulation which made it impossible for small business to either afford or comply with. It had to be wound back to be put into a manageable form for it to be effective. We want to avoid getting into those circumstances. What we are looking to do to enhance the Office of Regulation Reform is to look at areas where there is an opportunity for departments to investigate alternatives to regulation.

**The ACTING CHAIRMAN** — What sorts of alternatives?

**Ms THOMSON** — I think food handling was a good example of where the industry came up with templates as alternatives to the regulation. What we are trying to do is make that a first port of call rather than the last port of call.

The business statement refers to the fact that to get cabinet approval Departments will have to demonstrate they have looked at all other avenues first before deciding on regulation as a last resort and ensuring that where we do regulate, that regulation is flexible and takes into account not just the capacity for big business to comply with the costs of big business but the capacity for small business to comply with the costs on small business.

The other thing about the Office of Regulation Reform is the requirement that it now be more proactive in things like the development of the business statement which had the Office of Regulation Reform involved from the beginning to ensure that what was being looked at and developed in relation to the business statement would be of benefit and would not add to the burden of business. That is certainly the case with the business statement given the reception it received from the business community that overwhelmingly supported the business statement and thought it was a great initiative of the government.

While there would still be continual reviews of the ones undertaken by the Office of Regulation Reform to date in relation to sectors, whether it be retail tenancy, liquor or the work it has been doing with cheese manufacturing, that will still occur but the role will be far more proactive in relation to government's response to regulation more broadly.

**Mr DAVIS** — My question concerns the government's proposed industrial manslaughter legislation. I am very interested to know whether you as a minister or the department have done any survey work as to the attitude of small business to this legislation, the attitude of business to the punitive aspects of it or to the potential jail terms involved, and the attitude of business and investors to this particular legislation, or have you failed to consult with small business in that respect?

**Ms THOMSON** — In relation to the small business perspective — I certainly cannot speak for the other parts of the department — we have not undertaken any survey work on industrial manslaughter. Having said that, the industrial manslaughter legislation is really directed to corporations. The small business people I have spoken to are well aware that as individuals they could be held up for manslaughter charges or gross negligence in the workplace already and that this legislation would ensure that big businesses faced the same consequences that they may face in their workplace. Can I say that the majority of small business people I have met with — by far and away the vast majority of them and probably all of them — really value their employees; they do not want to put them at risk and they try to take every precaution they possibly can to provide the right environment for their workers to ensure that occupational health and safety measures are met and kept. I have to say that we see the industrial manslaughter legislation before Parliament as being legislation not geared to small business but geared to the big corporations.

**Mr DAVIS** — But to be clear, many small businesses are incorporated, as you are aware, and hence the legislation would apply to directors of those small businesses. That is my understanding. Is it the case also that you have legal advice or not of — —



**The ACTING CHAIRMAN** — Just a moment, David, I am not sure where you are going. I am not sure if it is the budget. That one is really for the Attorney-General. As the legislation is still in front of Parliament I am not quite sure that —

**Mr DAVIS** — Can I explain?

**The ACTING CHAIRMAN** — Yes.

**Mr DAVIS** — The relationship to the small business output group is that this legislation would impact on small businesses for which the minister has direct responsibility.

**The ACTING CHAIRMAN** — No, there has to be a budget item relating to it, but the legislation is not really law yet so we are into hypothetical country. I think I will have to rule that one out.

**Mr DAVIS** — The question of whether that output group and the public servants in that area have examined the legislation in terms of its impact on their area is a very relevant question.

**The ACTING CHAIRMAN** — No, I am sorry, it is not, because we are talking here about the budget proposals — what is in the budget in relation to the future. You are talking about some legislation which has been through one house of Parliament but has not gone through the other house, and your party has in fact said it will not pass it, so you are talking about a hypothetical situation that might occur in the future. You really cannot ask the minister questions about that. She has given you the broader answer, but I do not think you can go more specifically into it. Even though it is hypothetical you could possibly raise it in passing with the Attorney-General if there is a budget item.

**Mr DAVIS** — I am sorry, but I do not think you can dodge this matter in terms of its impact on small business. It is horrific.

**The ACTING CHAIRMAN** — I do not think this is dodging it. I just say it is not in her budget and it is not in her portfolio area.

**Mr DAVIS** — No, it impacts on the area she has responsibility for.

**The ACTING CHAIRMAN** — If I can conclude by picking up on a question that Gordon raised before in relation to easing government and the money that is in the budget, we covered how it will be set up, et cetera. Would you tell me what advantages small business can expect to get from that or how you see that assisting small businesses?

**Ms THOMSON** — I think it goes back to the issue of whether we expect business to understand how government operates or whether business should be able to go one way and have government operate behind the scenes and still provide the information to business. We would say that certainly the latter is preferable. People need to know that in order to cover planning you do not need to go to planning to fill out the form. The form should be able to be filled in at one spot and lodged.

We are not just looking at the structures and trying to make them disappear for businesses but we are also going back to Tim's point about other languages. The availability of other languages is akin to information for business, so we are looking at providing access to key information in 10 different languages, not unlike what Vic Export is doing, and expanding the Victorian Business Line so that we have some sort of after-hours service for small business whether it be on a weekend, after hours or during the week. That is being investigated. We are linking the Business Channel Internet site to the Business Line call centre so they can use the latest demonstrations, and information can be made available to those who need it.

We are also ensuring that our business centres are able to assist by knowing and understanding not just what they deal with currently in the department — our programs — but also things that are occurring in other parts of government which are relevant to business and to understanding how business operates. So instead of the business person needing to understand how business operates, our business centres will be able to provide that service instead.

**The ACTING CHAIRMAN** — Thank you very much for that contribution this afternoon. Of course we have not yet finished with the minister, but we will give her 10 minutes break to have a cup of tea before we come back to concentrate on information and communication technology.

**Witnesses withdrew.**

