

CORRECTED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2003–04 budget estimates

Melbourne–29 May 2003

Members

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Mr R. W. Clark
Mr L. A. Donnellan
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Witnesses

Ms M. Thomson, Minister for Small Business;
Mr P. Harmsworth, Secretary;
Mr P. Hatton, Director, Business Access; and
Mr R. Arwas, Director, Small Business, Department of Innovation, Industry and Regional Development.

The CHAIR — I welcome the Minister for Small Business; Mr Peter Harmsworth, Secretary of the Department of Innovation, Industry and Regional Development; Mr Philip Hatton, director of business access; Mr Roger Arwas, director of small business, Department of Innovation, Industry and Regional Development; departmental officers; and members of the public. I now give the minister the opportunity of giving the committee a brief presentation.

Overheads shown.

Ms THOMSON — I understand the committee saw the first two overheads yesterday. The next overhead is a snapshot of small business in Victoria. It is important to understand that there are 274 000 small businesses which account for nearly half of private sector employment, some 43 per cent, and nearly 121 000 of them are run by women, again not an insignificant number. The other interesting statistic is that nearly 27 per cent of the operators were overseas born, which is a significant percentage, and one that we need to take into account as we develop programs and support for small business.

Small business outputs for 2003–04 amount to \$10.1 million. We have access to other areas across the department; we are an interesting structure. We have broken down the barriers and divisions of DIIRD deliberately to give greater access to programs that are run out of various parts of the department. For small business that is probably more important than any other sector because they cross every area of support that we provide for business.

What we see is the use of the business centre networks being provided and accessible to small business. The Vicstart program is \$25 million over four years to build innovative businesses from access to commercialisation of public sector research. We are hoping we will see a number of those innovative small business enterprises make access to that. Some \$2.9 million over three years has been provided to strengthen regional clusters in identified industry sectors to ensure that we are producing the best businesses we possibly can in regional Victoria. The agenda for new manufacturing, which the committee will have heard about yesterday, goes a long way to that. New money is now available in tourism. Roughly some 90 per cent of tourism operators are small businesses. As you can see, we are benefiting from all that the department does.

I turn to achievements for 2002–03. We have implemented some major reforms this year with the development of the position of a Small Business Commissioner, with legislation passed by Parliament and the position has now been established and in place. We as a government made a submission to the Dawson review, and the retail leases legislation, which went through the Parliament, is now in place and being implemented, for which the Small Business Commissioner has a role and which I will talk about later. Then outside my portfolio area the cutting-the-cost-of-doing-business initiatives, the \$1 billion tax cuts that were announced in the business statement regarding business taxes. We are also encouraging new growth opportunities.

The other one we launched was an initiative driven by small businesses from my visits around Victoria. It was clear that when you are starting a business you have to run around to lodge business forms and get information. We have simplified that through our business centres. Now you can get your ABN registration form, in some areas even council information, all state and federal government forms and requirements. The business line will provide those forms and information if you use the telephone service. We are trying to make an easy for people to lodge forms, what they need to lodge, and all that information is on the business licence information system (BLIS) web site.

The CHAIR — I draw your attention to the time.

Ms THOMSON — I will try and pick it up.

The CHAIR — We have this in front of us.

Ms THOMSON — There are a number of programs that support small business. We have Skilling Small Business for the Future which we ran with the Department of Education and Training, and Showcasing Women in Small Business which has been hugely successful. The new initiatives include the refunding of Streetlife for four years. The funding for the Small Business Commissioner out of this budget is \$8 million over four years. This builds on what we have already been doing as a department.

Some people here know an awful lot about the Small Business Commissioner, but some may not. Key areas of responsibility for the Small Business Commissioner are retail tenancy issues. It is a first. We are leading Australia — there is no other position in Australia that does what the Small Business Commissioner does in dispute resolution, dealing with retail leases, monitoring unfair market practices and doing work in that arena under our Fair Trading Act with the draw-down provisions in section 51AC of the Federal Trade Practices Act. In addition,

monitoring regulation and helping to develop service charters to promote the way departments work with small business will be a role for the Small Business Commissioner so it expands quite a lot. The standard fair payment clause in government contracts is an initiative from the election commitments. It will be run by the Department of Treasury and Finance, but we will be working to assist in its implementation. The Grow Your Business program will increase flexibility and access to small businesses. That builds on the other initiatives that have come out of election commitments announced at the time and being put in place by the Department of Innovation, Industry and Regional Development.

The CHAIR — You have just whipped through it.

Ms THOMSON — That is what you wanted me to do.

The CHAIR — That is exactly right, thank you. I go to budget paper 3, page 165, where part of the role of DIIRD is to assist small businesses to embrace new opportunities as well as promoting an environment in which small business can grow. That is a very good and broad statement. Can you give some indication of the strategies and performance measures that will enable you to do that?

Ms THOMSON — I did list in the presentation a number of the initiatives we have in place. Of course marrying them together provides quite a strong picture for small business. Built on the back of the tax cuts that came out of the Better Business taxes and also in relation to our own initiatives we are seeing a huge promotion of small business in government activities. If you have a look at what we have done, the Small Business Commissioner is actually in place to assist small businesses in their dealings with big business. We do not see this as taking on the job of the Australian Competition and Consumer Commission — it is separate to that — but actually trying to resolve disputes and deal with those sorts of issues. That is one thing that small business has not really had access to before. I talked about Easy Government and the role it plays in making it much easier for start-up businesses to lodge all their requirements.

What I have not mentioned is something that will really commence next year — not 2003–04 but more 2004–05 — and that is the business master key. It will be an advance on that and looking at a case management-type arrangement for businesses across government to really assist small and medium-sized enterprises in dealing with government. We have seen the Victorian Business Line gear up a step. We have Showcasing Women in Small Business, a program to assist those women in small business, which has been hugely successful. The seminars have been really well attended.

The CHAIR — Do you count people in attendance at those seminars? Is that a performance measure?

Ms THOMSON — We certainly have that as a performance measure for Showcasing Women in Small Business.

Vicexport provides online assistance to companies which are at the stage of thinking about exports, which are potential exporters and some which may already be exporting and looking for alternative markets and more information about markets. That is a hugely successful web site. One program run out of Department of Education and Training is the Skilling Small Business for the Future program.

We have also refocused some of our programs. We gave a commitment to raise the level of business development grant money that went to small business. I think when we came into office 39 per cent of that money went to small business and we made a commitment to increase it to 50 per cent over the term of the last government. We have certainly met that target and measure and we want to improve on that. We have also had a good look at some of our programs. The enterprise improvement program is the one that had the greatest access to small business, but we felt it was not flexible enough for small business so we have changed that program and brought in Grow Your Business to enable younger businesses and some of our more innovative businesses to get access to the support that comes from that. We are looking to improve our programs to ensure that we are making the most of the money we have available — to get it to the businesses that will get the most benefit from the assistance that we provide. We are seeing some benefits from the work that is going on out there. A Glen Iris computer training company was awarded \$10 000 to help expand its business, Creative Informatics, to undertake a new joint venture with Swinburne University and expand its business overseas. The research project that Creative Informatics was undertaking was looking at developing online learning and developing actual product for the corporate sector. If the research is successful it will lead to over \$1 million in investment and between 10 and 12 jobs will be created. We are seeing new clusters of service businesses actually developing and exporting. The service industry is one of our greatest export potentials and we are looking at growing a lot of the businesses involved in that sector. A lot of them are very small little businesses.

Mr DONNELLAN — A supplementary question, Chair?

The CHAIR — Yes.

Mr DONNELLAN — You talked about improving the business environment — the Chair asked about that — and I saw there was a standard fair payment for government contracts. You would be aware that I was closely associated with the panel beating industry in the past. Is the Small Business Commissioner going to look at encouraging large business to pay small business in a reasonable time or is there going to be someone saying that 90 days or 120 days is a long time to wait for a small business and that they be expected to fund costs out of their own cash flow?

Ms THOMSON — We made the decision to put a fair payment clause in for Victorian government business because we wanted to lead by example, to show that it can be done, it can work and it can benefit small businesses that have real cash flow problems not of their own making but because people just do not pay on time. If you are a big business you do not care, and frankly that is not good enough. We thought if we had it as part of our requirement that you have to pay on time then others could follow the example that we have set. I wrote to the insurance companies at the request of the Victorian Automobile Chamber of Commerce about paying on time. I understand, from the VACC there has been an improvement since the letter was written, and I was happy to do so. How successful? You would need to ask the VACC.

As to whether or not the Small Business Commissioner is a person whom they could go to if they have complaints in relation to the insurance industry, I am sure the VACC will not be too shy in going to whomever it can go to in order to promote its cause. Certainly the Small Business Commissioner is there to try to resolve a dispute before it becomes a battle in the courts. If it is within his preserve to do so, it is at his discretion, he is there as a statutory appointment and I am sure he will give great advice and take up those matters which he believes are matters that should be taken up.

Mr FORWOOD — Minister, I am keen to get to like with like if I could.

Ms THOMSON — Good luck!

Mr FORWOOD — Trade measurement services, \$2.5 million, and liquor, \$5.1 million, have gone from your — —

Ms THOMSON — To consumers affairs.

Mr FORWOOD — To consumer affairs?

Ms THOMSON — Yes.

Mr FORWOOD — If you look at this year's budget paper 3 on page 183 none of the funds shown in the expected outcome columns for regulation reform or small business support relate to last year's expenditure on those two areas. At the moment we are doing like with like.

Ms THOMSON — Yes.

Mr FORWOOD — Last year the regulation reform budget was \$1.7 million, the expected outcome is \$2.3 million and the full year budget for the forthcoming year is \$3.9 million. I would be interested to know what the \$0.6 million was and what the extra \$1.6 million is in the forthcoming year in relation to that. If we do the same in relation to small business — which shows \$5.1 million, \$5.9 million and \$6.2 million — we might get a handle on what is happening.

Ms THOMSON — I am happy to go through that. We will do regulation reform first so that we understand what we are dealing with. The \$0.6 million that you mentioned is in relation to a Treasurer's advance for the initial funding of what was then the Retail Industry Commissioner and then was passed on as funding for this initial period for the Small Business Commissioner. The \$3.9 million is a \$1.9 million additional amount for the Small Business Commissioner, so the actual funding for the Small Business Commissioner is in under that line item.

Mr FORWOOD — Under regulation reform?

Ms THOMSON — Yes. The \$0.3 million is additional money that went in — that is, \$300 000 — went in just for additional work for regulation reform, and \$0.6 million is the carryover taken out for the Treasurer's advance. It is the balance. It is taken off.

Mr FORWOOD — Sorry, I was doing all right until the last bit.

Ms THOMSON — You have to take off the \$0.6 million that appeared in the previous one. Do you understand what I am saying? When you add those up — the \$1.9 million and \$0.3 million — it takes you over and then if you take out the \$0.6 million it takes you back. It is the difference.

Mr FORWOOD — I see.

Ms THOMSON — It is the difference.

Mr FORWOOD — So \$2.3 million plus \$1.9 million, minus \$0.6 million will get us back to \$3.9 million?

Ms THOMSON — Yes.

Mr RICH-PHILLIPS — The difference between the two targets?

Ms THOMSON — That is right.

Mr FORWOOD — Thank you, that is all.

Ms THOMSON — We are up to the second half now, small business support. In 2002–03?

Mr FORWOOD — The three figures are \$5.1 million, \$5.9 million, and \$6.2 million.

Ms THOMSON — There was a carryover in 2002–03 and an increase in funding from the electronic export assistance program and just some little increases. In 2003–04 there is an increase in the allocation for Easy Government of \$0.1 million, \$0.1 million for the export assistance funding increase and \$0.5 million is the new funding for Streetlife.

Mr FORWOOD — Thank you. Finally on this, why would the output measure for timeliness for the Small Business Commissioner be in that output group if his funds are in regulation reform?

Ms THOMSON — That is a measure we probably need to look at for the next budget papers.

Mr RICH-PHILLIPS — Minister, at page 184 can you clarify the differences between the two targets in the output groups — this year is going to be \$6.2 million, last year's target was \$5.1 million, that is \$1.1 difference, but the figures you gave only add up to \$700 000? Or have I missed something?

Ms THOMSON — I do not know if you missed something. I would have to go through it all again to work it out.

Mr RICH-PHILLIPS — There was \$0.5 million new funding for Streetlife; \$100 000 for exports — that is, \$0.1 million; and \$0.1 million for Easy Government. They were the three items you gave to explain the difference. There should be a further \$0.4 million.

Ms THOMSON — You are looking for money, is that right?

Mr RICH-PHILLIPS — Yes.

Mr FORWOOD — He is trying to get to the difference.

Mr RICH-PHILLIPS — There is a total of \$1.1 million.

Ms THOMSON — We have to take you back one step. The revised budget for 2002–03 is \$5.9 million going up to \$6.2 million, which is an increase of \$0.3 million. I have given you the increases and they have been offset, so there are some offsets.

Mr FORWOOD — Perhaps you could give us a reconciliation here.

Mr RICH-PHILLIPS — Could you reconcile, on notice, this year's target to last year's target.

Ms THOMSON — The \$5.9 million to \$6.2 million was, as I said, for increases and the offsets are \$0.1 million for the reduction in funding for small business mentoring program, because we have completed that, and \$0.25 million in savings.

Ms ROMANES — Minister, one of the items under the small business support major outputs is the Streetlife program. Page 184 of budget paper 3 outlines the outcomes in terms of percentage of KPIs completed. Could you outline to the committee what value there is to the local communities involved in the Streetlife program? Could you also indicate what the KPIs will be for the program for the coming year?

Ms THOMSON — Streetlife was a program that was started under the Kennett government, under Mark Birrell as the industry minister. It was a program that was commenced as an employment program and was really a retail sector, retail revitalisation program for strip shopping centres. When we came into government I took the opportunity to have a good look at it. It just seemed like a perfect program to involve more broadly small business and to refocus it, not so much on job growth — which is what you always hope comes from anything that you do for business, that job growth will come from it — but that it be available to a broader base of small businesses to actually utilise.

For those of you who are not familiar with it, it is a great program because it brings businesses together to work collaboratively for joint outcomes. It provides the facilitation, and we pay half as the government, for the costs of putting a kind of project manager or officer in place to coordinate whatever the project is that is being funded. The funding is for up to a two-year period, then it is withdrawn. What you are hoping is that those businesses have got to the point where they have either achieved what they have set out to achieve or to a point where they can continue it and it is ongoing. The government gets out of the way and leaves them to get on with it. It has been quite a successful project on that basis. We have broadened it quite a deal. But having said that, we have not neglected the old base. For instance, in Koroit I launched Moyne Unlimited, which was a Streetlife project to help Koroit develop a town plan and a business plan for Koroit. Danielle will know Koroit quite well.

The CHAIR — Bet you have been to Bourke's.

Ms THOMSON — Yes, Micky Bourke's is where we launched it. It is quite a cute and quaint town that has a lot of potential, being so close to Port Fairy and Warnambool. They are looking at taking advantage of this in developing their business plan. It still has more of a retail focus, in a sense, than Moonee Valley, where we saw the Arts in Business project, which involves over 330 artists to help them sell their wares, their creations. This is the commercialisation of what they do, which is a totally different project to the retail one.

In Mount Beauty we have worked with the Mount Beauty and District Chamber of Commerce to deliver a project for the Kiewa Valley to help in the rebuilding of the tourism businesses that were affected by the fires. So it is flexible and diverse in who and how it can help. I think that demonstrates the beauty and success of this project. You can have something as immediate as the bushfires and still be able to provide support and response to help in the recovery process in a quick and timely way. I think it is important that we deal with all aspects of small business so we see quite a diverse number of businesses now utilising Streetlife to grow their businesses.

There is the Fashion Incubator that has been set up with the City of Yarra and the City of Melbourne. That is not only linking people in fashion but also people who do graphics and marketing and assists in their web site developments so they are able to market their fashions and increase their capacity to sell, and also build in other fashion components. So it is not just clothes; they have brought in accessories and those sorts of things. It is an opportunity to see all that Streetlife can potentially be when communities of interest get together and sponsor that kind of activity, and it has had ongoing benefits to communities.

Ms ROMANES — Minister, how closely does the state government work with local government on these programs? I can imagine that there are many more projects seeking funding than there are funds to provide for them. Can you explain how the successful projects are selected?

Ms THOMSON — There are criteria that need to be met for selection, and we do not look to go back to areas where we have already been, where there has been a Streetlife project, because what you are hoping to do is ensure that it is successful and you get out. The whole idea is to build up enough momentum for them to continue on by themselves. You do not re-fund so we tend not to go back to other areas. There has to be a capacity of support there, because the state government will fund only 50 per cent of the costs for the project placement. There is a lot of collaborative work done with councils. I think the majority would be co-sponsored, with the involvement

of councils and chambers in assisting in ensuring they get up and get going. We rely very heavily on the economic development areas of councils to assist in putting in applications from parts of their municipalities, and that often spreads across communities and small towns in rural areas. A number of them will get one project and one project coordinator working across a number of towns, and helping to link the towns a little better, too, so that business communities across the towns work well together.

Mr FORWOOD — Just a quick supplementary question on that. You might have said it and I might have missed it, but what was the total government allocation for Streetlife last year and this year?

Ms THOMSON — It was \$0.5 million last year and it will be \$0.5 million ongoing.

Mr RICH-PHILLIPS — I would like to clarify the funding for the Small Business Commissioner. On page 227 of budget paper 2 for 2003–04 funding is shown as \$2 million; on page 128 of budget paper 2 for the same year funding approved is shown as \$1 million; and in your answer to Mr Forwood earlier on the reconciliation you said the funding was \$1.9 million. So we have three figures: \$1 million, \$1.9 million and \$2 million. Can you please reconcile that with what the actual funding for this coming year will be?

Ms THOMSON — The position has been funded for \$2 million per annum for four years — that is \$8 million. The \$1 million that is showing up in budget paper 2 comes out of the election commitments, which showed \$1 million, but to do the tasks that were perceived to be necessary to be done by the Small Business Commissioner, on an evaluation of those the funding was made available, was increased. So the budget allocation for the Small Business Commissioner is \$2 million.

Mr RICH-PHILLIPS — So where it says ‘Funding approved’, it should say \$2 million, not \$1 million?

Ms THOMSON — I think you will find in budget paper 2 that it actually talks about the election commitment funding. So it is not actually — —

Mr RICH-PHILLIPS — There are two columns.

The CHAIR — What page are you on?

Mr RICH-PHILLIPS — Page 128. There is the election commitment on one side and then there is the actual funding on the other side, and they both show \$1 million, so I assume the funding approved column should show \$2 million rather than \$1 million. It is at the top of the page.

Ms THOMSON — No, that is wrong.

Mr RICH-PHILLIPS — That is wrong?

The CHAIR — It is against LFS.

Ms THOMSON — It is against LFS and then there was an increase for the budget.

Mr RICH-PHILLIPS — It should show what is actually funded?

Mr FORWOOD — Funding approved?

Ms THOMSON — Yes, but I think that was funding approved against LFS, and then there was the funding approved for the budget.

Mr RICH-PHILLIPS — Some of the other figures are different, so I assume — —

Ms THOMSON — I cannot, I do not know why — —

Mr RICH-PHILLIPS — The figure you gave of \$1.9 million?

Ms THOMSON — There will be some cost recovery from the Small Business Commissioner, so that accounts for that difference. Some funding will come from that.

Mr RICH-PHILLIPS — Is that part of the department’s overall productivity or efficiency gain the department was trying to achieve?

Ms THOMSON — The difference from the \$2 million is in relation to savings from other areas that will help make up that \$2 million and recouping of charges from services provided such as mediation, those sorts of things.

Ms GREEN — Still on the Small Business Commissioner, could you outline to the committee the role of the commissioner as distinct from the investigative functions of the Victorian Civil and Administrative Tribunal and the Australian Competition and Consumer Commission in relation to small business?

Ms THOMSON — The Small Business Commissioner was probably welcomed by every small business association, and certainly by a range of people, as a new and innovative role for a position such as this. The Australian Retailers Association Victoria certainly welcomed the position. Brian Donegan, the executive director, saw it as a great commitment and support to small business. As I said before, it is an Australian first; no other state has put in place a position quite like this, and it is unique.

The VACC applauded the Bracks government for responding to the needs of small business and keeping its growing small business, getting on with the job election promise. We see it as an opportunity to implement some of the policy positions that we have put in place in the business statement. Things like the small business service charter, which is about how departments deal with small businesses. You often hear stories about how small businesses are given the run around by departments. What we want is the Small Business Commissioner to work cooperatively with departments to assist them in developing those service charters so that we actually have a business-friendly, and particularly small business-friendly arrangement in all of the departments that small businesses have to deal with. I note your amusement, Mr Forwood.

The other issue is that we made a commitment in the business statement about flexibility of regulation in relation to small business. It is often a lot easier for big businesses to comply with regulation. They have the people who can put it in place or they can afford to hire them to put it in place. They can afford the money that goes with it. It is not just the cost of the regulation itself that might be an issue, but the way you have to comply. So we made a commitment as a government to build in flexibility.

We have now reached the point where we have to work out how we monitor that. Are we meeting that commitment as a government? We want the Small Business Commissioner to monitor that, and we want to have the department working with other departments on how they think about creating alternatives to a one-model-fits-all regulatory system. That will not always be able to be done, but at least if the effort has been made to attempt to do that then you know that this is the point of last recourse. This is what you have to put in place to meet the regulatory requirements that society has demanded and the government feels is necessary. But we should be looking at every other avenue before we put in a regulation that adds a burden to small business. We are looking at ways in which we can minimise that burden and create that flexibility, and the Small Business Commissioner will be there to monitor it.

The role is very different in that sense from the ACCC, that does not have a function to play — nor does VCAT for that matter — in trying to have positive outcomes. Rather than reviewing, looking back, it is about looking forward, about being constructive, avoiding mistakes where we can and working collaboratively with departments to try and get the right results before we put a regulation in place. The role it will play in retail leases is different to any role that the ACCC might have or any role that VCAT might have. VCAT of course is the independent arbitrator in a lot of retail disputes and still will be, but we want the Small Business Commissioner in there with a mediating role, providing an opportunity to resolve disputes before you get to the point where you are taking action.

We want the Small Business Commissioner to be a first port of call, and it does provide that. You can actually ring with your inquiry and get some assistance — and get some assistance about how you might best deal with the situation you are faced with before you have a dispute, because by the time you get to the point where you are thinking taking legal action it tends to be already too late. The Small Business Commissioner has already had over 270 calls so we are conscious that there is a need out there and the Small Business Commissioner will meet that need.

Where things come a little closer to home — not so much with VCAT because VCAT will do dispute resolution in the sense of when it has all broken down and there is no other recourse — but on the issue of unfair market practices, we would hope that the Small Business Commissioner would be trying to keep a handle on the complaints and issues coming before him and be able to advise me on issues that are arising. He will also work very closely with the ACCC when there appears to be a real case of merit. The ACCC often does not take on individual cases until the point has been reached where it has become a test case. I do not envisage that the Small

Business Commissioner will be taking on cases per se, but in investigating matters we would hope that the Small Business Commissioner would investigate and work closely with the ACCC.

I know the Small Business Commissioner has already had meetings with the ACCC, and they are working out that relationship quite collaboratively and looking forward to a close relationship. I think you will find that most jurisdictional action will have to be taken under the Trade Practices Act because of the way corporations are structured. But there is the capacity for matters to be taken to VCAT under the Fair Trading Act under section 51AC and the draw-down provisions that have been made use of. So they are the differences. We do have a bit of an issue about whether or not the Trade Practices Act will now do its job, but that is a separate issue.

Mr FORWOOD — In the output measure on page 184 it says:

Proportion of applications by retail tenants before leases of less than eight years ...

Ms THOMSON — Sorry, I should have corrected that straightaway. That is a misprint in the papers, it is leases less than five.

Mr FORWOOD — Less than five?

Ms THOMSON — Yes.

Mr FORWOOD — That is right. The issue is that it is 21 days. I have already had a case where a person came to me and said that they wanted to lease for two years. They said to the real estate agent, 'Now I have to write and get permission', and the real estate agent let the premises to someone else for five years because they were told it was going to take 21 days to get it back from the Small Business Commissioner.

Ms THOMSON — It does not take 21 days to get back — —

Mr FORWOOD — They rang and that is what they were told.

Ms THOMSON — It is up to 21 days. It is a target to make sure it is timely.

Mr FORWOOD — This person said, 'What is the point of this act, because I had a place that I wanted to go into for two years and I have lost it because bureaucracy would not let me do it.'

Ms THOMSON — In fairness, I do not think they could, under the Retail Tenancy Act, get a lease for two years regardless. It would have had to have been a five-year lease for a first — —

Mr FORWOOD — No, but by agreement they can; that is the point.

Ms THOMSON — Well, the issue was whether or not there would be manipulation of that provision.

Mr FORWOOD — I know, I made this point, and I went through the arguments with him.

Ms THOMSON — It is early days, and I will certainly pass on to the Small Business Commissioner the way that telephone issue was dealt with. But it is up to 21 days only to ensure that there is a timely response. We thought there should be a target for how quickly people will respond. We expect it will be less than that, but we will not accept more than that. The target is not a let-out for not doing it in a more timely way. We will certainly pass that on to the Small Business Commissioner, who I am sure will be interested to hear that.

Mr DONNELLAN — You mentioned the Trade Practices Act before. We put in a report, obviously, to the Dawson review. Were you happy with the response to that, vis-a-vis abuse of market power, or were you a bit disappointed with what came out of it?

Ms THOMSON — I was disappointed with the Dawson review. Our submission was basically ignored, as were a number of other small business associations that put in submissions. We would have hoped for a better outcome and a strengthening of section 46.

Mr BAXTER — You mentioned the catastrophic bushfires in the north-east and Gippsland, and I want to examine for a moment the assistance that might have been given to small business. You mentioned the Streetlife program in Mount Beauty, which of course is welcome, but it does not help the Mitta Valley, the Upper Murray, Tallangatta or other places. Through its small business minister the federal government is currently making available cash grants of \$3000 to small businesses in the north-east. The Treasurer, when he was before the

committee, told the committee about the \$86 million this government had allocated to bushfire relief. Is any of that \$86 million being made available directly to small businesses in the burnt areas?

Ms THOMSON — It is not being given in cash grants, if that is what you are asking. If you are asking if it is being given in support for recovery, yes it is, but not in cash grants. There are no cash grants available, as I understand it, from the bushfire recovery that is going to assist small businesses. There is money made available for fence reconstruction, as I understand it, but not directly to small businesses.

Mr BAXTER — Of the \$86 million, most of that is being spent on repairing public infrastructure in parks and the like, is it, other than the \$2.1 million that is being allocated to —

Ms THOMSON — No.

The CHAIR — The minister only has to answer for her own portfolio.

Ms THOMSON — And that is not correct, Bill. There is money going in tourism campaigns to help to rebuild communities, and that benefits the small businesses in those communities. Support is being put in place, but the specifics are the responsibility of Mr Brumby.

The CHAIR — Mr Donnellan.

Mr FORWOOD — Mr Baxter is not finished.

The CHAIR — He asked the question in relation to small business grants. The minister has answered that.

Mr BAXTER — I have the answer that there is no direct assistance to small business.

Ms THOMSON — There is no cash assistance to small business; there is assistance being given to small businesses, but not cash assistance.

Mr BAXTER — I would like an example of how small business is being assisted out of the \$86 million.

Ms THOMSON — There is \$1.9 million being spent on a tourism campaign, which does assist small businesses in those towns. There is \$13.9 million in recovery support to affected communities, which would have benefits to small business in those communities. So there are a number of initiatives. The VBCs are offering support and referral to small businesses that require assistance.

Mr BAXTER — As a matter of course they do that anyway.

Ms THOMSON — It is more than that, because the VBCs have been using the small business counselling services and others to help in providing assistance with banks and those sorts of things, which is not normally the job undertaken, but it is being undertaken where required. I myself wrote off to local utility providers at the time seeking an understanding of the difficulties that some of those businesses faced in paying their bills. A number of support projects have been put in place for communities of which small business is the beneficiary. But there has not been any cash put in the hands of small business, and I am pleased the federal government is now doing so.

Mr DONNELLAN — Budget paper 3 raises the Victorian Business Line as a service provider. How will you measure the success of that?

Ms THOMSON — The business line service only operated during business hours. Last year we decided to increase the length of time that the business office was open. It is easy for us to say, 'Ring the business line', but then people were ringing to get some assistance at a time when their businesses were not operating only to find the business line was closed. We have increased the hours to 8.00 a.m. to 8.00 p.m. through Monday to Friday to allow businesses to gain access out of business hours, and it will operate from 9.00 a.m. to 12.00 noon on a Saturday. The VBL typically receives somewhere between 250 and 300 calls a day. You would have to say that more than half would be around business start-up inquiries — about which we are very pleased; the more people who ring and ask about setting up a business before they start one, the less likelihood there is of business failures. But certainly the flexibility is showing in the business line, and we are seeing an increase in activity on the business line with the changes that we have made to it. General inquiries for the business line total 43 815 to date.

Mr FORWOOD — Hang on, the inquiries to the business line?

Ms THOMSON — Yes.

Mr FORWOOD — What about the figure on the top of page 184?

Mr RICH-PHILLIPS — What period is that? Is that annual?

Mr FORWOOD — The Victorian Business Line, is that what we are talking about, at the top of page 184?

Ms THOMSON — That is our web sites and business line totals.

Mr FORWOOD — So Victorian Business Line, 12 000.

Ms THOMSON — That is the amalgamation; that 43 815 is the merger of the business line and business web sites. General business inquiries is 43 000.

Mr FORWOOD — I thought your were talking about the Victorian Business Line.

Ms THOMSON — And I said ‘and our web sites’, so if you add in our business line and web sites it is 43 000; that is just general inquiries and telephone inquiries.

The CHAIR — Which one is over the phone?

Ms THOMSON — In the budget papers you are just looking at the number of BLIS inquiries, which is 12 000, so it is 43 815 general calls to the business line, and if you actually add up the inquiries from BLIS, which is the 12 000 you see there — that is the target — there has already been 13 492.

Mr FORWOOD — So that 43 000 figure you referred to does not — —

Ms THOMSON — It is phone calls, not web sites.

Mr FORWOOD — It is not web sites.

Ms THOMSON — No, it is not. I clarify it is not web sites, it is phone calls.

Mr FORWOOD — Did you not say 250 to 300 calls per day?

Ms THOMSON — Yes.

Mr FORWOOD — Phone calls per day?

Ms THOMSON — Yes.

Mr FORWOOD — If I multiply 250 by 200 what am I going to get?

Mr RICH-PHILLIPS — More than 40 000.

Mr FORWOOD — More than 40 000. Anyway, forget it. I give up. You win.

Ms THOMSON — I work with the information I get.

Mr FORWOOD — Anyway, let me make the point, I only ask the question: why are you not continuing to measure these outputs? Why are so many of your outputs now not applicable?

Ms THOMSON — I think it might be an example of the confusion we have gone through. We are actually going to merge them, so you will actually get an inquiries understanding rather than just the mechanisms from which it has come. So we are actually going to — —

Mr FORWOOD — Yes, but are you not hiding the way you do it?

The CHAIR — In the budget papers, Minister.

Mr FORWOOD — It is hiding it.

Ms THOMSON — What you will see is a general inquiries commitment of 43 000. So you will get that, but what you will not get is the breakdown of what they are going to. Then the web sites will be separate, with the web sites all amalgamated.

Mr FORWOOD — Minister, what funding was provided for Grow Your Business last year and what funding will be provided this year?

Ms THOMSON — Grow Your Business is a new program, so the funding for the coming year is \$1.9 million.

Mr FORWOOD — If the funding for this year is \$1.9 million and it comes out of the output group, small business support — —

Ms THOMSON — Actually I am not sure that that figure has even been finalised, so I would want to be a bit — —

Mr FORWOOD — Is it a bit more or less?

Ms THOMSON — It may be a bit more. I would prefer to come back to you on the final amount, because it might be a bit different.

Mr FORWOOD — Okay, but the point I was driving at was that we ended up last year with \$5.9 million total expenditure. We anticipate tomorrow or in a month's time we will end up with — —

Ms THOMSON — Yes.

Mr FORWOOD — Right. You have announced a new program of \$1.9 million for the next year.

Ms THOMSON — Around that figure.

Mr FORWOOD — Say, \$2 million?

Ms THOMSON — Yes.

Mr FORWOOD — Which is a significant part of the budget, which is \$6.2 million. What I am after is what programs have been dropped for you to be able to fund that?

Ms THOMSON — Grow Your Business is not funded out of my area. Grow Your Business is an initiative of another part of the department. Although I have signed off on part of it, I do not have total sign off for it.

Mr FORWOOD — So, it is not in that output group?

Ms THOMSON — No.

Mr FORWOOD — Which output group is it in?

Ms THOMSON — It will be in the business development group.

Mr FORWOOD — So, no programs have been dropped?

Ms THOMSON — Not from my output group.

The CHAIR — Thank you, Minister. Part of your responsibilities relate to exporting and small business support in exporting. Can you tell me a little about what money has been allocated in your key performance indicators?

Ms THOMSON — Exporting is what we need to be on about, because the Victorian economy is far too small to rely on just the Victorian market.

The CHAIR — In your answer can you also state what is your responsibility and what is the responsibility of the Minister for Manufacturing and Export.

Ms THOMSON — Okay, maybe we will start at that point. The issue of export markets more broadly is the responsibility of the Minister for Manufacturing and Export. Irrespective of the size of business, programs that come from the agenda for new manufacturing and other areas of export assistance are his area of responsibility, and trade fairs and missions as part of industry development still sits with Minister Brumby. But there are opportunities for small business to access that money, and we also have a web site, Vic Export, which we support, which builds on those programs.

What is my responsibility in relation to export opportunities? It is to make sure that Victorian small businesses that have the potential to export are able to harness the programs that are in place within the department — and that is certainly the case, they are able to access those programs. We also have people in our metropolitan business centres who assist in linking people to Austrade and work with that fundamental export assistance. But the greatest assistance to the very small companies is the web site that we established. At a time when exports are down due to world market trends and there are economic conditions that are totally outside of our control — we around this table would love to be able to make it rain, in the amounts we need and in the places we need it, but unfortunately none of us have developed the capacity to do that. There are things that are impacting on Victoria's potential to export more, and certainly international events have not helped that either — we are conscious that there are now more opportunities for small businesses to export, and we are seeing more and more small businesses finding niche markets overseas. The web site helps address that issue for those companies. It was a four-stage project which started in September 2000 and gives support to small businesses to find information on what they need to know when they are looking to export, right through to potential export markets. It provides a link to the APEC site, which can link them to a potential buyer of whatever it is they have to sell. Up until April this year there had been 21 000 visits to the site. At that rate it looks like it will double the number for 2001–02. So it is an important opportunity for small businesses to get access to information that might be a lot harder to get access to without the site.

As a matter of fact I visited one of the small businesses in your neck of the woods, Bill, in Ivanhoe — you might know them, they manufacture audio transformers and won a contract with the Anzac frigates, but they also export to the Asia-Pacific rim. They use the web site to sell their products overseas. The web site now provides information on how you can use e-commerce to open up world markets, so we are advancing the program continually and looking at new sectors that we need to assist. The other one we will be working on and hope will be online and available shortly is in relation to the services sector, which we know has great export potential for Victoria. It will put up some specific information to assist them in providing export opportunities and taking advantage of those — or at least taking advantage of opportunities, we will not provide the opportunities, they have to be provided by others — and it will give them the capacity to take advantage of those opportunities. The web site gives real assistance and shows how you can use technology to give relevant information to people at the right time in their business cycle.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the savings that are required to be made in the department — that is, \$6.1 million this coming year from general efficiencies and government administration and the rationalisation and refocussing of programs. The \$10.1 million that has been attributed to your output groups already reflects those savings, is that correct?

Ms THOMSON — Yes, it does.

Mr RICH-PHILLIPS — Okay, where have the savings been made in those two output groups?

Ms THOMSON — This is the one that we mentioned before — there is \$400 000 for departmental cost savings allocated to outputs.

Mr RICH-PHILLIPS — Has that been broken down?

Ms THOMSON — No.

Mr RICH-PHILLIPS — Because half a million dollars is a fair whack of money to find through cost savings.

Ms THOMSON — It will be done through re-prioritization, and the secretary advises me that a number of them were corporate offsets with the movement of Trade Measurement Victoria and liquor licensing to consumer affairs.

The CHAIR — Thank you, Minister. That concludes the consideration of the budget estimates for the information and communications technology and small business portfolios. Thank you witnesses and departmental officers for your attendance today. It has been extremely useful and we have enjoyed it immensely — —

Mr FORWOOD — Have we?

The CHAIR — And a couple of issues will be taken up and correspondence will be sent from PAEC — —

Ms THOMSON — Those two things, yes.

The CHAIR — Thank you.

Witnesses withdrew.