

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

## **Inquiry into the 2024–25 Budget Estimates**

Melbourne – Friday 24 May 2024

### **MEMBERS**

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Aiv Puglielli

Meng Heang Tak



**WITNESSES**

Natalie Suleyman MP, Minister for Small Business; and

Tim Ada, Secretary,

Danni Jarrett, Deputy Secretary, Industry, Trade and Investment, and

Ylva Carosone, Executive Director, Small Business Victoria, Department of Jobs, Skills, Industry and Regions.

**The CHAIR:** I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2024–25 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, any comments repeated outside of this hearing may not be protected by this privilege.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining the hearing via the live stream this afternoon and other committee members.

Witnesses will be provided with a proof version of the transcript to check, and verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Minister for Small Business the Honourable Natalie Suleyman as well as officials from DJSIR. Minister, I am going to invite you to make an opening statement of no more than 5 minutes, after which time committee members will ask you some questions. Your time starts now.

**Natalie SULEYMAN:** Thank you. I would like to acknowledge the traditional owners of the land on which we meet and pay my respects to their elders both past and present. Thank you to the Chair and to the committee.

**Visual presentation.**

**Natalie SULEYMAN:** Victoria's small business sector is strong, diverse and growing and is an integral part of the state's thriving community. Small businesses provide employment and support for families and communities around the state, and the numbers show how important they are in our economy. With more than 700,000 small businesses in Victoria, they make up 97 per cent of businesses in our state. They generate over 42 per cent of private sector jobs, and over 114,000 new small businesses were created in 2022–23. Over one-third are owned by migrants and one in five small businesses are in the regions.

We are delivering a tailored program, grants and the right information so that small businesses can start, grow and thrive. We deliver our programs in a way that suits small business owners, who we know are time poor. Our achievements show strong performance in 2023–24. Over 3.8 million visits were made to the Business Victoria digital channels to access essential business information, tools and templates. More than 4400 participants have improved their skills and capabilities under the small business toolkit program. Importantly, since the toolkit program began in 2020–21 it has supported over 19,000 current and prospective small business owners with workshops, webinars, virtual mentoring sessions and online courses to build their business skills.

The Small Business Bus brings a mobile office on wheels to all 79 Victorian local government areas. This financial year the bus has already visited 119 locations and supported over 800 business owners. The bus has enabled over 140 engagements to support small businesses impacted by floods. This month the bus celebrates its 14th birthday. Across its journeys the bus has made over 3200 visits and delivered more than 46,500 business engagements and mentoring sessions.

We know that operating a small business can have its challenges. This is why we have continued to provide businesses with free financial counselling, wellbeing and business advice sessions through the Partners in Wellbeing program. During 2023–24 this important program has delivered over 3100 sessions to more than 200 small business owners through the helpline and the embedded mental health clinicians working with our partner organisations across flood-affected regions.

We are also supporting and celebrating one of Victoria's biggest strengths, our multiculturalism, and we are supporting trader groups and business precincts across Melbourne to boost their local economies and to boost business activation and cultural activities through a number of grants. Earlier this month I launched the multicultural business chambers and trader groups grants to boost business activation, and these grants are open right now to all trader groups in Victoria. This year I am also excited to re-establish the small business and multicultural business ministerial councils. These two councils will give small business a seat at the table so we can hear directly from them on issues and ideas and of course opportunity to strengthen the connection between small business and governments. The Victorian Small Business Commission continues to be a champion for small business and is helping them avoid and resolve disputes. The VSBC has held 330 mediations, with an overall client satisfaction rate of 83 per cent in the year so far. Altogether these achievements across the small business portfolio have delivered valuable support for Victorian small businesses.

2024–25 continues to be a valuable –

**The CHAIR:** Apologies, Minister, I will interrupt you there. We are going to go straight to Mr McGowan, the Deputy Chair.

**Nick McGOWAN:** Thank you, Minister. Forgive my ignorance, but on page 145, where there are 'Output' and 'Sub-outputs' and 'Industry, small business and medical research (2024–25: \$476.0 million)' and then for 'Sub-outputs', 'Industry and small business', \$418.7 million, can you tell me from both of those, output and suboutputs, what the component is for small business alone – or the Secretary or whoever might have the answer?

**Tim ADA:** Danni, are you happy to –

**Danni JARRETT:** Thanks, Mr McGowan. For the component that relates to small business, though, as you would appreciate, that output covers a number of different portfolios, but for small business, the output for 2024–25 – I understand that is your question –

**Nick McGOWAN:** Yes.

**Danni JARRETT:** relates primarily to supporting Victorian small businesses, which relates to the business toolkits and Business Victoria online.

**Nick McGOWAN:** And the total funding envelope for those two initiatives?

**Danni JARRETT:** It is \$2.3 million.

**Nick McGOWAN:** So of the \$476 million, there is \$2.3 million for small business in the output – is that correct?

**Danni JARRETT:** And then there is also the multiyear funding from 2022–23 and 2023–24, which relates to the flood response business support programs.

**Nick McGOWAN:** Yes, but that output is just 2024–25.

**Danni JARRETT:** The question for 2024–25 relates to \$2.3 million.

**Nick McGOWAN:** Yes, but what I am asking about is the output funding here – of the \$476 million, how much of that is small businesses?

**Tim ADA:** I think, Mr McGowan, if I can, Minister, we might take that on notice. As Ms Jarrett said, it pertains to the new budget initiatives. There is also some funding in 2024–25 relating to the commitment the

government has made and was in last year's budget relating to multicultural precincts and trader groups. We might take the question on notice to answer it.

**Nick McGOWAN:** Thank you.

**Natalie SULEYMAN:** I just want to mention and add, if I can, in relation to our commitment and what we are delivering, there is our \$17 million multicultural traders and precincts initiative, which will support trader groups and of course multicultural precincts and which includes skills for staff, and we are making sure that we have the right support for small business across Victoria.

**Nick McGOWAN:** I understand that, Minister. I am sorry. I am going to have to be – not rude – but I just have to be efficient because I do not have a lot of time and we did hear the presentation, so I do understand and appreciate that. Thank you, Mr Ada – if you can come back to us on both the output and suboutputs.

Budget paper 3, page 58, table 1.16 – it stipulates there that the government are providing \$2.3 million next financial year to support Victorian small businesses, but there is no ongoing funding. Can someone explain that to me – Minister or Secretary or anyone else?

**Tim ADA:** I think if you would like me to start, Minister, I think there is obviously commitment in this budget. Obviously, like in any annual budget, the government has got an opportunity to make any further decisions they may wish to. I go back to my earlier comments: there is ongoing funding in support of the small business portfolio in 2024–25 and indeed in future years related to the multicultural, trader and precincts initiative, support for the Victorian Small Business Commission et cetera, but you are right in pointing out that that is a one-year commitment related to that initiative.

**Nick McGOWAN:** Mr Secretary, while we are speaking, the government, via NAB, commissions an annual survey that pertains to the impact of state regulations on business. Do you know whether the department received this survey or a summary of its findings?

**Tim ADA:** I might ask Ms Jarrett or Ms Carosone to add to my comments. We have access to a lot of data and insights publications. As to whether we actually receive the specific survey that you mentioned, Ylva, do you want to add to that?

**Ylva CAROSONE:** I am happy to. Can I just clarify, please, the exact name of the survey?

**Nick McGOWAN:** I am not familiar with the name, myself. I can get that to you, but it is via the NAB, so I am guessing there is only one survey. They commission annually a survey relating to the impact of state regulations on business.

**Ylva CAROSONE:** Yes, we do receive lots of reports like that. And that is commissioned by NAB?

**Nick McGOWAN:** I am just wondering, because they were previously publicly available since 2016. Are we able to see a copy of that survey result?

**Ylva CAROSONE:** I would be happy to follow up if that is a report that we did actually receive. It could be one that has been received by our colleagues in regulation reform, in that portfolio, but I am happy to take that on notice.

**Nick McGOWAN:** I would be grateful if you could do that. Thank you very much. As per the 2017 Act, the small business commission falls under the minister's responsibility. Perhaps, Secretary or Minister, how many staff are at the commission currently – FTE?

**Tim ADA:** I think, Minister, if you are happy, I can take that question. There are approximately 10 staff working in the Victorian Small Business Commission.

**Nick McGOWAN:** Is that a reduction from last year or is that net up?

**Tim ADA:** Mr McGowan, I think I was here earlier in the week talking about workforce reductions in the department more generally, which have affected all departments and many agencies across government. There have been some reductions in the Victorian Small Business Commission. In some respects it also reflects the

cessation of some COVID-related initiatives and resourcing that the Victorian Small Business Commission had, but I think the answer to your question –

**Nick McGOWAN:** Do you have a net figure of the reduction there?

**Tim ADA:** I beg your pardon?

**Nick McGOWAN:** Do you have an indication of what the reduction was in terms of FTE – if it is 10 now, what was it previously?

**Tim ADA:** Danni, if I can ask you to add to that.

**Danni JARRETT:** Originally it was 21, and due to the restructure it is actually now eight.

**Nick McGOWAN:** Does that have an impact at all in terms of the small businesses waiting for dispute resolution?

**Natalie SULEYMAN:** Can I just very quickly add, just for the committee's information, that the Victorian Small Business Commission is a commission that we established, and it has been operating for over 20 years. The commissioner, Lynda, and her team do a very, very good job in providing support and quality advice to be able to resolve some of the disputes –

**Nick McGOWAN:** I appreciate that, Minister, but my question is really whether the small businesses are waiting for –

**Natalie SULEYMAN:** in a timely manner, and I think the issue here is that the commission continues to provide quality support so that small businesses at that point can actually have their issues resolved rather than escalating into further costs on small businesses –

**Nick McGOWAN:** I appreciate that, Minister, but when your workforce is reduced by half, does that have any impact on service?

**Natalie SULEYMAN:** if I can finish – and further time, so it is really important that we do –

**Nick McGOWAN:** No. On a point of order.

**The CHAIR:** Excuse me, Minister. Deputy Chair, on your point of order.

**Nick McGOWAN:** That is okay. I will move on.

**The CHAIR:** Excuse me; this is the second time I have had to say this, Deputy Chair. Please do not raise points of order and then say you have not got one. It could be portrayed as being frivolous points of order, and I would warn you against doing that.

**Nick McGOWAN:** That is fine. Secretary, perhaps you can answer the question: the reduction in that workforce – does that actually have an impact on the businesses waiting for dispute resolution, because it is a reduction of over half of the workforce?

**Tim ADA:** I think, Mr McGowan, the thing that I would say is that the commission continues to do a terrific job at providing a quality, low-cost service for Victorian small businesses. That is reflected in some of the performance measures of both quality and satisfaction. The wait time for mediation has extended beyond what it has been before, but I know the commissioner herself and her team are focused on moving expediently through mediations and requests that are brought to her.

**The CHAIR:** Apologies, Deputy Chair. We will be going to Mr Galea.

**Michael GALEA:** Thank you, Chair. Good afternoon, Minister. Good afternoon again, Secretary and officials. Thank you all for joining us today. Minister, I would like to turn your attention to budget paper 3, page 60, which outlines some of the various supports for Victoria's small businesses, including, as it says, 'fundamental business advisory services and capability-building support' of various means, including the

digital channels through Business Victoria. Minister, can you please talk to what some of these supports and programs are?

**Natalie SULEYMAN:** Thank you very much for your question. I am really pleased to be able to talk to the committee about our \$17 million commitment to support Victoria's multicultural businesses and of course their precincts. We know that these precincts are an iconic part of Victoria's bright cultural presence and our place as the nation's foodie capital and of course the events capital. Whether it is the iconic Chinatown or Springvale or Box Hill, we know that we have a really diverse and multicultural experience across Victoria. We know that they are vibrant and with a little bit of support create something really unique for our community. Whether it is the sharing of our culture, whether it is sharing of food and cuisine and traditions, we know that we continue to support our small businesses through these programs and of course initiatives. Recently we had the announcement for traders support, which was really important, and we know that those initiatives support traders to continue to deliver the local boost to their economy and, more importantly, provide a rollout for businesses. As I said, the \$17 million will be delivered to 10 multicultural trader associations and of course for the planning of multicultural precincts as well. We will see as well the assistance and support for small business staff. They will be able to receive support to upskill staff or be able to provide that additional support.

We know that our multicultural business chambers and traders groups across Victoria deliver locally led and important projects, whether they are – and I use these examples – Easter or Christmas trading or Lunar New Year, really focusing on big attractions and bringing not only locals but also thousands across into those local precincts. I know that our government continues to support those not only cultural events but also really important events that boost that local economy. I did just briefly talk about our multicultural skill scholarships that will be available to small businesses, delivering 500 \$10,000 scholarships for workers, as I said, to be able to upskill. And we know that small business have actually faced challenges in the present economy when it comes to accessing skilled workforce or labour, so this is an initiative that is welcomed. We will continue to work in partnership with organisations such as TAFE or the provision of free TAFE courses, which are very important for hospitality and other sectors in the small business space. I am looking forward to rolling out the progress of these commitments. I know that traders and commerce have welcomed these initiatives, and it is something that we look forward to delivering and rolling out.

**Michael GALEA:** Thank you, Minister. You mentioned Springvale amongst the many local popular areas there. Mr Tak and I know that area very well of course.

**Natalie SULEYMAN:** I am sure there is. Every suburb has a unique place, I must say.

**Michael GALEA:** It absolutely does. I am sure every member in this room will say this, but in the south-east we are particularly blessed to have such a wonderful array of different small businesses and people from many different backgrounds as well. I know in the case of Springvale, the Springvale Asian Business Association do a wonderful job. Of course we have provided some government funding towards the Lunar New Year festival as well.

**Lauren Kathage** interjected.

**Michael GALEA:** No, I will not have you interrupting my time, Ms Kathage.

**Natalie SULEYMAN:** Well, we haven't started with the west, have we?

**Michael GALEA:** I know you are proud Westie too, Minister, but I will not have Ms Kathage or Mr Hilakari interrupt my time. Just on the subject there of some of the wonderful multicultural traders and events that we have in this state. Minister, why is it important for us to support these traders groups, such as the Springvale Asian Business Association that I mentioned, and how can they access support this year to run various local networking or other local activation projects?

**Natalie SULEYMAN:** Thank you, Mr Galea. This is a timely question to be quite honest. It is really exciting to be able to support our traders. We have had a real package of support for our traders and commerce groups. We know that traders play a very integral role in some of our business communities, whether it is our local economic development or advocating for local issues, driving projects and programs and, most importantly, providing opportunities for businesses not only to make new connections but boost economic activity through trader group-led events. Mr Galea, you have spoken about a number of events, but I would say

again that this is what makes Victoria quite unique with its small business community – the events and celebrations and the cultural tapestry that we have for Victoria. I am very pleased to be able to not only provide that package but also be able to provide that support of advice, guidance, for businesses no matter what stage of the journey they are on, whether it is out in Springvale or whether it is Chinatown or in Footscray, St Albans or Wyndham. Unlocking more economic opportunities is what drives our package and what drives our support for small businesses across Victoria.

Now, I was able to recently announce – and I know members around this table were also present at the announcement – our multicultural business chambers and trader groups program which, can I say, is live at the moment. It is now open, and I encourage traders and commerce groups across Victoria to apply. These grants are up to \$20,000. These funds can contribute to events and activities that increase local collaboration between businesses and increase precinct activation. As we have said, whether it is Lunar New Year or Easter or Christmas trading that boosts that local economy or recently I was out in Mulgrave and spoke to some small business traders who are hosting and organising a midyear winter festival. It will be welcome news that they will be able to apply, on behalf of their traders group, for these grants. As I said, it is just another way for businesses to be able to increase their local activity within their precincts.

This investment is also an opportunity for local businesses. Besides cultural events, there is also an opportunity for local businesses to have expo events. We know that they are very helpful, the hosting of expo events for small businesses. So this investment is about investing back into the very best of our state. As I said, there are over 700,000 small businesses in Victoria. They are an integral part of our state: a base of employment, a base of service. As I said, we will continue to support not only our small businesses but also our traders groups, who are able to really access these grants and, most importantly, deliver quality programs.

**Michael GALEA:** Thank you, Minister.

**The CHAIR:** Thank you, Mr Galea. We will go to straight to Mr Puglielli.

**Aiv PUGLIELLI:** Thank you, Chair. Good evening, everyone. Has the Labor government considered implementing a vacant commercial property tax to ease pressure on commercial real estate prices?

**Natalie SULEYMAN:** Sorry. Can you just repeat that question for me, please?

**Aiv PUGLIELLI:** Has the government considered implementing a vacant commercial property tax?

**Natalie SULEYMAN:** I thank you for that question, but this issue is not in my portfolio. So I would ask you to –

**Aiv PUGLIELLI:** Who should I direct to?

**Natalie SULEYMAN:** flag it to the relevant minister. What I can talk about is our commitment to small businesses, in brief.

**Aiv PUGLIELLI:** I might rephrase, if that is okay.

**Natalie SULEYMAN:** Okay.

**Aiv PUGLIELLI:** Will you advocate to the Treasurer to introduce a commercial property tax for vacant commercial properties?

**Natalie SULEYMAN:** Sorry, just one moment, please.

**Aiv PUGLIELLI:** I do not think it will be in there. Will you or won't you is really the thing.

**Natalie SULEYMAN:** Thank you for that question. Look, can I just say that that is a matter for the Treasurer, but what I will say is this budget, I am very pleased to say, has no new taxes for small businesses. What we are doing in this budget is supporting our small businesses, whether it is our multicultural precincts, supporting traders and commerce or continuing to provide our Business Victoria digital network, which provides programs, mentoring, marketing. If you really unlock the Business Victoria website, which as I have indicated, has been very popular and is heavily used, we also have the Business Victoria newsletter, and again,



one in five businesses are registered on the newsletter, which provides valuable, important, reliable and, most importantly, correct information for businesses. We also complement that with our Small Business Bus, which travels to all local government areas –

**Aiv PUGLIELLI:** Terrific. Honestly, I do not want to discount what you are – sorry, I am on limited time. Will you advocate to the Treasurer, as a ministerial colleague, to introduce a vacant commercial property tax?

**The CHAIR:** Mr Puglielli, the minister has answered your question. Just because you do not like the answer – you get to ask the question –

**Danny O'BRIEN:** Did she say yes or no?

**Aiv PUGLIELLI:** I have not heard an answer, Chair.

**The CHAIR:** You cannot direct the minister and put words in her mouth in how she answers just because you do not like the way that she has answered.

**Aiv PUGLIELLI:** I have not sought to do that, Chair, whatsoever. Further, I have heard a range of information that has been very helpful, but it has not answered the question remotely.

**Lauren KATHAGE:** She told you it is the Treasurer's portfolio.

**Aiv PUGLIELLI:** Yes. I am asking if she will advocate to the Treasurer, and I have not heard a response to that question.

**Mathew HILAKARI:** I am not sure what that has got to do with the budget.

**Danny O'BRIEN:** Well, he still can ask questions related to the portfolio.

**Aiv PUGLIELLI:** It is a small business output. I am asking the small business minister.

**Natalie SULEYMAN:** Can I, Chair –

**The CHAIR:** Minister and officials, thank you very much for taking the time to appear before the committee this afternoon. The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request.

The committee is going to take a break before beginning its consideration of the children portfolio at 5:20 pm.

I declare this hearing adjourned.

**Witnesses withdrew.**