

CORRECTED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2005–06

Melbourne — 23 May 2005

Members

Mr W. R. Baxter

Ms C. M. Campbell

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Chair: Ms C. M. Campbell

Deputy Chair: Mr B. Forwood

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Witnesses

Mr A. Haermeyer, Minister for Small Business;

Ms F. Thorn, secretary; and

Dr L. Williams, deputy secretary, business support, Department of Innovation, Industry and Regional Development; and

Mr M. Brennan, small business commissioner, Office of the Small Business Commissioner.

The CHAIR — In addition to having the minister, Ms Thorn and Dr Williams, I welcome Mr Mark Brennan, the small business commissioner from the Office of the Small Business Commissioner.

Overheads shown.

Mr HAERMEYER — It is a fairly lengthy and detailed slide presentation, so I will just go through what I think are the key elements of it and if you want to ask anything in more detail in relation to it later I will be happy to deal with it. We have over 300 000 small businesses in Victoria. Significantly, that represents 96 per cent of all businesses in the state and nearly 50 per cent of private sector employment, so that is a pretty good indication of the importance of the sector to the economy. A very much growing area of small business is the proportion of home-based businesses which is growing quite significantly, so 198 700 or 66.2 per cent are now operated at or from home. That has increased from 64.4 per cent in 2003–04, a very significant growth area.

Also important to note, I suppose, is that small business has to start off as a small business. If you have a look at businesses like Myer or Visy or Bakers Delight, they all started off as small businesses. Again, it is important to note where it is concentrated in property and business services, retailing, construction and manufacturing. Almost one-third of small businesses are operated by women. Nearly 29 per cent of operators are born overseas, and that proportion continues to rise, so we have developed some specific activities and initiatives that are very much assisting those particular ethnic sectors where you have a very prominent presence of small business operators. We have the number of small overseas-born operators increasing by 3.6 per cent in 2003–04. The level of IT usage, while it continues to rise — although perhaps not at the exponential rates we have seen previously — 73.1 per cent use computers, up from 71.4 per cent in the last financial year, and 63.9 per cent have Internet access, up from 59.9 per cent.

I suppose ultimately what we try to do with small business is create as friendly and competitive an environment as we can in which it can operate. The Treasurer has already indicated the \$823 million worth of cuts to land tax over five years. There is a further 10 per cent reduction in WorkCover premiums coming, and I think other than Queensland we are now the lowest for WorkCover premiums. Victorian businesses will have an average premium rate of 30 per cent lower than New South Wales and 40 per cent lower than South Australia. We have tried to create a fair business environment — and I am happy if anyone wants to get some more details from the small business commissioner who I understand people were keen to speak to last year when unfortunately Mark was unavailable. But he is available this year.

That has been a very significant initiative in reducing some of the difficult issues in terms of dispute resolution that small business has to deal with. We have provided national leadership by advocating trade practices reform. We have tried to create as supportive a regulatory environment as we possibly can, and that is particularly around the introduction of the Victorian Competition and Efficiency Commission and the introduction of business impact statements including small business statements. We have tried as far as we can to serve business better in terms of the support government gives to them, and also putting some protocols into place in terms of how quickly small businesses doing business with the government get paid.

I refer to some of the things we discussed earlier. Programs like Opening Doors to Export are all of assistance to small business, but we have some small business-specific programs like Under New Management, which is effectively about providing valuable and practical information on going into business, buying a franchise, signing a retail lease or undertaking some strategic business planning. One of the things with small business is that a lot of people going into it are often quite good at the function that the business performs but they often do not have business expertise. The analogy I often use is the chef who cooks an absolutely sensational meal and the restaurant might be full to the brim, but he is not making any money. What we are trying to do is introduce them to the fundamentals of running a business. StreetLife is about trying to breathe some life into our strip shopping centres, because millions and millions of dollars are going into getting people into the big shopping malls. We have to find a future for the strip shopping centres and enable them to differentiate themselves and ensure that the businesses whose survival depends on those strip shopping centres are able to continue to exist and grow. The E-Commerce Exhibition Projects program is about trying to support clusters of Victorian small and medium-size enterprises to develop innovative approaches to business-to-business. And, of course, we have a program specifically designed to assist women, which is Women's Access to Finance.

There are a number of small business success stories that are itemised there, and there are some further details that we did put in the slides. I will just move to the last one, 'Opportunities for the future', because I think it is

reasonably important. We are reaching the end of the five-year strategy that the government has put in place. I have indicated that at the end of this year I will be making a new small business statement, which will basically set the strategic direction for small business for five years to come. We will continue to work towards lowering our regulatory barriers and maximising the benefits of new technology. We note that most small businesses now do have access to an online computer.

The other one which will come into existence very shortly is the Victorian Business Master Key. That has been quite a significant initiative. It is about trying to provide an electronic one-stop shop for small businesses. At the end of the day people do not want to know whether something is a federal, state or local government initiative. So what we are trying to do is provide a single point of entry and easy online access to pretty much all of the services that people want to access and all of the information that they might want to access at the federal, state and local levels. The Victorian Business Master Key will be coming online later this year. We expect the first phase launch to be by December this year. It is a project that will continue to grow and improve. It is the first time ever it has been attempted, and we think it will make doing business online and getting information from whatever level of government a darn side easier.

The CHAIR — Minister, could you go to BP 3, page 132, where you have the ‘Small business support’ section. I know from your slides that the government is doing a lot to help people start a small business, but if you look at those key performance indicators, you see they do not actually go to starting a small business. Could you outline for the committee’s benefit what work has been done by your department to assist small businesses in actually commence?

Mr HAERMEYER — Yes, certainly.

The CHAIR — Would you like to comment, too, on the usefulness of putting in a key performance indicator on that in the future after you have outlined it?

Mr HAERMEYER — In terms of the last part of the question, we can certainly explore that.

The CHAIR — Good.

Mr HAERMEYER — In terms of starting small businesses, we provide a range of services and information to help people who are seeking to start a small business. The first thing you have to have is somebody who wants to get into business. What we try to do is provide the information and the management skills that will help them. It does not matter where you go in Australia, small business does have a high failure rate, usually within the first year. So we have provided the Victorian Business Line, which provides phone information to several thousand callers each month. Our Victorian business centres and regional development office also provide face-to-face access. We have a consolidated ‘Business in Victoria’ web site, which is providing streamlined electronic access, and, as I said, that will be augmented by the Victorian Business Master Key later this year.

We have developed memoranda of understanding with a number of industry associations, given that the latter often represent key information channels and sources for new small businesses. It is very hard sometimes to just know who is out there. Small businesses are somewhat amorphous in terms of not knowing exactly who is starting them and when, and those industry associations are a key way of trying to get through to people who are moving into small business.

Very significantly, as I indicated earlier, we are providing management skills training. That is delivered through our very successful Under New Management program. It is now in its third year and continues to offer support. It provides valuable and practical information on things like going into business, buying a franchise, signing a retail lease and undertaking strategic business planning. They are all important things. As I said, often people go into small business, and they are good at the function that the small business performs, but they do not know the pitfalls that can exist when you go into a franchise or a lease agreement. They do not have some of the marketing, strategic or financial skills that might need to go with managing a business. That program has been highly successful. The program also involves a group workshop, which is being complemented by one-to-one business mentoring for each participant, and that is very important.

This year we expect more than 2000 businesses and individuals to take the opportunity of attending one of the 200-plus face-to-face workshops — sorry, not just this year but over the next two years — while a lot more will access the online versions of those workshops. The workshops are hosted by more than 40 organisations, such as

community groups, education and training bodies, trade and industry associations and local councils. Their support has enabled the program to be locally delivered at the low cost of around about \$30 a participant. It is a good way of providing very useful assistance and information at a very low cost.

Ms ROMANES — In relation to the small business support output, there is an indicator there, ‘Small business commissioner — proportion of business disputes successfully mediated by the commissioner’. The target for 2005–06 is 50 per cent, and the expected outcome for 2004–05 is 50 per cent, but back in 2003–04 the actual is 68.6 per cent. Maybe the small business commissioner could tell us why it looks like we are going backwards in this area.

Mr FORWOOD — Yes, we had a bad year!

Mr HAERMEYER — I invite the small business commissioner to basically give an overview of what he does and provide a specific answer about that variation.

Mr BRENNAN — Thank you, Minister, and thank you, Chair. I am delighted to have the opportunity to brief you on what the activities of the small business commissioner have been about. I am particularly pleased to do so because the establishment of the Office of the Small Business Commissioner was a bipartisan initiative; both sides of the house were involved with it, and I think that we can demonstrate that the Victorian Parliament as such should have been well pleased with this initiative over the two years we have been in operation. I just want to make a couple of preliminary comments about what we are about and then I will get into some more specifics about some of the things we have done and how it is we are achieving the type of performance indicators of which the honourable member made mention.

Firstly, the principal aim of the office is to enhance a competitive and fair operating environment for small business in Victoria. That was set out in section 1 of the Small Business Commissioner Act. The office itself is appointed by the Governor in Council and has significant independence as a consequence. One of the real virtues of the office is the independence it has been given. We are established under our own legislation — the Small Business Commissioner Act — and we have responsibilities under that act and the Retail Leases Act 2003. Those pieces of legislation came in contemporaneously. The appointment of a small business commissioner or the development of the concept was unique in Australia at the time. This was the first office of its kind to be established in any jurisdiction, although the ACT has recently followed suit. It passed legislation in language which is remarkably similar to the Victorian legislation and appointed its own small business commissioner in February. Every other jurisdiction throughout Australia, except Tasmania, has entered into discussions with me or sought briefings from me as to how our office is operating. It has certainly attracted a lot of attention throughout the whole of the commonwealth.

What do we do? There are four key functions the legislation has given us — that is, both the Retail Leases Act and the Small Business Commissioner Act. The first key function we do is that of dispute resolution. Here what we are primarily concerned with is to try to resolve in a low-cost and timely fashion disputes between businesses. They can be business-to-business disputes or they can be, under the Retail Leases Act, disputes between landlords and tenants in retail leases. Since our inception we have had a total of 1334 matters referred to us for mediation. Our success rate is currently 74.33 per cent.

The member mentioned that the indicator in the budget papers was a target of 50 per cent. I think that target was set because if you look at international research and figures, a success rate of 50 per cent in mediation is generally regarded as a pretty good rate to be maintaining. We have clearly gone beyond that in both our years of operation. However, I do not think it is a matter where you say, therefore, you should put up the mediation indicator rate at all. It could be that over the first two years we were going through a phase. It may be, particularly as we are getting further responsibilities with legislation currently before the Parliament for owner-drivers and forestry contractors, that our success rate there may not be as high. That remains to be seen. However, in terms of looking at what that indicator is, we look at what is generally regarded as an acceptable target for mediation. Some of the things —

The CHAIR — Excuse me, with all due respect, this was a supplementary question. Are we getting a little too detailed?

Mr BRENNAN — I am in your hands.

The CHAIR — In relation to the question, just keep the answer really specific.

Mr BRENNAN — Do you want any further clarification of what I have already said to you?

The CHAIR — Not for me.

Ms ROMANES — That is fine.

Mr SOMYUREK — That was actually the question I was going to ask a little bit later on and the detail was pretty good.

The CHAIR — Thank you. We usually stick to about 4 minutes — we are delighted you are here and we want to make sure you have the chance to speak.

Mr FORWOOD — On the front page of today's *Herald Sun* there is a story about how Victorians do not know what has been indexed. I wondered if you knew what fees and charges pertaining to small business get indexed each year. If so, can you make it available to the committee?

Mr HAERMEYER — As I understand it, pretty much all of our fees and charges are indexed. Fees and charges, regardless of whether they are small business or fares or whatever, have to go up at some stage. The government took the decision a few years ago that rather than hitting people with a big increase as a whack every few years, they would go up steadily in line with the consumer price index. That is a pretty sensible way to go.

Mr FORWOOD — But most people, I think, would like to know what they paid last year and, for budget purposes, what they are going to pay next year. If the butcher's licensing fee has gone up or the company registration fee is going up or whatever, people would probably like to be told.

Mr HAERMEYER — I think most people would know what they paid last year and what they are paying this year. There is nothing radical about it — it is to save us hitting people with big unexpected increases every budget. I think people know each year to expect a small increase in line with CPI.

Ms ROMANES — I refer you to the commonwealth's recently introduced legislative changes to the Trade Practices Act regarding freedom of association for small businesses; you made reference to that jurisdiction in your overheads and your presentation earlier. Can you outline to the committee what the state government is doing in this area?

Mr HAERMEYER — The federal government has basically said small business is crying out for industrial relations reform. The reality is I think the federal government has at its disposal pretty much all of the levers that are necessary to alleviate the concerns of small businesses. The key polemic in business in the past was between employees and employers. Particularly as far as small business is concerned, whether you are an employer or an employee is becoming increasingly irrelevant. We see a lot of people now doing the same job for the same people but they are doing it under contract as small businesspeople, and probably they do not have access to the same sorts of levels of protection that they perhaps previously did. The real issue these days is between those who have market power and those who do not. It is not an industrial relations issue; it is a market power issue.

I think these days probably the issue of the use of the Trade Practices Act and various other controls that the commonwealth has is far more important to small business. Sometimes you have some very predatory practices on the part of larger businesses which are absolutely devastating to small business. Sometimes you simply have larger businesses carrying on in a way where they are not meaning to do any damage to small business, but sometimes small business is like a rowboat being crushed between two supertankers without anybody even knowing it is there.

I have to say that I was a bit disappointed to note that the commonwealth is putting through some trade practices legislation at the moment which restricts the freedom of association of small businesses. Small business needs to have some sort of collective bargaining capacity if it is going to balance out those sorts of imbalances in market power. Many of those sectors, like owner-drivers in the trucking industry and owner-operators in the forestry industry, have often used trade unions as a vehicle through which they negotiate their position, to give them some market power. To effectively say to a small business, 'You have to join this organisation, you cannot join that organisation', is not only anticompetitive but I have to say it is also against freedom of association. I might add that I have written to the federal Minister for Small Business and Tourism expressing my concern about that and asking her to take it up with the federal Treasurer. It will be an issue that will be raised at the next ministerial council.

Mr FORWOOD — I refer you to page 16 of the department's response to the committee's questionnaire and to the Small business support line, which is about the sixth or seventh line down, and to note 3 on the following page which you will see.

Mr HAERMEYER — I am just trying to get a copy of the question.

Mr FORWOOD — Question 8 on output cost information. Under 'Small business support' it says that the target for 2004–05 was \$14.6 million and the estimate is \$13 million, so it has dropped by \$1.6 million, and that apparently is because of the internal funding adjustments and you moved the 'Koori business program' somewhere else; is that right?

Mr HAERMEYER — Yes.

Mr FORWOOD — Then this year it is going to go up to \$15.5 million, and if you look at the note it says that \$4.1 million approximately has been transferred to this output group. My first question is that I am a bit lost as to how you can have reducing on the one hand the Koori business program decrease in the Koori output group, but also increasing it by the \$4.1 million? It is pretty odd. The second question is that the dot point says, 'Streamlining the grants programs will enable a more efficient approach'; and I wondered what all those different things meant?

Dr WILLIAMS — I can have a go at that. The easiest way to look at it is to just have a look at what we plan to spend this year — the \$14.6 million up to the \$15.5 million. If you actually break down what the small business support output for 2004–05 includes, it is about \$6.5 million for general recurrent services which include staffing and operational costs; it is \$2 million for the Victorian Business Master Key — that was a \$6 million program over three years; it is \$2 million for the small business commissioner; it is \$1.3 million for the Koori Business Network — again, that is a share of a three-year program; it is \$1.1 million for Under New Management; \$500 000 for StreetLife; and about \$400 000 for EASY Government. All of those numbers remain approximately the same except EASY Government which we lost as part of the budget-saving exercise, but some of the things we used to do under EASY Government have actually been picked up under our Victorian Business Master Key initiative. It is about those same sort of things. As well, Grow Your Business has been transferred from the former business development output to the small business output as part of our output restructure, so we get \$1.2 million from Grow Your Business and we lose \$400 000 from EASY Government. The net change is about \$800 000 to \$900 000, which is the difference between the \$14.6 million and the \$15.5 million.

Mr FORWOOD — That is terrific. The only question I therefore have is what is the \$4.1 million approximately?

Dr WILLIAMS — Where is the \$4.1 million?

Mr FORWOOD — In point 3, change in output price primarily attributable to transfers into this output group of Grow Your Business and Koori business programs transferred as part of an output group restructure — \$4.1 million approximately.

Dr WILLIAMS — I will have to get back to you with that. I think that is just a typo because there was some moving around in these dot points.

Mr FORWOOD — Okay, thank you.

Dr WILLIAMS — It does not read sensibly and I think what has happened is that something has been deleted.

Ms THORN — This is only that it is a typo.

Mr FORWOOD — The other bit is fine, thank you.

Mr SOMYUREK — Minister, I refer you to budget paper 3, page 132. Under the output group small business support where I notice that total output cost is \$15.5 million for 2005–06 targets, how do we know that the needs of small business are being met, and that the services represent value for money?

Mr FORWOOD — I will have to start calling you Dianne Hadden.

Mr SOMYUREK — I will recover from that.

The CHAIR — I am sure the minister will have a comprehensive answer that he is about to share.

Mr HAERMEYER — As Mr Somyurek has identified, the government does spend a significant amount on programs and services for small businesses, and we run a suite of business improvement programs which are designed to increase the capacity of our businesses to compete, to grow and to employ. It is important that those programs ensure that our economic goals are met and that they do represent value for money, as your question rightly targets. So we ensure that those services are, firstly, regularly monitored to ensure that they meet customer needs and also that they deliver on our policy objectives. We conduct satisfaction surveys of our clients which are completed at the end of training sessions — for example, the under new management program; 90 per cent rated it as excellent or good, while the Women's Access to Finance program was rated 98 per cent as either being helpful or very helpful. So I think that they are obviously very high levels of satisfaction from the participants in those programs.

We also do follow-up surveys made up of client satisfaction surveys that are conducted annually for programs such as Grow Your Business. The Office of Small Business has conducted a number of overall program evaluations including mentoring pilot programs and the E-Commerce Exhibition Projects program. There are also a number of major programs currently under evaluation which include StreetLife and the Small Business Counselling Service. I have to say that all the anecdotal feedback I have says that that service is very good, but we are going through the process of doing objective evaluations.

We are very much committed to ensuring that small business initiatives are achieving outcomes for small businesses and that they are as effective as possible. This is not an exercise in spending the money for the sake of spending money. We want to make sure that if we have \$15.5 million to be spending on these initiatives, the benefit that businesses derive from that goes as far as we can possibly make it go. So there is appropriate monitoring and accountability in there to ensure that with these programs that money is achieving the purpose for which it is intended.

Mr FORWOOD — My recollection is that your predecessor asked the small business commissioner to do a review into the operation of cemetery trusts. Could you outline for the committee how far he has got, what he has found, whether it is a public report, whether there is room for improvement — a general update on where we are at?

Mr HAERMEYER — I will not go as far as to say that it is a grave issue but I will, with the indulgence of the committee, hand over to the small business commissioner on that one.

Mr BRENNAN — In October 2003 when new legislation was being put through the Parliament — the Cemeteries and Crematoria Bill — there was some debate about what impact that legislation might have on small businesses, in particular stonemasons in Victoria. It was resolved during the course of the debate on the legislation that the then minister would give a reference to the small business commissioner under the Small Business Commissioner Act to monitor the introduction of this legislation. The legislation was passed back in 2003 and comes into effect on 1 July this year. We have had a role of looking after the interests in particular of the stonemason sector to ensure that the principles of competitive neutrality are observed. In that regard the Victorian Competition and Efficiency Commission has also had a role there.

We have worked closely with the Department of Human Services and our reference goes beyond the pre-commencement of the legislation. We have an ongoing monitoring role so that when the legislation is in force to ensure that the cemetery trusts do comply with the legislation, that there is a fair go for the stonemasons. We will have a continuing role there. We have prepared an interim report as to what we have done to date. We would be looking at 1 July to again have another interim report, seeing as when you have one of these ongoing responsibilities you are always doing interim reports because it is an ongoing matter.

Mr FORWOOD — Just to follow up, did you find anticompetitive behaviour by some of the cemetery trusts against some of the stonemasons?

Mr BRENNAN — I think what we have found is that the need for openness and transparency is definitely an area that could be seen to be improved. This is all in terms of operating before the legislation comes in. The true

testing period will be once the legislation comes in because that is when these legislative schemes will govern the way they behave.

Mr FORWOOD — I will not put words in your mouth, but I will take that as a yes.

The CHAIR — Thank you Mr Brennan. I noticed while you were speaking that the overheads you were speaking to have already been circulated. They will be tabled with our report together with the minister's overheads.

Minister, I refer you to one of your overheads and also a number of your comments that referred to confusion with business finding exactly the appropriate spot to find information and confusion over tiers of government. What component of your portfolio will be putting in work to address that significant issue for small business?

Mr HAERMEYER — It is a very significant aspect of small business. As I have said, small businesses are small. They do not have access to a lot of the services, departments and so on that larger businesses do. For most of them, running the business is seven days a week. If we can reduce the amount of time it takes them to find their way through the bureaucratic morass in terms of doing business and in terms of finding the information they need to find, then we are not only helping them to improve their business but we are also giving them a quality of life which unfortunately a lot of small businesses struggle to achieve given the hours they have to put in. For the financial year to date — that is, by the end of April — we have had over 40 000 general inquiries which have been received by the Victorian Business Line. Nearly 450 000 web site inquiries have been recorded. That is just an enormous level of interaction by small business. We have complemented those services with the small business shopfront which has been relocated from 55 Collins Street to level 1, 257 Collins Street. The Centre for Innovation and Technology Commercialisation has been there since January this year. I am actually pleased to report that since that relocation we have experienced an increase in visitation rates to that shopfront. It provides a very valuable face-to-face information service for both new starters and existing businesses. I think increasingly — and probably now the majority — of the amount of information exchange and business is being done on line. That is where the Business in Victoria web site kicks in because what it does is amalgamate the multiplicity of the Department of Innovation, Industry and Regional Development web sites that relate to business. The amalgamated web site will go live in July 2005. That will make it easier and faster for businesses to access the relevant online information.

The Business Licence Information service is also currently under development. That will also go live in July this year. That will provide a full range of licensing and regulatory information that businesses require. The government has also introduced a number of initiatives to improve communication with service delivery to small business. We have reached partnership agreements between the Office of Small Business and key organisations where businesses often get their information: the Victorian Employers Chamber of Commerce and Industry, the National Institute of the Accountants, the Franchise Council of Australia and others. It is making sure that those agencies also have access to the right information.

We have developed a national framework to better coordinate the small business services across the three tiers of government. That has been endorsed by all territory, state and federal small business ministers. As I have said, I think the real silver bullet here is the Victorian Business Master Key because what that really tries to do — and will continue to improve and grow from when it first comes online — is to pull together those various activities at various levels of government. All levels of government have agreed to cooperate with this initiative. It just makes it so much easier. As I have said before and like most members around this table would know, people come into your electorate office with council and federal government complaints. The constituent does not care who has responsibility for the problem. They want it fixed. Similarly small businesses do not often know and do not really care where the responsibility lies. They just want a simple way to get their issue addressed or to get the information they want.

Mr FORWOOD — The statistics from Australian Bureau of Statistics on small business in catalogue 8127 of April this year shows that in Victoria there was a decline of around 8000 small businesses but nationally there was an increase of 68 400. I wonder if you could explain to the committee why Victoria went down while the rest of Australia went up and what you are planning to do about it?

Mr HAERMEYER — Those figures are taken from a particular statistical set which I think is inherently volatile. They do tend to vary from year to year, but if we look at the trend over three years from June 2001 to June 2004, Victoria recorded a total growth in small business numbers of 7.7 per cent, or 2.4 per cent average annual

growth. There will be all sorts of factors that affect those statistics from year to year. As I have said, they are simply like that because of the way the statistics are taken. They can be quite volatile year to year. We take notice of them, but we are more interested in the trends over time. The reality is that Victoria has a very good climate for people to do business. We have amongst the lowest regimes in terms of taxes and charges. We are the second lowest in terms of our WorkCover obligations. We also just go out of our way to create opportunities for small business. Whilst those figures will go up and down, the trends over time are generally pretty good.

Ms ROMANES — I note that the government's five-year small business plan expires this year. Your presentation indicates a new plan towards the end of the year. Can you inform the committee about the focus of the new plan?

Mr HAERMEYER — Absolutely. In February I announced that we were planning a new small business statement with the expected delivery to be in December of this year. It is timely because the business environment within which the current plan operates has been changing. We need to develop a forward focus over the next five years. We started the process of developing the parameters of that within the department. Around about midyear there will an issues paper released for public consultation. We will consult widely with the community directly and with business organisations to ensure that they have extensive input into where that goes. But at this stage I can say that we have developed a number of key themes and priorities that can be added to if we find there is some undercurrent out there that we are not aware of. But those themes at the moment are certainly ensuring that we have competitive business costs: that we have a fair business environment — it goes back to that issue of market power and level playing fields; that we have a supportive regulatory environment; that we improve our service delivery to small business; that we are making sure we are providing small businesses with the skills they need for the future, the skills they need to survive and to thrive; and also, particularly, to support small business growth, collaboration, and — again I think the big word is — exports, and, where there are opportunities to do that, to make sure that small business does realise the opportunities that exist out there and that we help them make the most of those opportunities.

Mr FORWOOD — Minister, in your presentation you talked about the protocols for making sure that the government pays its bills on time. My recollection is that the deal was that if they did not pay within 30 days the government would pay interest. I wonder if you could advise the committee of how much interest is being paid by each of the 10 departments, and the number of people they have paid that interest since this program started in November last year?

Mr HAERMEYER — My information is that I think government agencies have been highly compliant. But in terms of the specific detail that you seek, I am happy to — —

Mr FORWOOD — How do you know they are compliant?

Mr HAERMEYER — As I say, I am advised that they are highly compliant. But I am happy to provide you with the numbers that you are after.

Mr FORWOOD — That would be terrific. I am interested in the numbers, and that would be good. What I am also interested in is this announcement that was made by the small business commissioner, and the press release that said the government is going to be fair and all that sort of stuff. What is the way that — —

The CHAIR — No, by the former Minister for Small Business.

Mr FORWOOD — The former Minister for Small Business. I apologise, Minister; I would not want you to be held responsible for the sins of your predecessors. What I am interested to know is what mechanism the government has put in place to ensure that when 30 days is up interest starts to be calculated, and interest is therefore paid when the bill is eventually paid, and whether they report to you on the compliance that they are doing.

Mr HAERMEYER — I think the compliance mechanism itself is sufficient to ensure that government departments do do it. As I say, it has never been attempted before, and I think at the end of the day you are creating a benchmark that government departments — and not just departments; agencies within government — are going to have to comply with. I think we often complain about some larger businesses being very slow in the way they pay their bills with small business. Small business often operates on very tight cash flow.

Mr FORWOOD — I know.

Mr HAERMEYER — As far as I am concerned, there is no excuse for government agencies not paying their bills on time — no excuse whatsoever.

Mr FORWOOD — And you are confident that none of the agencies or businesses under your control have been late?

Mr HAERMEYER — I am not saying that.

Ms THORN — If I can answer that. It is not the minister who needs to take that responsibility, I should. We monitor payment very closely. We are conscious of this requirement. We are especially conscious of our need to comply with this requirement. All departments do monitor the kind of debtors and claimants — —

Mr FORWOOD — Have you paid any interest?

Ms THORN — None that I am aware of.

Mr FORWOOD — But we will know soon.

Ms THORN — I will definitely — no, we check it very closely on a monthly basis.

The CHAIR — It might put a smile on your face that the Speaker has adopted the same approach for MPs who do not pay their dining room accounts!

Ms THORN — We certainly discuss it and say it would be inappropriate — very inappropriate — for us to pay any interest at all.

Mr HAERMEYER — Mind you, if they stop confusing Mr Honeywood's and my accounts, that would help.

Mr SOMYUREK — Minister, I note the variety of small programs that provide on-the-ground assistance, such as StreetLife, Women's Access To Finance and ECEPP. How do these programs actually help small business in Victoria?

Mr HAERMEYER — There is quite a multiplicity of programs. I will perhaps give a couple of case studies. StreetLife in particular is about breathing life into some strip shopping centres that have been crowded out by the big shopping malls. The City of Boroondara, for example, is funded under the 2004-2006 program. What it has identified is that there are a number of small shopping villages within the northern part of its municipality that face this particular difficulty. It was granted \$30 000 over two years to deliver projects to those particular neighbourhood centres. All of the centres were finding it difficult to compete with the neighbouring major strip centres and large undercover centres as well. So what the City of Boroondara set up was a project management group. It employed a StreetLife facilitator and a number of individual group sessions were held with the businesses in those areas, identifying some of the key impediments to the growth of that particular centre. There was then an initial analysis of what the potential of that centre was — that was followed up by a major business survey — and what potential new business might be attracted into the area. Because ultimately it is about looking at what all of those businesses bring that attracts people into the area, and they have to look at it very much in a collective sort of way.

A series of network meetings were then held to identify the next priorities that the businesses themselves felt they needed to help promote their existing trader groups to new members. There were priorities chosen, and they included a business directory for each centre, and a web site directory linked to a council site promoting all six centres. They also developed a business plan pro forma for each individual business; that has been made available to help complete business plans, and that has been coupled with training sessions and focus groups. I have to say all of the above has been achieved in just under 12 months in the first funding year, and the network has identified a priority to look into methods to become self-sufficient financially as a network at the conclusion of the StreetLife contract. Similarly, there is another case in Albury-Wodonga, particularly where the businesses in Wodonga felt that businesses, retail businesses in particular, were going across the river into Albury. Again, this is still very much a work in progress. But businesses have been very positive towards that program — that is a \$20 000 grant — which is about identifying ways in which we can make Wodonga a more attractive place rather than have all our

hard-earned Victorian dollars walk across the Murray. There is a mountain of case studies here. I am happy to hand those over to the committee.

Mr SOMYUREK — That would be great.

Mr HAERMEYER — Rather than spending too much time going into a number of those programs.

The CHAIR — That will allow us to go to our final question that Mr Rich-Phillips is about to ask.

Mr RICH-PHILLIPS — Minister, the new management program I understand was partially funded out of the old Estate Agents Guarantee Fund which is now the Victorian Property Fund. Is the funding which came from that fund included in the small business output group? Or is that funding separate? And, if so, where is it accounted for in the budget?

Dr WILLIAMS — It is included in the small business support output group.

Mr RICH-PHILLIPS — The output cost includes that?

Dr WILLIAMS — Yes.

Mr FORWOOD — Just a quick follow up on that. Bob Heller approached you when you were the shadow minister, and he is still around. Can you fix him up?

Mr HAERMEYER — The small business commissioner is dealing with that issue. I am happy to, if you are interested in the short answer — —

Mr FORWOOD — I am always interested in a short answer. It is up to the Chair and if she will allow me to sneak an extra question in.

The CHAIR — If you would like to make comment, you can.

Mr BRENNAN — I am happy to give an update, so far as I am aware of what the situation is currently. I am aware, of course, Mr Forwood, that we have spoken previously over the years about Mr Heller's case. It is my understanding that the appeal which he has lodged against a Supreme Court decision is being heard by the Court of Appeal.

The CHAIR — Thank you to everybody involved in the budget estimates for the portfolios of financial services, manufacturing and export, and small business. Thank you to the minister, departmental officers present and those behind the scenes who have prepared a mountain of information for today. It has been really useful. Transcripts will be forwarded to you shortly. The matters you have taken on notice will be the subject of correspondence, together with a couple of questions that the secretariat provided that we did not have the opportunity to ask. Thank you very much.

Committee adjourned.