

1. Opening Statement for Budget Estimates Hearing May/June 2024

Thank you, Senator/Chair.

It is often said that small business is the engine room of the economy. We must ensure that small and family business can fire on all cylinders – not have a cylinder taken out.

The federal budget offers targeted support to ease current pain points and headwinds, but small and family businesses will not be punching the air with excitement, thinking the budget is a real game changer for them.

A Future Made in Australia must be founded on harnessing the innovation and drive of our small businesses -- small businesses that have a proven track record of lifting our nation. Remember, coming out of the global financial crisis, almost 60 per cent of the new jobs were created by small employers.

But right now it's tough for our small and family business owners.

We need to get the risk and reward balance right, ensuring small business and entrepreneurship is a really attractive option for people, then create a supportive ecosystem to give enterprising people the best chance to be successful.

Our 2.5 million small businesses employ 5.36 million people – 42 per cent of private sector jobs. And generate 33 per cent of GDP.

But in 2006 the sector employed 53 per cent of private sector jobs and contributed 41 per cent of GDP.

This worrying trajectory shows we need to do more to energise enterprise.

Some 43 per cent of small businesses didn't make a profit in the last full year of reporting.

And some three-quarters of self-employed business owners are earning less than the average total weekly, full-time earnings.

Yet not a day goes by when you don't hear a regulator or a legislator saying: "Don't get this wrong". But even big businesses struggle at times to get all things right.

So just imagine how difficult this is for time and resource poor small business owners. A small business isn't a shrink-wrap version of a big corporation.

Expectations and the 'ask' tend to take too little account of the cumulative demands and resource-constrained circumstances of small businesses.

There's a flurry of new workplace rules and obligations -- one after another, changes to privacy laws with the removal of the exemption for the small business community, cyber security fears and what we call 'white tape' where big business is asking for more and more information from small businesses suppliers.

Small businesses don't want to ignore these important areas and reforms but need a right-sized, actionable, fit-for-purpose, and efficient approach with appropriate support and guidance.

Small business needs to be front of mind.

We have been working closely with the Australian Government and regulators urging them to make sure changes are easy to implement for a time-poor small business owner, with clear advice and timelines.

Since our inception, we have helped small businesses to resolve over 40,000 disputes, at no or low cost, with other businesses or government agencies outside the costly legal system.

We have continued to be vocal in our concern about the rising number of problems small and family businesses are encountering with digital platform providers, which now account for one in five of our cases.

Two out of every five requests for help from a small business relate to a payment dispute. Too often that first party that is slow to pay its suppliers is a big business or a government department.

Cash flow is the oxygen of enterprise, but difficult conditions mean when one party is late in paying, it can cascade through the supply chain.

We have seen a 20 per cent increase in calls to our helplines over the past year from small businesses struggling to manage their debts.

Corporate insolvencies are at their highest level in nearly a decade and at record highs in the construction sector.

It is often not realised that there are more small businesses in the construction sector than any other industry, so it's a terrible truth that when construction falters many small businesses can collapse.

One of the biggest areas needing reform is access to justice for small business to enforce their rights and seek justice under the laws and protections Parliament has already put in place.

This could be done by introducing a Federal Small Business and Codes List into the Federal Family and Circuit Court of Australia to provide an affordable, effective and timely alternative for small businesses themselves to seek redress for unfair conduct.

Finally, our inquiry to examine the impact of reforms to Commonwealth Procurement Rules on small business was recently released, containing 11 specific, constructive and practical recommendations that, together, can achieve the profound change in incentives and behaviours required to address persistent problems and realise the full benefits of government spending through a genuine embrace of small businesses in the supplier community and procurement processes.

The response by the Australian Government was a missed opportunity to meaningfully improve the ability for competitive small and family

businesses to be a supplier to the Commonwealth and disappointingly at odds with the evidence, research and reference group input, and the clear view of those who made submissions about their direct experience trying to navigate the existing system.

Senators,

I think the greatest renewable resource in our country is the perpetual optimism of enterprising men and women.

It is quite uplifting and remarkable how optimistic our small business community is even when they're facing confronting and challenging business conditions.

We need to do all we can to shift the mindset from minimising headwinds to maximising the “wind in the sails” of our hard-working small and family businesses.

I look forward to your questions.