



OUT15/10774

Committee Secretary
House of Representatives
Standing Committees on Education and Employment
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Committee Secretary,

Submission to the House of Representatives Inquiry into inhibitors to employment for small business and disincentives to working for individuals

The Office of the NSW Small Business Commissioner (OSBC) is focused on improving the operating environment for small businesses throughout NSW. The role of the OSBC is to:

- provide dispute resolution services;
- speak up for small business within government; and
- deliver quality business advice through Small Biz Connect.

The OSBC would like to provide the following comments in response to two of the Terms of Reference outlined by the Committee.

- **Matters relating to State and Commonwealth laws and regulations including, but not limited to, those that impose excessive red tape and compliance costs in relation to employment**

The OSBC is currently participating in an initiative led by the Australian Tax Office (ATO) called 'Fix-it Squads' which is focused on identifying the four broad problem areas businesses encounter when they hire a new employee. More broadly the 'Fix-it Squads' are aimed at addressing the challenges small business owners face and identify areas where regulatory improvements can be made to ease the burden for these businesses. The ATO 'Fix-it Squads' bring together small business owners, industry bodies, business advisers and government agencies to work together to look at issues from a small business owner's perspective. The objective of these squads is to make it easier for businesses to operate by improving their interactions with government and identifying the current regulatory barriers that can restrict small business growth. The OSBC recommends that the Committee liaise with the ATO to gain further understanding of the work that has flowed from the current 'Fix-it Squad' which is focusing on this issue.

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- **Factors that discourage or prevent certain cohorts of Australians from gaining employment in small businesses, in particular young job seekers, mature aged Australians, those from regional areas and those with a partial work capacity**

The OSBC works with small businesses across NSW to provide support and advice on small business matters. The OSBC is aware of the challenges faced by small businesses, particularly those in rural and regional communities, and the limitations that can restrict business growth and expansion.

Inhibitors to growth for small businesses:

Businesses have raised concerns with the OSBC that a lack of suitable rural-based training programs makes it difficult for employers to attract and retain skilled employees. For example, through engagement that the OSBC has had with the Katoomba business community, businesses have identified difficulties in attracting and retaining skilled employees, particularly due to the close proximity to large centres which offer greater access to employment and training opportunities. The Katoomba case study shows that employees are more likely to travel away from regional communities to accept work and training possibilities in Penrith and the Sydney CBD, as opposed to staying in small centres such as Katoomba and Lithgow where training, resources and employment opportunities are more limited. Businesses in Katoomba are more likely to reduce their trading hours due to their inability to attract a high standard of skilled workers which inevitably impacts their service delivery and their ability to attract customers. Businesses advised the OSBC that these limitations have had significant economic impacts on the community and the local economy, and have restricted the opportunity for businesses to expand and diversify.

OSBC Regional Activation Program:

The OSBC has developed a Regional Activation Program to engage with regional communities to activate small business opportunities through specialised assistance and tools to support their skills development and future sustainability. The Regional Activation Program works collaboratively with the Small Biz Connect providers in each region, local council and local business chambers. Three regional communities; Deniliquin, Gilgandra and Mullumbimby, were selected to participate in the initial Regional Activation Program. In addition, the OSBC has conducted scoping studies for three more towns to be incorporated into the forward program including Batemans Bay, Taree and Forster-Tuncurry. The aim of this program is to engage with regional communities to encourage small business growth by providing specialised programs, assistance and tools to support their business skills development and future sustainability. Many regional communities are struggling to find a balance between providing opportunities for an aging population versus

attracting and retaining skilled employees particularly given the trend for young people to leave the local town in search of work elsewhere. Initiatives such as the OSBC regional activation program provide assistance to towns to allow them to adapt to the changing nature of the employable population and respond to the changes in the local economy.

Should you wish to further discuss any of the issues raised in this submission please contact Melanie O'Brien, Advocacy Advisor on (02) 8222 4828 or melanie.o'brien@smallbusiness.nsw.gov.au.

Yours sincerely

Robyn Hobbs OAM
Small Business Commissioner
7 May 2015