

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2023–24 Budget Estimates

Melbourne – Wednesday 14 June 2023

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Paul Hamer

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Ellen Sandell

WITNESSES

Ms Natalie Suleyman MP, Minister for Small Business,

Mr Tim Ada, Secretary, and

Mr David Latina, Deputy Secretary, Industry and Innovation, Department of Jobs, Skills, Industry and Regions; and

Mr John Batho, Deputy Secretary, Community Services and Regulation Division, Department of Government Services.

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 2023–24 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, comments repeated outside 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. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Minister for Small Business the Honourable Natalie Suleyman and officers from the Department of Jobs, Skills, Industry and Regions. Minister, I am going to invite you to make a short opening statement or presentation of no more than 5 minutes, and this will be followed by questions from the committee. Your time starts now.

Natalie SULEYMAN: Thank you, Chair, committee members.

Visual presentation.

Natalie SULEYMAN: Victoria's small business sector is strong, diverse, growing and critical to Victoria's thriving economy. We know that small businesses provide so many employment opportunities and support for families and communities around the state. Small businesses currently make up around 98 per cent of Victorian businesses. One-third are multicultural and 22 per cent are in our regions, bringing our regions to life. And they generate over 42 per cent of the private sector jobs. There are more than 710,000 small businesses in Victoria, which is an increase of 11 per cent over the past year.

We are delivering targeted programs and the right information so that small businesses can start, grow and thrive. Initiatives like the \$5 million Ready for Growth program means high-growth businesses are supported to create new exports, jobs or future investments. The program will assist at least 1000 businesses by 30 June 2024, and 624 participants have already signed up to achieve this growth goal. Twenty per cent of participants have come from regional Victoria, and businesses like the bakery in Warrnambool are using this program to support future growth and help return their business to profitability.

We are building the capability of small businesses across Victoria. More than 6000 participants were assisted under the small business support toolkits program this year. This includes the Small Business Bus, which has visited all 259 local government areas across Victoria, sharing expert advice with over 1000 business owners. Additionally, the toolkits program delivered big benefits to businesses through workshops, webinars, virtual mentoring sessions and online courses delivered to over 5400 participants. Critical wellbeing and mental health support was delivered through the Partners in Wellbeing program. This program provides businesses with free

financial counselling, wellbeing coaching and business advisory sessions. Since 2020 it has delivered over 35,000 coaching sessions.

We are also supporting businesses to navigate the challenges of the pandemic. Through the business recovery and resilience mentoring program, over 21,000 mentoring sessions were delivered to more than 6000 businesses since its launch in August 2020. The small business specialist advice pathways program provided more than 2500 businesses with professional advice and services to help them plan and make informed business decisions.

We are continuing to support small businesses emerge from the pandemic through small business COVID support programs, such as the small business digital adaptation program, supporting small businesses to adopt to new technology and digital tools. Importantly, we continue to assist businesses and communities impacted by the 2022 Victorian floods. In addition to relief and recovery grants, small businesses have been supported by the business relief advisory service, and over 585 small businesses received free and confidential one-on-one support to guide them through the available federal, state and local supports, manage insurance and landlord issues, assess impacts and of course support the next steps forward to recovery. Altogether these achievements across the small business portfolio in 2022 and 2023 have delivered strong support to enable Victorian small businesses to start, grow and thrive.

Looking forward, the 2023–24 state budget has allocated funding of two important initiatives. Firstly, we are delivering on our election commitment that recognises that small businesses are at the heart of our vibrant multicultural precincts. Multicultural traders and precincts will be supported through \$17 million to upgrade and revitalise business and cultural hubs in Victoria's multicultural precincts, provide valuable grants to 10 peak multicultural traders associations to ensure their members have access to services they need and deliver \$10,000 scholarships to help train 500 staff to fill jobs and support small business owners in these precincts.

Multicultural businesses represent one-third of all our small businesses in Victoria. They are entrepreneurs, innovators, ambitious and connected to their communities, and investing in these precincts, businesses and their teams strengthens the whole small business sector and of course local economies. And I am excited to deliver this key program in the 2023–24 state budget.

The CHAIR: Thank you very much, Minister. We will go to Mr O'Brien for 8 minutes.

Danny O'BRIEN: Thank you, Chair. Good afternoon, Minister and team. Minister, you mentioned Partners in Wellbeing in the presentation, but the program behind that, transforming small business, is a lapsing program and will not be funded this year. What impact will this have, given that small businesses are still in need of mental health support?

Natalie SULEYMAN: Thank you, Mr O'Brien, for that question. And can I say, as I said, there are 710,000 small businesses across Victoria and we are making the appropriate support. And as you would acknowledge, during COVID the government provided an additional level of support to business traders and of course commerce and trade groups through the Partners in Wellbeing program, which was the embedded clinician service. Of course we all know that during COVID, that last three years, it has been tough. It has been tough on small businesses and tough on local communities, so it required a different level of support. And at the moment we are in a situation where we are returning to a normal level of support, and that means some of those lapsed programs have come to a natural conclusion, and in particular part of that program is lapsing. However, the general support is still available for business owners all across Victoria.

Danny O'BRIEN: Can I ask, Minister, then: the questionnaire indicates that the Partners in Wellbeing program continues to support the mental health and wellbeing of businesses in flood-affected communities, so how much money is allocated to continue that flood-affected support? Perhaps the Secretary or Mr Latina might know.

Natalie SULEYMAN: Thank you, Mr O'Brien. I will pass to David to provide those details.

David LATINA: I am going to have to take that on notice.

Danny O'BRIEN: Take it on notice. Likewise, Minister, the regional business groups have been advised, I understand, that the Growing Regional Opportunities for Work, or GROW, program has also been cut. Can you confirm that, and can I ask why that has happened?

Natalie SULEYMAN: Mr O'Brien, thank you for that question. I believe that question relates to the minister for the regions, and that is not outlined in my portfolio. But can I add that we are continuing to support regional businesses, and I do want to add that in particular the Partners in Wellbeing helpline ensures that sole traders and small business owners and their employees in the regions can continue to seek that support. It is confidential, and of course the helpline will provide businesses with the support that they require. And we will continue to provide support to –

Danny O'BRIEN: Well, can I ask then: there was a survey done by Treasury last year that showed that just over one in five small business owners reported having been diagnosed with a mental ill health condition in recent months – doesn't that suggest there is still a need for this support?

Natalie SULEYMAN: Thank you, Mr O'Brien. Can I just add to your question the answer that the Partners in Wellbeing helpline, as you indicated, has been quite heavily used, and this helpline will continue. It serves as a dedicated support service for sole traders, small business owners and their employees. I do want to repeat for the committee that the helpline will continue. This service provides an understanding environment. The helpline recognises the unique challenges faced by small businesses and offers tailored assistance to small businesses and their employees.

Danny O'BRIEN: Okay. Thank you.

Natalie SULEYMAN: This has been an amazing program, Mr O'Brien.

Danny O'BRIEN: Thank you, Minister. I have got limited time. I might move on if I could. Perhaps a question to the Secretary: the government has announced a 42 per cent increase in WorkCover premiums. Has the department done any modelling or had any advice as to how this may impact small businesses across the state and how many might close?

Tim ADA: Thanks for the question, Mr O'Brien. I think that is probably a question best directed to the Treasurer and the Department of Treasury and Finance, which is responsible for revenue settings more generally. I think that is a question best directed to that department.

Danny O'BRIEN: I assume then you will not be doing any work tracking the impact of WorkCover increases on small businesses.

Tim ADA: Again, I think that is a portfolio matter for the minister responsible for WorkSafe, and he is supported by the Department of Treasury and Finance. What my department does more generally, Mr O'Brien, is we are constantly tracking the performance of the economy, jobs and business conditions. That work will continue, but the specific reference to WorkCover premiums, I think, is a question for the Department of Treasury and Finance.

Danny O'BRIEN: Do you undertake annual surveys of small businesses and how they are tracking?

Tim ADA: We produce quarterly reports related to the economic conditions and business conditions that include an understanding, based on our engagement with hundreds of businesses around Victoria on a regular basis, Mr O'Brien, of the pressure points and the opportunities that they are experiencing more generally. That is something that we do as a matter of course within our department, but matters related to premiums and taxes are questions for the Department of Treasury and Finance.

Danny O'BRIEN: Okay. Secretary, page 63 of the questionnaire indicates that \$50 million budgeted for the small business ventilation program was not spent. Only \$5.66 million was spent. What has happened to the remaining forty-four and a half million dollars? Has it been reallocated within the small business portfolio, or has it gone elsewhere?

Tim ADA: I might have to take that question, specifically, on notice, if that is okay, Mr O'Brien. It is a matter under consideration by the government at the moment as we approach the end of the financial year, but I can take that question, specifically, on notice.

Danny O'BRIEN: You may be able to answer, but perhaps also on notice: why did it not expend even close to its full allocation?

Tim ADA: The thing I would say about that particular program is that was a program that was announced by the government early last year specifically to support the reopening of a number of businesses in Victoria, but it also went to improving consumer confidence. It was a demand-driven program. There were several –

Danny O'BRIEN: So in short, no-one wanted it. There was no demand.

Tim ADA: There were several thousand, I believe, applications for the program – several thousand applications that were approved by the program and several million dollars that were allocated to those successful applications. So I would say that it met a need. It included both rebates and matched grants that went to, obviously, the purchase of ventilation equipment but also other modifications to their premises. That went to improving, obviously, ventilation and to them opening safely but also, in a way, to improving consumer confidence at a point in time, Mr O'Brien.

Danny O'BRIEN: Okay. I will look forward to the answer on notice. Minister, the questionnaire also highlights the Commonwealth contributions to small businesses, such as the small business energy incentive. Why did the Victorian government not match the federal government's \$325 from the Energy Bill Relief Fund for small businesses? You have obviously got the power saving bonus, which we hear about every second day from the current government, but you have not matched the federal government. Minister, I am running out of time.

Natalie SULEYMAN: Mr O'Brien, thank you for that question. As you have adequately stated, we do have the power saving bonus that is offered to each household, but of course –

The CHAIR: Apologies, Minister, I will interrupt. I hate to be the bearer of bad news, Mr O'Brien.

Danny O'BRIEN: Oh, that look, Chair. You were so disappointed for me.

The CHAIR: I am used to that look. We will go to Ms Kathage for the next 11 minutes.

Lauren KATHAGE: Thank you, Chair. Welcome to the minister and officials. I want to refer to budget paper 3, page 74, which outlines the funding for multicultural precincts. Can you please explain to the committee what this package will mean for small businesses across Victoria?

Natalie SULEYMAN: Thank you very much for that question. I am very pleased to speak to this particular item and what we are doing to support our multicultural small businesses in Victoria. I think we all know that Victoria is home to a thriving multicultural business community. There are local traders and small businesses from fruit and vegetables to groceries to family-run restaurants to amazing hair salons and local tradespeople across Victoria. Their success stories of small businesses run by Victorians from diverse migrant backgrounds we are all very proud of, and they have worked tirelessly to support their families and build a future for themselves and their country across many, many years. It is these stories that we want to keep building on, because when small businesses are winning, so is Victoria.

As I said, small businesses are integral, local and very important to the local economy. These businesses provide great services. They also create vibrant community cultural hubs which celebrate the cultures and traditions of multicultural Australia, and that is why our government is very proud to support these precincts to continue to thrive. This budget provides \$17 million over four years, which has a number of components to it. The first component is the \$10 million to upgrade and revitalise precincts such as Box Hill, Chinatown, Dandenong, Oakleigh, Elsternwick, Footscray and of course Richmond, with more on the way as well. We will be consulting with local communities and traders groups about what they would like to use this investment on. We will be all ears for our small businesses across these precincts – precincts with different needs, so one is not similar to the other. It is important for us to ensure we are consulting with the people on the ground about what their needs are, and of course this will inform the guidelines for the program.

This will be a great investment for those local economies supporting local jobs and businesses. We know that these businesses and cultural hubs are absolutely iconic, whether it is Chinatown in the heart of Melbourne or Footscray, instantly recognisable for its fresh food markets. We will also be supporting the establishment of the

new Jewish Arts Quarter in Elsternwick, a first of its kind. It will be a hub for hospitality, music and entertainment.

The second part of our commitment will go directly to our traders groups, with \$2 million invested that will be split between 10 peak multicultural chamber and traders groups, with seven announced so far: the Australian Lebanese chamber of commerce and industry, the Asian Business Association of Whitehorse in Box Hill, the Melbourne Chinatown Association, Oakleigh Village Traders Association, Victoria Street Business Association, Springvale Asian Business Association and of course the St Albans business group. These grants can be used to support street festivals, improving the local economy and of course for all to experience the festivities and programs that suit the local area.

A final point of the commitment is delivering \$10,000 scholarships to help train up 500 staff so that we have experts. We expect we will have a range of initiatives that can be covered, and then businesses and traders groups can use their \$10,000 scholarship funding – for example, to upskill staff members or hire new staff members to help their business and that local precinct and really make those practical solutions.

These are all part of Victoria's strong economy reflecting our state's incredible diversity, and in this year's state budget we are backing them in to succeed and strengthen these hubs for many years to come. I am very excited about this investment and what it means for these vibrant, diverse precincts. As a Victorian community we are at our best when we support and celebrate our multicultural identity. By fulfilling this election commitment, we are doing just that: making sure that small businesses, those success stories, have the tools they need to keep growing. Not only will these investments make a real difference across multicultural precincts, they are also leading the way. At a recent meeting of small business ministers I had plenty of positive feedback and interest in this funding package, and I will be looking forward to reporting back later on this year on how it has rolled out, what it means to multicultural traders and how it could be replicated in other states as well – we have already had keen interest from other states. So we are confident that this is a great investment. It is what makes Victoria such a special place to live, work and do business in. Thank you, Ms Kathage.

Bev McARTHUR: Are Australians getting supported?

Lauren KATHAGE: Thank you, and I just note that multicultural members of our community are Australians, Mrs McArthur. Minister, I can see a few pages earlier on page 70 that this funding goes across multiple years, the multicultural traders and precincts item. Can you please walk us through what these investments will mean for multicultural communities in Victoria?

Natalie SULEYMAN: Thank you very much for that follow-up question. Again, I am really proud of our package of investment to our small business multicultural precincts and, in particular, the investment of \$10 million. This will be a game changer. As I said previously, other states are looking at Victoria when it comes to this package. This is a game changer for those small business communities. It is delivering important upgrades so that they can grow and thrive in the future. It is also important that this funding in this year's budget has a real component of investment for skills and training for local jobs – the \$5 million to deliver \$10,000 scholarships to train 500 staff. There are challenges for Victorian small businesses when it comes to workforce shortages, and we believe this part of the package will really have a positive impact. Victorian small businesses should be able to access the skills and training that they need when they do need them.

As government we recognise that this can be challenging for many multicultural small businesses, when language can be a barrier as well. What we know from our small business community is that they are also poor in time, so it is very difficult at times for small business owners to navigate the system and look at opportunities when it comes to funding, whether it is local, state or federal. This really provides an opportunity for small businesses and traders groups to actually provide that support to our multicultural small business precincts so that they can actually, whether it is investing in upskilling someone that is already employed or bringing in a new employee, provide those skills and that training so that Victorian workers and businesses do have the ability. As I said, an example would be to upskill a staff member so that they can navigate the system, which then, for small businesses, allows them to do the things that they need to do, and that is to run their small business.

We want to make sure that every Victorian gets not only the skills they need but the job that they want. That is why we have record investments in, for instance, the free TAFE system, which has been a game changer for

this state, giving opportunity for those who can acquire the skills but also making it free. We are building on our commitments from the last election. These investments are good for workers, they are good for businesses, they are good for our multicultural precincts, but more importantly they are providing those scholarships in this year's budget to go even further. For 500 workers and businesses that require that extra support, our government will provide those important skills, and we will prepare them for the future. Most important is how important it is to be able to gain secure employment or upskill a staff member, as I have said previously. Again, businesses can use these scholarships in a way that works for them. We will, through this process, be listening to our stakeholders and, in particular, to our small business communities. There will be consultation as we develop the guidelines for this program.

Finally, the last component is that we are delivering \$2 million direct funding to our multicultural peak trader and business associations. Just recently I had the opportunity to visit Box Hill and have a round table with the Whitehorse Asian business council and talk about some of the issues that they are facing and –

The CHAIR: Apologies, Minister.

Bev McARTHUR: I could not hear it. I was just going to ask you to repeat it –

The CHAIR: Excuse me, Mrs McArthur.

Bev McARTHUR: read it again.

The CHAIR: We will go to Ms Sandell.

Ellen SANDELL: Thank you, Chair. Good afternoon, Minister. I want to talk about the Living Local Fund, which I understand provided funding for a number of things but including revitalising suburban shopping strips. It looks like in the budget it is not going to be continued. Obviously a lot of shopping strips are still vacant after COVID, including in and around my area. Can you give any indication whether this program is continuing or whether there is something similar?

Natalie SULEYMAN: Thank you for that question. I am happy to talk about what we are doing in relation to supporting small businesses across Victoria, but that particular question actually falls outside my portfolio –

Ellen SANDELL: Suburban development?

Natalie SULEYMAN: Yes.

Ellen SANDELL: Okay, I will take it up with them. I will ask a different question. Many shopping strips are covered by special rate schemes that fund traders associations. My understanding is the New South Wales government recently released a white paper – last year – outlining policy options to support business improvement districts, looking at collaboration between local governments and local traders. It is something that, as I understand it, councils and local traders have found quite useful. Is the Victorian government looking at doing something similar?

Natalie SULEYMAN: Thank you very much for that question. Just going directly to your question, that is a question for the Minister for Local Government, but I can say the investment that we are making for our multicultural traders –

Ellen SANDELL: Okay. I think that one is for small business, because it is about business improvement districts. But if it is not, could you at least outline any of the initiatives that the government is taking, particularly around shopping strips and vacancies? Because one of the biggest issues that we are facing at the moment is that revitalisation of shopping strips post COVID.

Natalie SULEYMAN: Thank you for that question. What I can say that relates to my portfolio is about our \$2 million invested into 10 multicultural traders associations. Some of those are for events and festivals that they will be able to host. I cannot talk in relation to the other part of your question, but I can say –

Ellen SANDELL: Shopping strips.

Natalie SULEYMAN: that we have invested \$2 million across 10 multicultural traders associations. David, did you want to add any further to that?

Ellen SANDELL: I guess my question is around traders associations but also suburban shopping strips in particular, given the high vacancy rates. That affects businesses and it affects the communities who then want to use those businesses.

Natalie SULEYMAN: This is a multilayered question, on that directly –

Ellen SANDELL: I would be happy to take anything.

Natalie SULEYMAN: Yes. I mean, we are investing \$2 million –

The CHAIR: Apologies, Ms Sandell. The time is up.

Minister and department officials, that is the end of the questions today for this portfolio. Thank you very much for appearing before the committee today. The committee is going to 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 very short break before beginning the consideration of the veterans portfolio at 3:55 pm.

I declare this hearing adjourned.

Witnesses withdrew.