



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

6 June 2024

Committee Secretary

House of Representatives Standing Committee on Regional Development, Infrastructure and Transport

PO Box 6021

Parliament House

Canberra ACT 2600

Via email: rdit.reps@aph.gov.au

Dear Sir/Madam,

Submission to the Inquiry into local government sustainability

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) welcomes the opportunity to comment on the Inquiry into Local Government Sustainability. One of the ASBFEO's key functions is to advocate for small and family businesses, so that their distinctive needs are considered by the Parliament of Australia, ministers, departments, and regulators.

Small businesses are fundamentally linked to the financial health of local governments as they are often both the primary beneficiaries and the biggest contributors to local economies.

Approximately 98 per cent (2.5 million) of Australian businesses are small businesses. Small businesses make up a substantial share of output, employment, and income in the Australian economy, generating \$500 billion of economic activity and accounting for one-third of our nation's gross domestic product.¹ Small businesses also help to provide consumer choice and fill emerging gaps in market innovation by diversifying their offerings and embracing new technologies to meet the needs of consumers.

Based on ABS counts of Australian Businesses, small businesses account for at least half of all businesses in every local government area (LGA) across Australia.²

According to ASBFEO's *June 2023 Small Business Matters Report* half of all small businesses operate in four main industry sectors - construction (18%), professional, Scientific and Technical Services (13%) Rental, Hiring and Real Estate Services (11%) Transport, Postal and Warehousing (8%).³ Not surprisingly, these industries also have the highest number of jobs in small business and provide a broad range of services across all LGAs.

Recommendation 1: Governments at all levels should continue to promote entrepreneurship and competition, including through public investment and contestable and targeted support.

Fiscal expenditure by all levels of governments is central to the creation and maintenance of essential infrastructure, which in turn enables business growth and development and supports communities and workforces. Government spending can play an especially significant role in regional and remote communities.

¹ Australian Small Business and Family Enterprise Ombudsman, *Small Business Matters June 2023*, June 2023

² Australia Bureau of Statistics, *ABS Counts of Australian Businesses, including Entries and Exits*, July 2019 - June 2023

³ Australian Small Business and Family Enterprise Ombudsman, *Small Business Matters June 2023*, June 2023



Further, government grants and local government funding programs can:

- help aspiring business owners navigate the early stages of business creation and development
- enable small businesses both to survive a natural disaster and be able to operate again
- achieve government objectives more efficiently.

At the time of writing, the Australian Government's grants and programs finder tool lists 647 grants and support programs available to small businesses.⁴ We encourage governments to continue to provide accessible and targeted support schemes to small businesses, while noting that policies to promote entrepreneurship and innovation are most effective when they are not restricted by industry or activity, but instead support widespread competition and market selection of new products and processes. Entrepreneurs and business owners are better placed than governments to anticipate changing consumer preferences, and to generate or leverage new techniques of production or distribution.

Recommendation 2: Local governments across all LGAs should be encouraged to develop practical and effective initiatives that support small business growth and durability

The ASBFEO encourages local governments to support practical and effective initiatives to boost economic development and facilitate an operating environment that encourages small businesses to start, grow and thrive in their LGA.

Small Business Friendly Council initiatives have been developed in most states and territories. These initiatives aim to enhance the operating environment for small businesses and provide the opportunities they need to thrive.

For example, in Western Australia, local governments in metropolitan and regional areas have introduced 'buy local' campaigns and the created online business platforms to better connect small business owners and reduce red tape. The Western Australian Small Business Development Corporation also partners with innovative local councils from the pool of Small Business Friendly LGAs, to co-design with builders and applicants a more streamlined licencing and regulatory application and approvals processes to reduce costs, duplications and delays in turning ambition into economic activity.

The Victorian Small Business Commission's Small Business Friendly Charter outlines shared goals for participating local councils to create a fair and competitive trading environment for small businesses. These goals include:

- paying small business supplier invoices within 14 days
- supporting local businesses in managing disruptions caused by infrastructure projects
- streamlining approval processes for people looking to start a business in the area
- helping set up and support local business networks.⁵

In addition, Victoria has introduced a Better Approvals for Business Program to improve the regulatory and associated approvals processes for businesses, including small businesses. The

⁴ Australian Government, *business.gov.au, Business and Grant Finder*, accessed May 2024.

⁵ Victorian Small Business Commission, *Small business friendly councils*, accessed May 2024.



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program comprises delivery of a series of regulatory reform reviews. Each review reform package is co-designed with businesses and industry, regulators and local and state governments to ensure reforms target priority issues affecting businesses and are readily implementable.⁶

If you would like to discuss any of the above matters or require any further information, please contact the ASBFEO via email at advocacy@asbfeo.gov.au.

Yours sincerely

The Hon Bruce Billson

Australian Small Business and Family Enterprise Ombudsman

⁶ Victorian Government, *Better Approvals for Business Program, Business Friendly Council Approvals Review – Reforms Summary and Implementation Pilot, 2024*.