

CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND SUBMISSION:

Priorities for Queensland's Small Business Strategy

Department of Employment, Small Business and Training

December 2019



Introduction

The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide input into the Queensland Small Business Strategy Discussion Paper. CCIQ is committed to working with the State Government in finding solutions that create and foster opportunities for small business success.

CCIQ is Queensland's peak industry representative organisation for small and medium sized businesses. The chamber now represents over 448,000 small and medium sized businesses in the State who employ 66% of Queenslanders working in the private sector.

CCIQ works closely with the chamber network across Queensland to develop and advocate for policies that are in the best interests of the Queensland economy, it's small businesses, and the community.

Focus area	Key Policy Priorities
<p>Giving small business the tools and support to grow</p>	<p>Feedback: Support small business financial literacy capability through programs such as the Acceler8 training for small business.</p>
	<p>Feedback: Continue the commitment to develop small business digital literacy and capability through the Digital Grants Program.</p>
	<p>Feedback: Support the work of CCIQ and Trade and Investment Queensland to undertake research on small business barriers to exporting with a view of implementing a program targeted at small businesses becoming ‘export ready’</p>
	<p>Feedback: Continue upscaling the Mentoring for Growth program for small businesses.</p>
	<p>Feedback: A renewed commitment by government is needed to ensure small business are consulted on the impacts of proposed legislation. CCIQ recommends the strengthening of the existing small business consultation panel and the ‘Better regulation taskforce’ agenda.</p>
	<p>Feedback: Commitment to the Jobs Queensland and CCIQ partnership in the areas of small business workforce planning, digital readiness, advocacy for skills, training and workforce development.</p>
	<p>Feedback: Continue investment in the ecoBiz program and incentivize small business investment in new technologies to encourage participation and transition to the circular economy.</p>
<p>Simple and easy to do business</p>	<p>Feedback: CCIQ advocates for greater collaboration between the State Government and local councils. By doing so, this will promote a sense of small business friendliness and support for regional communities.</p>
	<p>Feedback: The Queensland Government must immediately introduce a transparent and open procurement data platform across all government agencies for industry to assess the impact of the Queensland Procurement Policy.</p>
	<p>Create shorter, more user-friendly public-sector contracts by simplifying the language in government contracts through the development of a new “standard public sector contract” to save both smaller businesses and the government’s resources by not having to wade through dense paperwork.</p>
	<p>Commit to funding programs that support small businesses in the tendering process such as CCIQ’s Business Ready Q-Assure.</p> <p>Commit to faster payment terms for small business, less than 20 days.</p>

<p>Creating sustainable jobs in regional Queensland</p>	<p>Feedback: CCIQ advocates for greater collaboration between the State Government and local councils. By doing so, this will promote small business friendliness to do business and supportive of regional communities.</p>
<p>Giving small business a voice</p>	<p>Feedback: CCIQ does not support the proposed strategy that duplicates a role already fulfilled by CCIQ and the Chamber network.</p> <p>Feedback: CCIQ provides in-principle support for a mediation and dispute resolution mechanism to support small business, that does not duplicate existing functions.</p>

Focus Areas – Questions for discussion

For each of the focus areas, CCIQ acknowledges the efforts of the State Government to improve economic conditions for Queensland’s small business community. However, following the overwhelming lack of business confidence observed in the most recent Suncorp-CCIQ Pulse Survey (Pulse Survey), opportunities clearly exist to improve the business operating environment across the State. With support from the various Chambers, the purpose of the submission is to voice the recommendations of the small business community who are on the ground.

Focus area 1 – Giving small business the tools and support to grow

<p>What are the skills small business owners need most to remain sustainable, grow or innovate?</p>	<p>Financial Literacy Skills:</p> <p>Financial literacy is an important skill for small businesses looking to grow and expand their operations in Queensland. The necessity of promoting greater understanding of the skills required to operate financially sustainable businesses is especially important in the context of loan requirements to fund capital investment. Findings from the December (2018) Pulse Survey identified the difficulty that businesses experience in obtaining credit, with nearly 2/3 submitting unsuccessful loan applications with the Big Four banks. Therefore, specific opportunities to assist with financial literacy skills exist through programs that focus on:</p> <ul style="list-style-type: none"> • How to conduct effective financial reporting and record keeping • Understanding lending requirements for credit applications • Staying updated with payroll, tax and superannuation compliance <p>Feedback: Commit to improving small business financial literacy capability through programs such as the Acceler8 training for small business.</p> <p>Digital Readiness Skills:</p>
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	<p>The rapid expansion of technological capital in industries such as Advanced Manufacturing, Health Care and the Resources sector to name a few, is leading a disruption in digital readiness skills of small business in Queensland. Findings from the annual CCIQ Digital Readiness Survey (Digital Survey) in 2018 reported that 90% of businesses believed that they should become more digitally savvy, while 34% of respondents were concerned that the digital economy would lead to skills shortages in the labour market.</p> <p>Additionally, branding and digital marketing skills continue to be an important aspect of small business growth in the digital age. This is especially true of retailers with an online presence with more than 45% of businesses now earning 20% of their income or greater via ecommerce activity (Digital Readiness, 2018).</p> <p>Feedback: Continue the commitment to develop small business digital literacy and capability through the Digital Grants Program.</p>
<p>How do we help innovative small businesses who are thinking of expanding into new technologies and emerging international markets?</p>	<p><i>Adaptive and Connected Regions:</i></p> <p>Connectivity plays a fundamental role in reducing the tyranny of distance faced by regional businesses. This is especially true in the 21st century economy where internet and mobile networks have become the primary facilitator of communication and trade. It is therefore concerning that findings from CCIQ’s most recent Regional Priority Councils (RPC) suggest that poor connectivity continues to be a hinderance for businesses across Queensland.</p> <p>Businesses also require training on how to become more adaptable to digital disruptions. A business community that is equipped with skills and resources will have greater capacity to connect with the international market. In turn, this will allow small businesses to leverage trade opportunities with emerging markets such as China, Japan and India.</p> <p><i>Encouraging Innovation and Participation:</i></p> <p>CCIQ acknowledges the importance of research and development (R&D) grants in promoting innovative and expansive activities by small businesses.</p> <p>In a market where favourable terms of trade continue to stimulate export activities, small businesses require assistance in connecting with international markets. Specific examples of how businesses can be assisted in expanding into new markets includes the provision of export subsidies such as exemptions from stamp duty, GST and certification costs, and/or promoting networking opportunities with key export stakeholders.</p>

	<p>Feedback: Support the work of CCIQ and Trade and Investment Queensland to undertake research on small business barriers to exporting with a view of implementing a program targeted at small businesses becoming 'export ready'.</p>
<p>What other support and assistance do small businesses need to start-up and grow?</p>	<p><i>Mentorship and Advice:</i></p> <p>Mentorship and advice services are important for small businesses looking to enter the market or expand their operation.</p> <p>Recommendation: Continue upscaling the Mentoring for Growth program for small businesses.</p> <p><i>Regulatory Reform:</i></p> <p>It is necessary that the State government review legislation that is consequential to small businesses. A regulatory environment that neglects the voice of the small business sector is out of touch with the understanding of the basic principles of economic growth. Regulatory reform is especially important in the current state of the market, with the December Pulse Survey (2019) reporting that sentiment surround general business conditions are now the worst on record.</p> <p>Feedback: A renewed commitment by government is needed to ensure small business are consulted on the impacts of proposed legislation. CCIQ recommends the strengthening of existing small business consultation panels and the 'Better Regulation Taskforce' agenda.</p>
<p>What challenges do small business face in upskilling their workforce?</p>	<p><i>Skilled Workforce:</i></p> <p>According to the recent RPCs, a key factor limiting the growth of small businesses is an inadequate supply of skilled labour. Hence, it is important that the State Government engages in effective consultation with industry to ensure that skills being taught in publicly funded VET programs are meeting the evolving demands of small businesses in the State.</p> <p><i>Workforce Planning:</i></p> <p>Queensland is faced with wide-ranging skills challenges that impacts the capacity of small business to grow. Namely, small businesses tend to under-invest in the development of skills due to several broader market failures including, but not limited to:</p> <p>a) The 'poaching problem' whereby businesses are reluctant to invest in training because they may not ultimately receive the full benefits of such an investment</p>

	<p>b) Information challenges such as employers experiencing difficulties in judging the quality of training and how it will be directly linked to improved business performance</p> <p>c) Digital disruptions and the evolving demands of industry, the small business community struggles to predict the future requirements of workforce skills.</p> <p>Feedback: Commitment to the Jobs Queensland and CCIQ partnership in developing the areas of small business workforce planning, digital readiness, and advocacy for skills, training and workforce development.</p>
<p>What other support and assistance can help small business be more sustainable and participate in the circular economy</p>	<p><i>Participation in the New Economy:</i></p> <p>The ecoBiz program helps businesses understand their energy, water and waste costs and provide support to save money through sustainability initiatives. With increased growth of businesses participating over the past 2 years, averaging 17% month-on-month. There is a demonstratable, direct, environmental and financial benefits, both to businesses and the community to engage with the ecoBiz program and become more sustainable. Implementing circular economy principles can provide Queensland’s industries an avenue to increase productivity, develop new markets and reduce waste and position themselves strategically in response to economic and environmental transition.</p> <p>CCIQ considers there is further capacity to grow small business participation in the circular economy through ‘place based’ and ‘at the source’ processes and technologies.</p> <p>Reviewing current technology offerings that small businesses can adopt will support rapid transition and participation in the circular economy. Developing a better understanding of what technology is available to support small businesses domestically such as waste and energy, specialised recycling, and virgin material applications will further stimulate opportunities in parallel industries; e.g. the manufacturing and information and connective technology industries. The emphasis on new technologies must be supported by financial incentives or subsidies to encourage rapid adoption and transition as small businesses often lack the financial capacity to purchase capital.</p> <p>Feedback: Continue investment in the ecoBiz program and incentivise small business investment in new technologies to encourage participation and transition to the circular economy.</p>

Focus area 2 – Simple and easy to do business

<p>How can it be made simpler and easier for small business to understand and comply with regulation?</p>	<p><i>Facilitating Better Communication Between Government and Business:</i></p> <p>Without the support of the Chamber network, it becomes difficult for small businesses to keep up to date with the legislation. The State and Local Governments must provide more tailored and specific small business information that reduces the burden of information and regulation.</p> <p><i>Limiting Red and Green Tape Burdens:</i></p> <p>Increasing compliance continues to limit the growth of small businesses in Queensland. This follows findings from the September Pulse Survey (2019) which ranked ‘compliance and complexity of business taxes and government charges’ in the top 10 factors limiting business growth. For this reason, CCIQ urges that the State Government focus on limiting red and green tape compliance. The purpose of this will be to reduce time and monetary burdens on small businesses allowing them to be more productive. Specific examples to reduce red and green tape include:</p> <ul style="list-style-type: none"> • Limiting unnecessary approval requirements • Minimising or making it easier to do business with public agencies <p>Feedback: CCIQ advocates for greater collaboration between the State Government and local councils. By doing so, this will promote a sense of small business friendliness and supportive of regional communities.</p>
<p>In addition to the proposed small business procurement target, what other action can be taken to increase small business participation in procurement activities across the Queensland Government?</p>	<p><i>Amending Queensland Procurement Policy</i></p> <p>CCIQ considers that the Queensland procurement policy needs to be amended to prioritise small businesses.</p> <p>There remain serious concerns across Queensland’s small business community that the State Government’s signature ‘Buy Queensland Policy’ and ‘Best Practice Principles’, is failing to demonstrate its intended effect, and thereby failing to increase opportunities for local small employers to do business with government.</p> <p>This suggestion follows findings from the recent RPCs where local businesses were left with feelings of discouragement following time intense tender processes being lost to larger businesses base in SEQ or interstate. CCIQ has encouraged the State Government to seek out ways to incentivise larger companies to prioritise local businesses for sub-contracting opportunities.</p>

	<p>Feedback: The Queensland Government must immediately introduce a transparent and open procurement data platform across all government agencies for industry to assess the impact of the Queensland Procurement Policy.</p> <p>Create shorter, more user-friendly public-sector contracts through simplifying the language in government contract terms through the development of a new “standard public sector contract.” This will save both smaller businesses and the government’s resources by not having to wade through dense contracts.</p> <p>Commit to funding programs that support small businesses in the tendering process such as CCIQ’s Business Ready Q-Assure.</p> <p>Commit to faster payment terms for small business, less than 20 days.</p>
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Focus area 3 – Creating sustainable jobs in regional Queensland

<p>What are the key issues affecting the resilience and growth of small business in Queensland’s regional communities?</p>	<p><i>Major Constraints on Business Growth:</i></p> <p>According to responses from the September quarter Pulse Survey, the five key issues affecting the resilience and growth of <i>regional</i> small businesses include:</p> <ul style="list-style-type: none"> • Level of economic demand and activity • Political and economic stability • Insurance premium costs • Compliance and complexity of business taxes and government charges • Level of business taxes and government charges (Local, State and Federal) <p>Other issues identified throughout recent RPCs include:</p> <ul style="list-style-type: none"> • Poor internet connectivity • Limited access to skilled workforce • Limited pipeline of public infrastructure to limit skills drain and circular flow activity in local economies
<p>What can be done to assist small businesses in regional communities to build increased resilience?</p>	<p>More must be done to increase the awareness of the support services and funding/regional development grants that already exist. This suggestion provides further support for the benefits of investing in regional business centres.</p> <p>Feedback: CCIQ advocates for greater collaboration between the State Government and local councils. By doing so, this will promote small business friendliness and regional communities.</p>

Focus area 4 – Supporting a diverse small business sector

<p>What can be done to encourage more diversity in our small business sector?</p>	<p><i>Women in Business</i></p> <p>As part of the <i>Small Business Social Impact Series</i>, CCIQ is currently authoring the Queensland <i>Women in Business</i> Report for the Office of Industrial Relations. This Report seeks to understand more about the current level of representation of women in the workplace and the unique barriers women face in doing business in Queensland. Specifically, it examines the gender gap surrounding uptake of flexible working arrangements as well as issues with childcare and parental leave. Overall, the Report will provide recommendations to the State Government about how barriers can be redressed. This advocacy document will provide the groundwork for future industrial relations reform in these areas, improving conditions for small businesses.</p>
<p>What are the best ways to promote awareness of, and engagement with, Aboriginal and Torres Strait Island owned businesses?</p>	<p><i>Support Services for Indigenous Communities:</i></p> <p>CCIQ is authoring the <i>Indigenous Business and Employment</i> Report. This report seeks to analyse the working relationship between indigenous business owners and workers and provide guidance for areas of future funding and policy making to create strong cooperative industrial relations. It is anticipated that this work will lead to better social outcomes to promote awareness and engagement with Aboriginal and Torres Strait Island Businesses to flow through on a national level.</p>

Focus area 5 – Giving small business a voice

<p>What can be done to help small businesses have a clear voice and an opportunity to provide advice to government?</p>	<p><i>Emphasising the Importance of the Chamber Network:</i></p> <p>CCIQ is the State's largest business organisation. With the support of Queensland's regional Chambers, CCIQ has a State-wide reach across all industry sectors and all business sizes and has provided a voice for SMEs for over 150 years.</p> <p>The Chamber network is committed to representing the interests of its members and the Queensland business community. The most important aspect of our role is to provide advocacy on industry related issues, designed to build a better business operating environment.</p> <p>CCIQ plays a pivotal role in identifying issues and their impact on industry, as well as researching, analysing and developing appropriate responses to government policies, taxation initiatives, programs and legislation.</p> <p>CCIQ is one of many voices representing business interests within Queensland, however, provides the loudest voice for securing outcomes on behalf of business. Through our continued work with Government, we have effected changes to areas</p>
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	<p>such as taxation, electricity prices, infrastructure spending, national minimum wages, workplace relations laws, workplace health & safety laws, workers compensation and environmental regulations.</p> <p>The Chamber network provides an invaluable contribution to the political debate and policy development process in Queensland. This position has made CCIQ a trusted source of business community viewpoints.</p> <p>Feedback: CCIQ does not support the proposed strategy that duplicates a role already fulfilled by CCIQ and the Chamber network.</p>
<p>What can be done to improve dispute resolution information and services for Queensland small business?</p>	<p><i>Dispute Resolution Mechanism:</i></p> <p>The State Government could provide a resolution mechanism for disputes between business and government departments, businesses and local councils, or to support the provision of a competitive and fair operating environment. The aim must be for such disputes to be effectively and efficiently resolved without the parties having to report to costly and time-wasting court proceedings.</p> <p>CCIQ does acknowledge that there is need for representation for small businesses in relation to dispute resolution. A function within the Office of Small Business that provides dispute resolution would assist with what is a rather costly and time-consuming process for small businesses.</p> <p>Many resources relevant to these processes exist in other portfolios but are not consolidated nor made relevant for small businesses. Often other offices cannot make specific recommendations, and there is a gap in information for industry which must be rectified.</p> <p>Feedback: <i>CCIQ supports in-principle a mediation and dispute resolution mechanism to support small business, that does not duplicate existing functions.</i></p>

Conclusion

CCIQ believes that it is imperative that the State Government demonstrate to the Queensland small business community that maintaining an environment where they can grow, and employ is one of its key priorities.

The CCIQ would be pleased to address any queries that the Department may have in relation to our response in person. For further information, please contact, Jack Baxter, Economist and Policy Advisor, cciqadvocacy@cciq.com.au.