Small Business
Development Corporation

GOVERNMENT OF
WESTERN AUSTRALIA

Our ref: D26/4904

Commissioners Roberts and King
Inquiry into Reducing Barriers to Business Dynamism
Productivity Commission
4 National Circuit
BARTON ACT 2600

BusinessDynamismInquiry@pc.gov.au

Dear Commissioners

REDUCING BARRIERS TO BUSINESS DYNAMISM IN AUSTRALIA

The Small Business Development Corporation (**SBDC**) welcomes the opportunity to comment on the Productivity Commission's inquiry into barriers to business dynamism in Australia ('**the Inquiry**'). Reducing barriers to business dynamism and promoting innovation, productivity growth and Australia's international competitiveness is especially pertinent to the small business sector, which has long highlighted the increasing difficulties of operating in a challenging environment.

Governments have a shared responsibility to ensure that regulatory settings and other policy barriers do not stifle growth and the entrepreneurial spirit in Australia.

Background

The SBDC is an independent statutory authority of the Government of Western Australia (**WA**), established to support and facilitate the growth and development of small businesses in the State.[1] Through our various touchpoints with small businesses - including daily contact with small business operators navigating a complex legal and commercial environment - the SBDC is able to monitor the small business landscape in WA and constructively contribute to government reviews and policy development.

In this regard, a core function of the SBDC is to work with regulators and other key decision makers during legislative design and reform processes to ensure the needs of small business are considered wherever possible.

WA is home to more than 250,000 small businesses, accounting for nearly 97 per cent of all businesses in the State.[2] Small businesses contribute more than $50 billion to the State's

[1] The views presented here are those of the SBDC and not necessarily those of the WA Government.
[2] ABS (2025). Counts of Australian Businesses, including Entries and Exits, July 2021 – June 2025. Canberra: ABS.

economy each year and employ over 40 per cent of the private sector workforce.[3] These businesses form the backbone of the State's economy, sustaining communities from Kununurra in the north to Esperance in the south, and contributing to the social fabric of WA's way of life.

It is from this vantage point that the SBDC offers the following response to the submissions paper. The suggestions presented are grounded in what we hear from the lived experience of small business operators across WA, supported by evidence from comparable economies, and focused on reforms that are practical and achievable within the scope of this inquiry. In the SBDC's opinion, these practical reforms could meaningfully improve the environment in which WA small businesses start up, grow and, when the time comes, successfully exit.

Response

The SBDC notes that the Productivity Commission's 2025 Five Pillars of Productivity inquiry found that regulatory complexity is a persistent drag on the capacity of businesses to grow and innovate and that productivity in Australia grew at less than one-quarter of its 60-year average in the decade to 2025 - well below the strong growth achieved during the reforms of the 1990s.[4]

Small businesses feel this drag more acutely than anyone - a large company can afford a team to manage compliance, but a sole trader or small employer cannot; every hour spent navigating paperwork, duplicating applications or addressing conflicting requirements across different government agencies is an hour not spent on the actual work of the business. The Productivity Commission's 2015 Business Set-up inquiry found that compliance costs fall most heavily on businesses with fewer than 20 employees - a finding that remains as true today as it was a decade ago.[5]

The SBDC also notes that the House of Representatives Standing Committee on Economics reached a similar conclusion in 2024, finding that barriers to business formation - including regulatory complexity, licensing and capital access - act as a direct brake on economic dynamism.[6] A decade of inquiries has reached broadly consistent conclusions.

This submission focuses on three key principles for reform that align with the inquiry's priority areas of regulatory and administrative burdens and the design of insolvency frameworks, being:

- Make it easier to start and operate a business across Australia by addressing cumulative regulatory and administrative burden.
- Make the cost of compliance proportionate and give small businesses access to the finance they need to grow.
- Make it easier to transfer a successful business to the next generation of owners.

[3] Small Business Development Corporation, Small business has big impact on the economy (2019), based on ACIL Allen estimates using ABS data

[4] PC (2025a). Growth Mindset: How to Boost Australia's Productivity. Five Productivity Inquiries. Canberra: Productivity Commission.

[5] PC (2015). Business Set-up, Transfer and Closure. Inquiry Report No. 75. Canberra: Productivity Commission.

[6] House of Representatives Standing Committee on Economics (2024). Better Competition, Better Prices: Report on the Inquiry into Promoting Economic Dynamism, Competition and Business Formation. Canberra: Parliament of Australia.

Priority area: Regulatory and administrative burden

Making it easier to start and operate

Starting a business in Australia usually requires dealing with multiple layers of government simultaneously. A new business owner typically needs to register with the Australian Taxation Office (**ATO**) and/or Australian Securities and Investments Commission (**ASIC**) at the federal level, obtain one or more licences from state agencies, and obtain approvals from their local government.

The same basic information - name, address, business activity, ownership structure - is often provided multiple times to different agencies, who do not share it with each other.

The SBDC notes that Australia currently ranks 14th globally for business entry efficiency, behind Denmark (1st), New Zealand (4th) and Singapore (5th), all of which have implemented single-window digital registration systems.[7] This gap is not a matter of technology.

The Western Australian Government recognises that small-to-medium enterprises (SMEs) and specific industry sectors are sometimes required to navigate complex approvals and permit processes across multiple agencies to get the necessary approvals to run their business. Each regulator's requirements are typically developed in isolation of other State and local government bodies and even within these organisations, are frequently not connected sequentially, causing unnecessary delays in approval processes for small businesses. Throughout 2025-26, the SBDC led the Small Business Friendly State Government Approvals Program, aimed at identifying regulatory duplication and pain points which small business owners have to go through as part of the journey to either set up, run or expand their business. The SBDC worked with six state government agencies, local government and Australian Government agencies and identified 60 initiatives which led to improvement in regulatory practices. These initiatives fell within three key themes:

- Better information and communication: provision of information that is easy to find, understand and action, ensuring quality and timely submissions for decision making by small business customers and agencies;
- Business support: provide a clear, educated and supported approval process by reducing the complexity of navigating government regulatory processes and administration; and
- Collaborative streamlining: working together across government levels and between agencies to achieve better outcomes for our small businesses and regulators administering and managing compliance obligations.

Building on the findings from the Approvals Program, the SBDC proposes:

- **"Compliance stack" assessment mechanism -**
  The SBDC suggests the Productivity Commission consider recommending a mechanism that assesses any new regulatory proposal in the context of the total compliance burden it adds to, not just on its own merits. The Commonwealth Government's Office of Impact Analysis's existing Regulatory Burden Measurement Framework acknowledges compliance stacking but does not routinely measure the cumulative effect. A standing assessment mechanism, adopted nationally, could ensure that "one more thing" is always evaluated in the context of everything a small business is already required to do. Publication of these cumulative impacts would help inform regulating authorities and encourage more nuanced consideration of future proposals.

[7] World Bank (2025). Business Ready (B-READY) 2025. Washington DC: World Bank Group

Innovation Ecosystem and Human Capital

WA's innovation ecosystem has undergone a genuine transformation over the past decade. Once a state economy almost entirely reliant on resources extraction, WA now has a diversified and growing innovation base spanning cybersecurity, data science and artificial intelligence, life sciences and medtech, green technology, and creative industries.[8]

Through the WA New Industries Fund and its successor, the $40 million New Industries and Innovation Fund (2025–29), WA has built a network of five sector-specific innovation hubs - in cybersecurity, data science and AI, life sciences, creative technology, and green technology - each co-delivered with industry and university partners.[9] The results are concrete.

Perth Biodesign, supported through the WA Life Sciences Innovation Hub, has trained nearly 500 graduates who have collectively created 26 medical technologies and raised over $40 million in funding.[10] The Plus Eight accelerator has supported more than 350 startups since 2016, with a portfolio now valued at over $230 million.[11]

WA's universities have also become active parts of the State's growth ecosystem. Curtin University operates the first venture studio established by an Australian university, an $18.6 million facility backed by a $10 million seed fund, fast-tracking research-based businesses from idea to investable venture.[12] The University of Western Australia's Office of Industry and Commercial Development embeds research students inside businesses to solve real operational problems - a low-cost channel to R&D capability for small businesses.[13]

These are not pilot programs. They are producing companies, jobs and intellectual property at scale - and they demonstrate that targeted public investment in innovation infrastructure delivers measurable commercial outcomes. The binding constraint for WA's innovation ecosystem is no longer the absence of programs to start businesses; it is the absence of capital to scale them.

Venture capital (**VC**) investment in WA remains at approximately two per cent of the national total, well below the State's share of the national economy.[14] Founders who outgrow local support face a structural funding gap at exactly the moment they are ready to grow fastest.

HUMM Technologies is a concrete example. Founded in Perth, graduating from the Plus Eight Accelerator, HUMM relocated to San Francisco in 2018 to access US VC - a move the founders described as necessary given the funding constraints of building a deep technology company from Perth.[15]

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[8] WA Government (2019). Diversify WA: Economic Development Framework. WA Government (2023). Future State: Accelerating Diversify WA. DEED (2026). Western Australia's Innovation Hubs.
[9] DEED (2026). Western Australia's Innovation Hubs.
[10] Perth Biodesign (2024). Program outcomes.
[11] Spacecubed (2026). Plus Eight Accelerator: Program outcomes.
[12] Curtin University (2026). Curtin Venture Studio.
[13] UWA (University of Western Australia) (2026). Research Partnerships — Office of Industry and Commercial Development.
[14] Cut Through Venture and Folklore Ventures (2026). State of Australian Startup Funding 2025
[15] Startup News WA (2018). HUMM Tech move to Silicon Valley

On the human capital side, for more than 40 years the SBDC has offered advice and guidance to tens of thousands of WA small businesses. This experience tells a consistent story: businesses that struggle most are rarely short of good ideas or genuine commitment. What they most commonly lack is the practical knowledge to translate those things into a viable, sustainable enterprise. Financial literacy, understanding cash flow, reading a profit and loss statement, knowing when the numbers are telling you something important, is frequently absent at the point of business entry. So too is realistic market assessment: the ability to test whether there is actually a paying customer for what the business intends to sell, before significant capital is committed.[16]

In 2023-24, Australia's business exit rate was 14.0 per cent, and over half of businesses started in 2019-20 had ceased trading within four years.[17] Research shows that small businesses which access structured external advisory support consistently perform better and are more likely to survive - businesses accessing external advice show an average 22 per cent increase in labour productivity compared to those that do not.[18]

The SBDC works to address this knowledge gap through our low-cost business skills workshops and provision of guidance and advice on a range of small business matters through our general and specialist business advisory services.

In relation to the supporting innovation and human capital, the SBDC proposes:

- **Extend and broaden the reach of the Industry Growth Program -**
  The SBDC suggests the Productivity Commission consider recommending that the Commonwealth extend and broaden the Industry Growth Program (**IGP**) beyond its current National Reconstruction Fund (**NRF**) priority sectors. The IGP is demonstrably effective, demand has been strong since its 2023 launch, with 71 per cent of grants going to the commercialisation and growth stream, suggesting that the growth stage is where businesses most need support.[19] However, the program's eligibility is currently limited to businesses working within NRF priority areas, leaving many viable growth-stage small businesses, including those in WA's services, tourism, agribusiness and resources technology sectors, unable to access support.

- **Address the geographic concentration of venture capital -**
  The SBDC suggests the Productivity Commission consider recommending that the Commonwealth's recently expanded VC tax incentives, introduced in the 2026-27 Federal Budget, be actively monitored for geographic distribution, with a specific objective of increasing early-stage investment flows to all states and territories. WA's innovation ecosystem is producing investment-ready ventures but the capital to fund their next stage of growth remains heavily concentrated on the east coast. Consideration should also be given to whether additional incentives, such as regionally-targeted fund mandates, could help close this gap.

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[16] ASIC (2024). Annual ASIC insolvency data reveals increase in companies failing. ASIC (2025). ASIC reminds small business directors of their obligations to manage company money and assets appropriately. QSBC (2024). Understanding the Life Cycle and Mindset of Queensland Small Businesses.

[17] Australian Bureau of Statistics (2025). Counts of Australian Businesses, including Entries and Exits, July 2021 - June 2025. Canberra: ABS.

[18] UK Department for Business and Trade (2026). Backing Your Business: Evidence Annex. London: His Majesty's Government.

[19] Department of Industry, Science and Resources (2025). Industry Growth Program. Canberra: Australian Government.

Making it easier to grow and access capital markets

The most common way for an Australian small business to borrow money from a bank is to put up a residential property as security.[20] As such, a business owner's access to finance generally depends less on the quality of their business plan and more on whether they own a house, and how much it is worth.

Approximately 70 per cent of Australian small businesses earn under $75,000 a year.[21] At that revenue level, property-backed bank lending is often inaccessible, and the **VC** and angel investor networks more concentrated in Sydney and Melbourne are effectively out of reach for most WA operators, even if their business is aligned to a VC's portfolio interests.[22]

Small business access to finance is a persistent problem. The Australian Small Business and Family Enterprise Ombudsman's 2017 inquiry into small business lending identified systemic problems with bank contract terms and capital access.[23] The Banking Royal Commission did not resolve the underlying structural issue: that the standard model of bank lending to small business does not assess business merit on its own terms.[24]

The COVID-19 pandemic demonstrated that lending on business merit, without residential property as security, is operationally viable at scale. The Commonwealth SME Guarantee Schemes delivered nearly 109,000 loans to small businesses totalling $16.5 billion; with claims paid under the guarantee amounting to just $83.2 million (representing a default of around 0.5% of total lending value), demonstrating that business-merit lending without residential property collateral can be extended at scale with manageable fiscal risk.[25] When the scheme ended, the structural gap returned.[26]

Australia is not alone in recognising this gap, and it is worth noting that other comparable economies have moved beyond temporary measures to durable solutions. Canada's Small Business Financing Program has operated continuously since 1999, with the federal government guaranteeing up to 85 per cent of eligible losses to lenders, supporting more than 53,000 small businesses and over $10 billion in loans in the past decade alone, with 74 per cent of 2024–25 lending going to businesses less than one year old.[27]

In the United Kingdom, the Growth Guarantee Scheme, which launched in July 2024 as a permanent successor to its COVID-era programs, provides lenders with a 70 per cent government-backed guarantee and explicitly prohibits primary residential property from being taken as security[28].

Both models demonstrate that a well-designed, enduring guarantee scheme can expand access to finance on the basis of business merit rather than property ownership.

[20] Brad Jones, RBA Assistant Governor, COSBOA Summit, April 2024

[21] Australian Small Business and Family Enterprise Ombudsman (June 2023). Small Business Matters. Canberra: ASBFEO

[22] OECD (2026), Financing SMEs and Entrepreneurs 2026: An OECD Scoreboard, OECD Publishing, Paris.

[23] Australian Small Business and Family Enterprise Ombudsman (2017). Inquiry into Small Business Loans. Canberra: ASBFEO

[24] ASBFEO (2017); Public Accountant (2019); RBA Bulletin (September 2021)

[25] Treasury (2025). Schemes performance data. Canberra: Commonwealth of Australia.

[26] Black, S., Lane, K. and Nunn, R. (2021) Small Business Finance and COVID-19 Outbreaks, RBA Bulletin, September 2021

[27] Innovation, Science and Economic Development Canada (2025). Canada Small Business Financing Program: Overview and Highlights 2024–25. Ottawa: Government of Canada.

[28] British Business Bank (2024). Growth Guarantee Scheme. London: British Business Bank.

For WA small businesses, geography compounds the problem of accessing finance, with more significant community effects. Many regional operators face limited access to financial advisory services, greater distance from specialist lenders, and thinner markets that make it harder to build the kind of trading history that bank credit assessments rely on.

In relation to the ability for small businesses to access capital markets, the SBDC proposes:

- **A permanent small business lending guarantee scheme -**
  The SBDC suggests the Productivity Commission consider recommending a permanent Commonwealth small business lending guarantee scheme - building upon the temporary COVID-era arrangements. The scheme could be designed to allow eligible small businesses to access finance assessed on business merit, not solely on the value of residential property held by the owner. The COVID scheme demonstrated this is operationally achievable. A permanent version would give lenders the confidence to build genuine small business credit capabilities rather than defaulting to property collateral.

<u>Making it easier to transfer a successful business</u>

Australia is facing a quiet economic challenge: tens of thousands of small business owners are approaching retirement without a clear succession plan.[29] Many of these businesses are profitable, well-run and genuinely valuable, but they are wound up rather than transferred, because finding a buyer and completing a sale is often too complicated and too costly.

When a business closes because a sale is not viable, jobs are lost and customers lose a supplier they relied on. In regional communities, where the local hardware store, bakery or accounting practice may have no obvious alternative, the loss is felt by the whole town.

The Productivity Commission raised these issues in its 2015 inquiry into Business Set-up, Transfer and Closure.[30] A decade later, the structural problems remain. The SBDC's advisory interactions confirm that the barriers are concrete: there is often no efficient way for a retiring business owner in Kalgoorlie or Newman to find a buyer; transaction costs are high; and in trade-licensed businesses, uncertainty about whether licences can be transferred can make a sale commercially unviable.

The European Commission (**EC**) has identified business transfer as a policy priority for over three decades, noting that approximately 150,000 viable businesses across Europe fail each year due to inefficiencies in the transfer process - at a cost of around 600,000 jobs annually. Several member states, including France and the Netherlands, have developed dedicated matchmaking platforms connecting retiring owners with prospective buyers, and the EC has actively encouraged all member states to follow suit.[31] Australia has no equivalent national mechanism.

The SBDC notes that *Corporations Act 2001 (Cth)* and related tax law (the employee share scheme rules in the Income Tax Assessment Act)[32] were largely designed with listed

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[29] MYOB (2025). Bi-Annual Business Monitor - SME Succession Planning. Chartered Accountants Australia and New Zealand) (2025). Succession planning essential for next-gen SME success.
[30] Productivity Commission (2015). Business Set-up, Transfer and Closure. Inquiry Report No. 75. Canberra: Productivity Commission
[31] Interreg Europe / Policy Learning Platform (2021). Facilitating Business Transfers for Sustainable Economic Activity — Policy Brief. Brussels: Interreg Europe.
[32] Income Tax Assessment Act 1997 (Cth), Division 83A — Employee share schemes

companies or well-resourced private companies in mind. For a small business, setting up a formal employee share scheme to facilitate a buyout requires comprehensive legal documentation, independent business valuations (which typically cost $5,000 to $20,000 for a small business) and ongoing compliance, the cumulative cost of which can reach $20,000 to $50,000 or more, which makes the mechanism commercially impractical for many small operators before the transaction even begins.[33]

For many small businesses, that cost alone kills the option. Employees who want to buy the business typically don't have large amounts of personal capital. The mechanism that larger companies use (leveraged buyouts, where the company's own assets and future cashflow service the debt) runs into restrictions under the Corporations Act's financial assistance provisions.[34] This requires the company to either demonstrate the assistance does not materially prejudice creditors or shareholders, or obtain formal shareholder approval - a process that can take weeks, requires legal documentation and ASIC notification, and adds significant cost and delay to what should be a straightforward transaction. This rule exists to protect creditors and minority shareholders, but in the context of a small private company buyout, it can make an otherwise sensible transaction legally challenging.

In relation to the transfer of successful small businesses, the SBDC proposes:

- **A national small business succession and transfer register -**
  The SBDC suggests the Productivity Commission consider recommending a national platform, operated in partnership between the Commonwealth and state and territory small business agencies, to match retiring small business owners with prospective buyers. This is particularly important for regional areas where local business markets are too thin to sustain commercial business broking. Models in France, Germany and the Netherlands offer a practical starting point.

- **Reforms to support employee and management buyouts -**
  The SBDC suggests the Productivity Commission consider whether amendments to the *Corporations Act 2001 (Cth)* could make it commercially practical for employees or management teams to buy out small private companies simplified employee share ownership arrangements. This would create an additional succession pathway that keeps the business, its staff and its institutional knowledge intact.

Priority area: Design, Operation and Integrity of Insolvency Frameworks

<u>Making it less costly when things go wrong</u>

The SBDC is not an insolvency practitioner, and our direct experience in formal insolvency proceedings is limited. We do, however, talk daily with business owners weighing whether to take the risk of starting or growing a business, or when considering their options when it comes to exiting. Their perception of what happens if things go wrong matters to this Inquiry.

The Parliamentary Joint Committee on Corporations and Financial Services conducted a comprehensive review of corporate insolvency in 2023.[35] It found that Australia's framework is complex, costly and poorly understood by small business directors and their advisers, and

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[33] Nash Advisory (2019). How much does it cost to value a business?; Scale Suite (2026). How much does a business valuation cost in Australia?
[34] Corporations Act 2001 (Cth), s 260A; Connective Services Pty Ltd v Slea Pty Ltd [2019] HCA 33
[35] Parliamentary Joint Committee on Corporations and Financial Services) (2023). Corporate Insolvency in Australia. Canberra: Parliament of Australia.

that it does not adequately support rehabilitation - the idea that a capable entrepreneur who experiences failure should be able to re-enter productive activity quickly, with dignity, and to put the lessons learnt from failure to good use.[36]

The SBDC also notes that the 2021 independent review of the insolvent trading safe harbour provisions found that those provisions, intended to encourage directors to seek advice early when in financial distress, are effectively inaccessible to the small business owners they were designed to help.[37] This aligns with our experience of advising small businesses who are struggling. This gap between legislative intent and practical reality is exactly the kind of problem this Inquiry could help resolve.

The fear of personal consequences from business failure - bankruptcy, loss of personal assets, reputational damage - is a real deterrent to entrepreneurial risk-taking. The Productivity Commission's 2015 inquiry identified this more than a decade ago.[38]

It is also worth noting that a business that is struggling under its current ownership is not necessarily a business without a future. Australia's Small Business Restructuring pathway, introduced in 2021, was designed with exactly this principle in mind - allowing eligible companies to restructure their affairs and propose a repayment plan to creditors while directors retain control of the business. The SBDC welcomes this framework and the rehabilitative intent behind it. However, the pathway is subject to a $1 million total liabilities cap and carries eligibility requirements and practitioner costs that place it out of reach for many of the small businesses that need it most. Strengthening and broadening access to the SBR pathway, rather than defaulting to liquidation, would help preserve jobs, customer relationships and the accumulated goodwill that would otherwise be lost.

International experience points to the value of insolvency frameworks built around a rehabilitative principle - facilitating the restructuring of viable businesses and offering honest but unfortunate entrepreneurs a genuine second chance. The OECD's review of insolvency frameworks across 45 countries identifies this as a key design objective, noting that simplified frameworks for small businesses remain underdeveloped in many jurisdictions.[39] Singapore's recent SIP (Simplified Insolvency Programme) 2.0 reforms, launched in January 2026, offer a contemporary example of a government deliberately designing small business insolvency pathways around rehabilitation and accessibility rather than liquidation.[40] Australia's insolvency framework could benefit from a similar approach.

In relation to the design, operation and integrity of insolvency frameworks to support the small business sector, the SBDC proposes:

- **Aligning personal guarantee settings with insolvency reform -**
  The SBDC suggests the Productivity Commission examine the interaction between personal guarantee requirements and the insolvency framework. Many small business owners must provide personal guarantees to access finance, meaning that if the

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[36] *Ibid*.
[37] Sexton, G., Chesser, L. and Parbery, S. (2021). Review of the Insolvent Trading Safe Harbour — Final Report. Canberra: The Treasury
[38] Productivity Commission) (2015). Business Set-up, Transfer and Closure. Inquiry Report No. 75. Canberra: Productivity Commission
[39] André, C. and Demmou, L. (2022). Enhancing Insolvency Frameworks to Support Economic Renewal. OECD Economics Department Working Papers, No. 1738. Paris: OECD Publishing.
[40] Ministry of Law, Singapore (2026). Launch of the Revamped Simplified Insolvency Programme (SIP 2.0). Singapore: Ministry of Law

business fails, they may lose their home and other personal assets. The SBDC's view is that any reform to personal guarantee settings should be considered alongside insolvency framework reform, so that the overall risk profile for small business investment is improved and not simply redistributed.

- **Strengthen and broaden access to the Small Business Restructuring pathway**
  The SBDC suggests the Commission consider recommending improvements to the Small Business Restructuring pathway, with a view to making it genuinely accessible to the small businesses it was designed to serve. Specific areas worth examining include: whether the current $1 million total liabilities cap remains appropriately calibrated; whether practitioner costs can be reduced or subsidised to make the pathway viable for microbusinesses; and whether the eligibility requirements are creating unintended barriers to uptake. The SBDC also suggests the Commission consider whether the insolvent trading safe harbour provisions introduced in 2017 are achieving their intended purpose of encouraging directors to seek advice early - the 2021 independent review found they were not well understood or accessible in practice[41].

Concluding remarks

Australia's small businesses represent the most numerous, dynamic and diverse part of the national economy. With more than 2.73 million nationwide, they are the businesses most likely to innovate at the edges of established industries, most likely to generate employment in regional communities, and most dependent on a regulatory environment that treats their time and capital as genuinely scarce and valuable.

The suggestions made do not require the invention of anything new; each draws on established models from comparable economies or builds on existing Australian frameworks that could be improved and have been validated by previous inquiries and submissions. The SBDC believes they are practical and achievable. We are hopeful that the Productivity Commission will consider these recommendations and focus on the opportunity to create positive outcomes for the small business sector and Australia's business dynamism.

When the Productivity Commission spoke with the SBDC on 16 June 2026, interest was expressed in our "Small Business Friendly" programs. The attached Appendix provides further information regarding these programs and how the SBDC's contributes to WA's business dynamism. If you would like to discuss this submission in more detail, please contact Janelle Barnes, Senior Policy and Advocacy Officer,

Yours sincerely

Saj Abdoolakhan
Small Business Commissioner

6 July 2026

APPENDIX

SBDC's Contribution to Business Dynamism in Western Australia

For more than 40 years, the Small Business Development Corporation (**SBDC**) has supported the small business sector in Western Australia (**WA**) by helping them start well, survive and thrive. Established under the *Small Business Development Corporation Act 1983 (WA)*, the SBDC's legislated purpose is to encourage, promote, facilitate and assist the establishment, growth and development of small business in the State.

In fulfilling this mandate, the SBDC contributes directly to business dynamism in WA by lowering barriers to entry, reducing regulatory friction, fostering a favourable operating environment, and building capability across the small business sector. The initiatives outlined in this appendix are distinctive programs delivered by the SBDC.

Small Business Friendly Local Governments Alliance

The Small Business Friendly Local Governments (**SBFLG**) Alliance program recognises and supports local government authorities in WA that are committed to attracting small businesses to their community and helping them start well, survive and thrive. The SBFLG network was established in 2016 to acknowledge and encourage local governments that support small businesses in their local area.

The initiative began with the signing of a Charter between local governments and the SBDC. In 2024, the SBDC transitioned from a Charter to an 'Alliance' model to better reflect the collaborative approach to work together to support small businesses. The Alliance brings together 55 local governments across WA, collectively home to more than 85 per cent of the State's 257,933 small businesses.

Alliance commitments

The Alliance encourages local governments to formally commit to working with and supporting small business by:

- Acknowledging the valuable contribution small businesses make to the community.
- Working together to raise the capability of the small business sector.
- Identifying and implementing improvements to the operating environment for small businesses.
- Reducing red tape and administrative burden in licensing and permit processes.
- Supporting and creating events, programs, and campaigns to benefit small businesses.
- Ensuring fair procurement and prompt payment terms for small businesses.
- Openly communicating and engaging with small businesses.
- Maintaining a process to handle disputes with small businesses.
- Reporting and measuring performance.

Participating local governments provide regular updates on how they are meeting these commitments, creating an accountability mechanism and enabling continuous improvement.

Scale and reach

In its tenth year of operations, the SBDC actively engages with its Alliance partners and continues to meet with local governments face-to-face and online to discuss service offerings, reporting requirements, and shared priorities. The SBDC also undertakes regular outreach and engagement activities with Alliance members including surveys and peer learning through communities of practice.

Alliance members:
Cities of Albany, Armadale, Bayswater, Belmont, Bunbury, Busselton, Canning, Cockburn, Fremantle, Gosnells, Joondalup, Kalamunda, Kalgoorlie-Boulder, Karratha, Kwinana, Mandurah, Melville, Perth, Rockingham, South Perth, Stirling, Subiaco, Swan, Vincent, Wanneroo; Towns of Bassendean, Cambridge, Claremont, East Fremantle, Port Hedland, Victoria Park; and Shires including Ashburton, Augusta-Margaret River, Boddington, Bridgetown-Greenbushes, Brookton, Broome, Carnarvon, Chittering, Collie, Coolgardie, East Pilbara, Esperance, Harvey, Mt Marshall, Murray, Nannup, Narrogin, Northam, Quairading, Serpentine-Jarrahdale, Toodyay, Waroona, West Arthur, and York.

Small Business Friendly Approvals Program

LOCAL GOVERNMENT 2021-2023

The Small Business Friendly Approvals Program (**the Program**) was initially developed by the SBDC to streamline the process of obtaining business licences and trading permits from local government authorities. Funded by the WA Government under the Streamline WA initiative, the program sought to accelerate regulatory reform and support economic recovery following the COVID-19 pandemic.

Informed by two successful pilots with the Cities of Canning and Stirling in 2019, the $2.2 million Program ran from January 2021 to April 2023. The SBDC partnered with 20 local government authorities to identify and implement reforms that make it easier for small businesses to start, relocate, and grow in their local communities.

Program approach and outcomes

The program applied human-centred design principles, working directly with local government officers to identify friction points in the approvals process from the small business applicant's perspective. Workshop participants were guided through structured methodologies to identify, prioritise, and implement reforms - a collaborative, bottom-up approach to regulatory improvement.

This involved:

- 20 local government partners
- 213 council staff in design workshops
- 499 reforms identified
- 78% of reforms started or completed (by June 2026).

Participating local governments:
Cities of Armadale, Bunbury, Busselton, Cockburn, Joondalup, Karratha, Kwinana, Melville, Rockingham, Subiaco, Vincent, Wanneroo; Town of Cambridge and Victoria Park; Shires of Broome, Chittering, Esperance, and Nannup - spanning metropolitan and regional WA.

STATE GOVERNMENT 2024-2028

Building on the success of the completed local government Program, the SBDC was funded by the WA Government to extend the Program to state government agencies and contribute to WA Government Priorities, including the Made in WA Plan, Diversify WA Plan and Streamline WA.

Small-to-medium enterprises (**SMEs**) and specific industry sectors are often required to navigate complex, confusing, and costly approvals and permit processes across multiple agencies to meet regulatory obligations. Each regulator's requirements are typically developed in isolation of other State and local government bodies. Even within these organisations, requirements are seldom connected sequentially, causing unnecessary delays in approval processes for small businesses.

Program approach

Craft Brewery Pilot Program

Through an ambitious whole-of-government pilot project, the Program examined the challenges that a model small business in a highly regulated sector – a craft brewery startup - must navigate in complex applications and approvals processes across three tiers of government to meet compliance obligations.

Working with members of the WA craft beer sector and representatives from lead state agencies, local government, and the Australian Taxation Office's small business excise team, the project identified the pinch points and opportunities for improvement to current regulatory practices.

This collaborative and coordinated approach - working with industry and all tiers of government - has resulted in the development of a suite of tools and resources to help those establishing or scaling a beverage business. They were developed to provide early insights for new market entrants by providing information into potential costs, approval dependencies and opportunities for parallel processing early in their journey to start or expand their business, reducing the risk of unexpected cost and time delays.

The tools can be accessed at **SBDC Small Business Beverage Production webpage**. Using these tools will contribute to setting small business up for success, not failure, and make it easier to do business in WA.

During the next phase of the Program, the SBDC will be leveraging off the project findings to adapt and transfer the Program learnings and outputs to benefit other small business industry sectors.

Broader Contribution to Business Dynamism

The highlighted initiatives sit within a broader ecosystem of SBDC programs and services that collectively support business dynamism across WA. Key dimensions of this broader contribution include:

Direct business support

- Free business advisory service responding to over 8,243 enquiries in 2024-25, providing direct, personalised guidance to small business owners.
- SBDC Regional - launched July 2024, delivering advisory services across all 10 WA regions outside the Perth metropolitan area, including to social enterprises and commercial not-for-profits.
- Enterprise Skills workshops - 10,939 workshop hours delivered in 2024-25, building capability in existing and aspiring small business operators.
- Propel your Business Program (2024-25) - a three-month intensive coaching program supporting 106 WA businesses to increase efficiency and develop growth strategies.
- Small Business Growth Grants (2025-26) program - provided matched funding towards business growth investments for eligible businesses that had been established for 18 months or longer. Vouchers of up to $10,000 were awarded for a range of specialist services to assist the individual small business seeking to grow.

Access to justice

- Free dispute resolution service finalising 369 disputes in 2024-25, including commercial tenancy disputes.
- Building Industry Hotline and subcontractor support, addressing a known vulnerability for small operators in the construction sector.
- Business Investigations capability, enabling the Small Business Commissioner to investigate complaints affecting small businesses' commercial activities.

Regulatory reform and advocacy

- Formal advocacy to all levels of government on policy and legislative matters affecting WA's small business sector.
- Participation in the WA Government's Streamline WA Council of Regulators.
- Contributions to statutory reviews.
- Engagement with the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) and National Small Business Commissioners' Forum.