women IN BUSINESS MPF | MORNINGTON PENINSULA + FRANKSTON

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Productivity Commission
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Dear Commissioners,

**Submission to the Productivity Commission Inquiry: Reducing Barriers to Business Dynamism in Australia**

Women in Business Mornington Peninsula & Frankston ('Women in Business' or 'WIB') welcomes the opportunity to contribute to the Productivity Commission's Inquiry into Reducing Barriers to Business Dynamism.[1] Women in Business is a female-led business and community leadership organisation supporting women business owners and community leaders to connect, build capability, grow sustainably and advocate for systemic reform. We represent more than 50 women-led businesses and community organisations across manufacturing, construction, agriculture, tourism, hospitality, professional services, education, health, retail, technology and community sectors in the Mornington Peninsula and Frankston region. Collectively, our members contribute an estimated $40 million annually to the regional economy, employ more than 660 people and contribute over 13,000 volunteer hours each year.[2]

Women-owned businesses are one of the fastest-growing segments of Australia's business population. Women founded 66 per cent of new Australian businesses created in the past decade, and the number of women business owners has grown by 46 per cent over the past twenty years.[3]

Women-owned businesses now account for approximately 35 per cent of Australian business operators and continue to grow faster than the business population as a

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[1]Productivity Commission, Reducing Barriers to Business Dynamism in Australia: Call for Submissions (Call for Submissions, May 2026).
[2]Women in Business (Mornington Peninsula & Frankston), 2025 Annual Impact Report (Report, 2025).
[3]Australian Small Business and Family Enterprise Ombudsman, 'Access to Capital Still a Barrier for Women-led Small Businesses' (Media Release, 8 March 2022).

whole,[4] a pattern that already makes them a material driver of the business entry, competition and employment growth this inquiry is designed to promote. Through our advocacy and direct engagement with women business owners across the region, Women in Business observes this pattern consistently: strong entrepreneurial formation, but structural barriers to growth, investment and scale that are distinct from though overlapping with the barriers facing small business generally.

## Summary

Women in Business supports the Productivity Commission's efforts to identify and remove unnecessary barriers to business entry, expansion and exit, and notes that Australia's productivity agenda has focused disproportionately on business formation rather than business growth. Women-owned businesses, one of the fastest-growing segments of Australia's business population illustrate this gap clearly: strong in formation, but constrained in their progression from micro to small, and small to medium, by cumulative regulatory burden, limited access to growth capital, and insolvency and personal guarantee settings that expose owner-operators personally when a business fails.

**As a primary solution, Women in Business supports a broader reorientation of Australia's business policy settings regulatory, financial and insolvency toward enabling business growth and scale, not only business entry, given it is at the growth stage that regulatory burden, constrained capital access and personal guarantee exposure most bind on owner-operator and micro businesses. As a secondary and complementary solution, we support the specific mechanisms that would give this reorientation practical effect, including loan-guarantee and alternative-collateral financing models and explicit testing of reforms for their effect on regional and remote businesses. This should also include consideration of targeted government procurement opportunities for women-owned businesses, recognising the role purchasing policy can play in supporting business growth, investment and market access.**

The six arguments below make this case, drawing on national data and a short survey of our own members conducted for this submission.

### *1. Australia successfully creates women-owned businesses but does not successfully help them scale to the capacity we could*

Australia's business population continues to expand, but growth, not formation, is the binding constraint. Medium-sized enterprises make up only 2.6 per cent of Australian

[4] EY, The Value of Advancing Women-Owned Businesses in Australia (Report, August 2024).

businesses, a share unchanged since 2003, and Australian businesses are more likely to shrink back to small than grow into medium or large ones.[5] Consistent with this, firms under five years old generate six in every ten net new jobs nationally, while small, older firms are, in aggregate, net destroyers of jobs.[6] Women are about as likely as men to start a business but are 47 per cent more likely to close one for family or personal reasons, reflecting the compounding pressures that arise during the growth stage rather than weaker entrepreneurial capability.[7]Our own member survey identified similar barriers, with respondents describing challenges building business credibility, accessing professional networks and securing larger commercial opportunities as businesses transition from establishment to growth.[8]

**Recommendation**

**Productivity reforms should therefore place greater emphasis on helping businesses scale, rather than focusing predominantly on business creation**. This requires policy settings that reduce cumulative compliance costs, improve access to growth capital, strengthen business capability and networks, and remove structural barriers that disproportionately constrain owner-operated and micro businesses as they seek to employ, innovate and expand.

> *"When you don't have the upfront funds, scaling is always going to be slower. However, if you get external investment it also comes at a cost. It's finding the balance of getting the right investment without giving it all away"*
>
> — *Women in Business* (Mornington Peninsula & Frankston), *Productivity Commission Member Survey (*July 2026), respondent quote

### *2. Regulatory complexity disproportionately constrains owner-operated small and micro businesses*

Consistent with the Productivity Commission's finding that regulatory burden is experienced cumulatively rather than rule-by-rule, **our member survey identified the combined impact of compliance obligations as one of the most significant barriers to business growth.** Owner-operated, small and micro businesses, which comprise the majority of Australian businesses, typically lack dedicated administrative capacity, requiring business owners to absorb compliance responsibilities themselves. This diverts time and resources away from revenue generation, innovation and business development. The Australian Chamber of Commerce and Industry similarly found that

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[5] Australian Bureau of Statistics (ABS), *Counts of Australian Businesses, including Entries and Exits*, 2024.
[6] Productivity Commission, *Creating a More Dynamic and Resilient Economy*, 2023.
[7] Global Entrepreneurship Monitor Australia, *National Report 2023/24*.
[8] Women in Business (Mornington Peninsula & Frankston), *Productivity Commission Member Survey*, July 2026.

women-owned businesses are disproportionately represented in the small business sector and therefore experience the cumulative effects of red tape, taxation, regulatory complexity and administrative burden more acutely.[9] Our research reinforces these findings, with increasing financial pressures arising from government policy identified as members' greatest concern, followed by balancing work and family commitments, despite members collectively contributing an estimated $40 million to the regional economy and employment approximately 660 people (75% of which are women). Where regulatory obligations are coupled with personal guarantee exposure and personal financial risk, business owners have a rational incentive to delay investment, employment and expansion.

**Recommendation**

Governments should prioritise reducing cumulative compliance costs through coordinated regulatory reform, simpler reporting requirements and streamlined interactions across government agencies. Regulatory obligations should remain proportionate to business size and risk, enabling business owners to redirect scarce time and capital towards productivity-enhancing activities, including investment, innovation and job creation. Consistent, coordinated and proportionate regulation would improve business dynamism by allowing founders to focus on growing their businesses rather than navigating unnecessary administrative complexity.[10]

> "*Juggling business and family, constant red tape taking you away from revenue activities*."
>
> — Women in Business (Mornington Peninsula & Frankston), *Productivity Commission Member Survey* (July 2026), respondent quote.

### *3. Access to growth capital remains one of the greatest constraints on productivity.*

Access to growth capital remains a key constraint on business expansion and productivity. While many businesses can access start-up finance, obtaining capital to employ staff, invest in innovation and scale operations remains considerably more difficult. The Australian Business Growth Fund estimates a $38 billion gender equity gap constraining Australian SMEs seeking to scale.[11] The OECD has similarly identified expanding access to equity finance, angel investment and informal investor networks as

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[9] Australian Chamber of Commerce and Industry (2026), *Balancing Act: Women in Small Business* (Policy Paper).
[10] Productivity Commission (2010), *Performance Benchmarking of Australian Business Regulation: Role of Local Government as Regulator*; Productivity Commission (2023), *5-Year Productivity Inquiry: Advancing Prosperity*.
[11] Australian Business Growth Fund (2022), *The $38 Billion Growth Equity Gap for Australian SMEs.*

important policy levers to improve business growth and productivity.[12] The Australian Chamber of Commerce and Industry also identifies improving access to finance as a priority reform for women-owned small businesses, recognising that financing constraints disproportionately affect businesses operating at the smaller end of the market.[13]

Our member survey reflected these findings. While access to finance was raised less frequently than regulatory burden or workforce challenges, members consistently described growth capital as a constraint on expansion rather than business commencement.

Many women-owned businesses are concentrated in service-based industries where value is created through people, knowledge and client relationships rather than physical assets. While these businesses may demonstrate strong profitability and cash flow, they are less likely to satisfy traditional property-based lending requirements, creating a structural gap between commercial viability and access to growth finance.

Practical reforms that could improve access to growth capital include:

- Expand government-backed SME loan guarantee schemes to reduce lender risk for commercially viable businesses that lack sufficient property security.
- Support alternative collateral lending, allowing lenders to better recognise business assets such as recurring revenue, client contracts, intellectual property, equipment and accounts receivable alongside traditional property security.
- Increase investment readiness support to help businesses prepare for debt and equity finance through financial capability, governance and growth planning.
- Expand scale-up funding programs, recognising that many businesses can access start-up support but face a funding gap when seeking to employ staff, invest in technology or enter new markets.
- Leverage government procurement thereby increasing opportunities for women-owned businesses to gain greater access to public contracts, providing the predictable revenue needed to support business growth and improve access to finance.

**Recommendation**

Governments should continue reforms that diversify SME financing options beyond traditional secured lending by expanding government-backed loan guarantee schemes,

[12] OECD (2025), *Bridging the Finance Gap for Women Entrepreneurs: Insights from Academic and Policy Research.*

[13] Australian Chamber of Commerce and Industry (2026), *Balancing Act: Opportunities, Challenges and Enablers for Women Small Business Owners.*

recognising alternative forms of collateral (including recurring revenue, contracts and intellectual property), improving access to patient growth capital, strengthening investment readiness and investor networks, and simplifying pathways to investment for businesses seeking to scale. Government grant programs also remain an important mechanism for addressing market failures where commercially viable businesses cannot yet access private finance to support innovation and growth.

### *4. Business succession and ownership transfer remain overlooked barriers to business dynamism*

Business succession and ownership transfer represent an often-overlooked barrier to business dynamism. The Productivity Commission has previously found that only around 40 per cent of businesses listed for sale actually sell, while only around one-third of Australian family businesses are succession ready.[14]As Australia's business owner population ages, reducing barriers to business transfer will become increasingly important to preserving productive businesses, jobs and regional economic activity. For many owner-operated businesses, particularly service-based businesses, succession is further complicated because much of the business value sits with the founder through relationships, reputation and expertise rather than physical assets.

Many owner-operated businesses face significant challenges when preparing to transfer or exit their business. For many women-owned businesses, the value of the business is closely tied to the founder through client relationships, reputation and specialist knowledge, making succession planning and business valuation more complex. Administrative complexity, legal costs and limited access to succession planning advice can discourage business transfer, resulting in viable businesses closing rather than continuing under new ownership. Reducing barriers to business succession would support business continuity, preserve jobs and retain valuable economic activity within regional communities.

**Recommendation**

Governments should reduce administrative barriers to business succession by simplifying ownership transfer processes, improving access to succession planning and business valuation support, and ensuring viable businesses are better able to transition to new ownership rather than close unnecessarily.

### *5. Regional women-owned businesses deliver economic value beyond traditional productivity measures*

Regional businesses play a critical role in supporting local economic resilience, employment and supply chains. Our member survey found that more than 60 per cent of respondents source both suppliers and customers locally, demonstrating the strong

[14]Productivity Commission 2015, *Business Set-up, Transfer and Closure*, Inquiry Report No. 75, Canberra, Australian Government, viewed 28 July 2026, https://www.pc.gov.au/inquiries/completed/business/report

economic multiplier effect created when regional businesses grow. However, regional businesses also face structural barriers that can constrain productivity. The Regional Australia Institute reports that Year 12 completion rates decline from 79.4 per cent in major cities to 55.5 per cent in remote Australia, while bachelor degree attainment falls from 50.0 per cent to 26.9 per cent, reducing the available skilled workforce for regional employers.[15]

These findings are reflected in our member survey, where businesses identified workforce shortages, skills availability, digital capability and regional infrastructure as persistent barriers to growth. Our 2025 Member Impact Survey similarly identified workforce capability and access to skilled employees as ongoing challenges, despite members collectively contributing an estimated $40 million to the regional economy and employing approximately 660 people.[16]

While payroll tax is levied by the states rather than the Commonwealth, it is a direct tax on employment and growth, and its settings fall squarely within the scope of a review concerned with the barriers that discourage businesses from investing, hiring and scaling. Victoria levies payroll tax at 4.85 per cent for metropolitan employers but only 1.2125 per cent — approximately one-quarter of the rate — for employers located in regional Victoria.[17] The Mornington Peninsula and Frankston are classified as metropolitan for this purpose, notwithstanding an economic and employment profile that aligns more closely with regional Victoria than with metropolitan Melbourne — reflected in projected population growth of just 0.50 per cent a year to 2036, against 1.30 per cent for regional Victoria and 1.70 per cent for Greater Melbourne. As a result, businesses across our region pay up to four times the payroll tax of comparably-sized businesses in designated regional centres such as Geelong — an estimated $150 million in additional payroll tax each year for the Mornington Peninsula alone.[18] Because payroll tax is a direct tax on employment, this differential falls most heavily at precisely the growth stage with which this submission is concerned: the point at which an owner-operated business seeks to take on staff and scale. Victorian Treasury analysis of the regional rate reduction found that businesses receiving the lower rate increased their total wages by approximately 7 to 9 per cent over the two years following the cut, indicating a material business response to lower employment taxes.[19] Extending regional payroll tax treatment to functionally regional communities such as the Mornington Peninsula and

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[15] Regional Australia Institute (2024), *Regionalisation Ambition 2032: Education and Skills Snapshot.*

[16] Women in Business (Mornington Peninsula & Frankston) (2025), *Member Impact Survey 2025*.

[17] State Revenue Office Victoria (2025), *Payroll Tax: Current Rates 2025–26* (general rate 4.85%; regional employer rate 1.2125%; tax-free threshold $1 million from 1 July 2025).

[18] Committee for Frankston & Mornington Peninsula, *Economic Disadvantage Report: Taxation and Charges* (Report), citing *Victoria in Future* population projections.

[19] William Keating, Christopher Smart and Samuel Gow, 'Evaluating the Effect of Cutting the Regional Payroll Tax Rate', *Victoria's Economic Bulletin*, Volume 5 (Victorian Department of Treasury and Finance, 2021).

Frankston would remove a significant, quantifiable barrier to regional employment and business growth.

This exclusion is especially counterproductive because the regional rate exists precisely to offset the thinner labour markets and skills shortages that regional employers face — the same constraints our members identify as among their greatest barriers to growth — so a concession designed to make regional hiring easier is being withheld from a community that demonstrably experiences them.

**Recommendations**

Governments should recognise the productivity contribution of regional businesses by investing in workforce capability, digital infrastructure and place-based business support that strengthens regional labour markets and enables businesses to scale.

Align tax settings with regional economic reality by reviewing the geographic boundaries that determine eligibility for regional payroll tax and equivalent concessions, so that functionally regional communities such as the Mornington Peninsula and Frankston are not taxed as metropolitan employers in ways that suppress local employment and growth where it's needed most.

> "*I'm a service-based business. If I don't have skilled workers, I lose work and I lose trust.*"
>
> *— Women in Business (Mornington Peninsula & Frankston), Productivity Commission Member Survey (July 2026), respondent quote.*

***6. Australia's productivity agenda should explicitly recognise women-owned businesses as a strategic growth opportunity***

Australia's challenge is business growth, rather than formation. Women founded 66 per cent of new businesses established over the past decade, demonstrating that Australia has successfully fostered entrepreneurship. The productivity opportunity lies in ensuring these businesses can scale, invest and employ. Women-owned businesses are disproportionately concentrated in owner-operated, small and micro business structures, where regulatory burden, workforce constraints and limited access to growth capital have the greatest impact on expansion. Addressing these barriers would therefore deliver productivity gains that extend beyond individual businesses to regional employment, innovation and competition. Government grant programs also remain an important mechanism for addressing market failures where commercially viable businesses cannot yet access private finance to support innovation and growth.

This approach is consistent with the OECD's position that supporting women entrepreneurs should be viewed as an economic growth strategy that strengthens entrepreneurship, market competition and innovation, rather than as a standalone equity initiative.[20]

**Recommendation**

Governments should embed consideration of women-owned businesses within broader productivity reforms by reducing cumulative regulatory burden, improving access to growth capital, strengthening regional workforce capability and ensuring business support programs are designed to assist firms through the scale-up phase as well as business creation. Recognising women-owned businesses as a strategic component of Australia's productivity agenda is not a matter of equity, it is an opportunity to unlock greater investment, innovation, competition and regional economic growth.

> "*Women-owned service businesses... often build deep trust-based client relationships and long client retention, which underpins stable local economic activity even without VC-scale growth; that value doesn't show up in standard productivity metrics.*"
>
> *— Women in Business (Mornington Peninsula & Frankston), Productivity Commission Member Survey (July 2026), respondent quote*

**Recommendation**

Based on the evidence presented in this submission, Women in Business (Mornington Peninsula & Frankston) recommends that governments:

1. **Prioritise business growth alongside business formation** by measuring business scale, employment and productivity outcomes, and reforming policy settings that support businesses to invest, employ and expand—not simply start.

2. **Reduce cumulative regulatory burden** by simplifying compliance obligations, streamlining interactions across government agencies, reducing unnecessary red tape and ensuring regulatory requirements remain proportionate to business size and risk.

3. **Improve access to growth capital** by expanding government-backed lending and loan guarantee schemes, recognising alternative forms of collateral beyond traditional property security, strengthening access to patient capital and investor

[20] OECD (2025), *Bridging the Finance Gap for Women Entrepreneurs: Insights from Academic and Policy Research.*

networks, supporting investment readiness, and maintaining targeted scale-up grants where market gaps exist.

4. **Strengthen regional productivity** through investment in workforce capability, digital infrastructure and place-based business support that enables regional businesses to attract, retain and develop skilled workers and grow sustainably.

5. **Align tax settings with regional economic reality** by reviewing the geographic boundaries that determine eligibility for regional payroll tax and equivalent concessions, so that functionally regional communities such as the Mornington Peninsula and Frankston are not taxed as metropolitan employers in ways that suppress local employment, investment and growth.

6. **Leverage government procurement and purchasing policies** to improve market access and growth opportunities for women-owned businesses, recognising that access to long-term contracts can provide the revenue certainty needed to invest, employ and scale.

7. **Support business succession and ownership transfer** by reducing administrative barriers, improving access to succession planning, business valuation and ownership transition support, and enabling more viable businesses to continue contributing to regional employment and productivity beyond the founder.

8. **Recognise women-owned businesses as a strategic productivity opportunity** by embedding consideration of owner-operated, small and micro, regional and women-owned businesses within mainstream productivity reforms, ensuring policy settings remove barriers to growth, investment and innovation.

**Conclusion**

Australia has demonstrated its ability to foster entrepreneurship. The next productivity challenge is enabling businesses to scale.

The evidence presented in this submission shows that reducing cumulative regulatory burden, improving access to growth capital, strengthening regional workforce capability and supporting business growth would unlock greater investment, innovation, competition and employment. These reforms would benefit the broader economy while enabling more women-owned businesses to realise their full economic potential.

Women in Business (Mornington Peninsula & Frankston) welcomes the opportunity to discuss this submission further and contribute to the Commission's work to strengthen Australia's long-term productivity.

Yours sincerely,

Women in Business Mornington Peninsula & Frankston, Board

Melissa Goffin
*Chair*