



Australian Government

30 October 2019



Australian
**Small Business and
Family Enterprise**
Ombudsman

Lisa Gropp
Commissioner
Productivity Commission
Level 12, 530 Collins Street
Melbourne VIC 3000, Australia
Via email: resources@pc.gov.au

Dear Ms Gropp

Productivity Commission Inquiry - Resource sector regulation

Thank you for the opportunity to comment on regulations affecting businesses in and impacted by the resources sector in Australia. The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) is supportive of minimising the regulatory burden on Australian businesses whilst maintaining adequate environmental, community and economic protections to safeguard community interests.

There is a need to streamline regulatory layers where appropriate and remove duplication between Federal, State/Territory and local Government regulatory requirements to reduce approval times for resources projects. Lengthy and complex approval processes for resources projects tend to create business uncertainty, not just for the developers, but also for regional small businesses and local communities who stand to benefit from the jobs and contracts that may flow from the project.

Whilst there is a need to achieve greater efficiencies in regulatory process, there remains a need to ensure that economic benefits derived from resource extraction projects flow through to local communities. This should not be limited to royalties and the flow through of taxation, but through supply chain engagement for small businesses and employment for local workers. Key considerations for effectively managing the flow through of benefit to regional businesses and communities include:

- Ensuring prompt payment times to all suppliers and contractors across the supply chain;
- Maximising local procurement opportunities and engaging small businesses and Indigenous businesses across the supply chain; and
- Developing a pool of skilled workers.

These issues are further detailed in **Attachment A**.

The resources sector is a major contributor to Australia's economic strength. Long application processing times and regulatory complexity constrains economic development across regional Australia and suppresses the growth of regional businesses and communities of all sizes.

Should you wish to discuss any aspect of this submission, please contact Mr Stephen Bolton

Yours sincerely

Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman

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ATTACHMENT A. Key considerations for the flow through of benefit to regional businesses and communities

<p>Ensuring prompt payment times to all suppliers and contractors across the supply chain.</p>	<p>A 2015 study into average payments times for business invoices found that Australia ranked worst for late payment with invoices being paid an average of 26 days past the due date¹. Late payments are damaging for small businesses who are usually reliant on predictable cash flow to pay suppliers and employees.</p> <p>The ASBFEO Payment Times and Practices Inquiry - Final Report made a series of recommendations for reducing payment times and increasing transparency across Government and large businesses on their payment times. Specifically, ASBFEO recommended that Government sets a maximum payment time for business to business transactions. This recommendation recognised that certain industries may need terms greater than the maximum which can be agreed providing they are not grossly unfair to one party.</p>
<p>Maximising local procurement opportunities and engaging small businesses and Indigenous businesses across the supply chain.</p>	<p>There are a number of barriers to regional small businesses in engaging with large resource companies. These include:</p> <ul style="list-style-type: none"> • centralisation of mining company offices away from regional centres; • tendering processes which are often complex and lengthy; • possible lack of infrastructure in the regions; and • competition for skills and labour between small businesses and high paying resources companies. . <p>There is a need to promote regional procurement strategies that effectively engage local businesses. These strategies should be tailored to the economic profile of the region and recognising the capabilities of the regional communities in which they are operating.</p>
<p>Developing a pool of skilled workers.</p>	<p>The resources sector has been heavily reliant on temporary skilled migration to meet short-term skills needs. The number of temporary skilled migrants working in the resources sector peaked at the height of the mining boom in 2011/2012 at just under 6500 visas granted², just under 10% of the total primary subclass 457 visas granted that year. This has since fallen to just over 2% of the total primary subclass 482 visas (which replaced the subclass 457) granted in 2018/2019. With the long lead times (processing times of up to 56 days for subclass 482 visas and up to 25 months under the Regional Sponsored Migration Scheme (subclass 187)) and significant costs involved in accessing skilled migrants, it is in the interests of resources companies to upskill local workers where possible.</p> <p>The resources sector in Australia traditionally has low usage of VET qualifications and comparatively employs few apprentices and trainees. The proportion of apprentices and trainees to total employees in the mining sector was just under 4% in 2018³. Compared to the construction sector, with just over 9% apprentices and trainees, there is certainly scope for the resources sector to increase employment of apprentices and trainees as well as investing more in skilling existing workers in order to meet future skills and labour demands.</p>

¹ Marketinvoice 2017, The state of late payment 2016, blog.marketinvoice.com/2016/02/29/the-state-of-late-payment-2016-download-the-report/ accessed on 28/10/2019

² Department of Home Affairs 2019, *Temporary resident (skilled) visas granted pivot table*, Department of Home Affairs, Canberra.

³ National Centre for Vocational Education Research 2019, VOCSTATS Apprentice and Trainee Collection <<http://www.ncver.edu.au/resources/vocstats.html>>, extracted on 28/10/2019