

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS

#### NAB

#### NAB58QON:

**Ms HAMMOND:** In your opening address which, as the Chair said, was great, you talked about things that now need to happen to reboot our economy and to get the country going again. You mentioned borders and, if I recall correctly, you mentioned red tape, investing in digital and in manufacturing. Getting rid of red tape is a pet area of mine so I was obviously delighted by the fact that you identified that. What is the red tape? What is the impact of red tape on the economy from your point of view?

**Mr McEwan:** We've just done a report on SME and how to get SMEs hiring more people and getting them going. There were five features that came out of that report. It's actually a pretty easy read and if you don't have time to read the whole thing just read the case studies for the examples.

**Ms HAMMOND:** It's online, isn't it?

**Mr McEwan:** They give you a real insight into what a medium-small business does all day. For example, if they wanted to take somebody new on board, it's about 18 hours of their time because of all of the payroll-type activities and the things they have to think of from an employment perspective and the like. Our question is how could we simplify that? There's another little example of an IGA store—I think they employ 24 people; they have a student working 14 hours total in the week, but they're paid five different pay rates—

**Ms HAMMOND:** Yes, I've got an IGA—

**Mr McEwan:** [inaudible] pay rate down, but I am saying, 'Hey, come on. Can we just get one rate for 14 hours?' I'm not trying to take any money off anybody, but you can imagine the complexity that we've built into these places. Another one we had was let's get them paid quicker because the payment owed to a small business is their lifeblood. Maybe we should be forcing people to pay not in 30 days, but back into 20. As a business, we try and do every payment to a small business in 20 days, not in the 30 days. We're pretty good at this now, but it's been a discipline that's important. There are some really good examples in there about what could kickstart a small business area. We just need them to take on another employee and we need the confidence to do that and the simplicity of it. It's all very well for a big business like us: we've got people who can deal with the complexity, but if you're running five people, and want to take on the sixth and it's 18 hours, I'm not too sure you're going to be happy.

**Ms HAMMOND:** There's so much that you've just said there that I'd love to follow-up on. As a big business that can invest a lot, you have actually—and it's been raised earlier—come a cropper because of IR laws, the awards and the EA, and the complexity. So if you can come a cropper with that, in the IGA example that you've just highlighted, of course they're going to run afoul of it at some point in time. I did want to pick up on that. That report is available online, is it?

**Mr McEwan:** Yes, it is. We're very happy to get that report to the committee.

#### Answer:

NAB's research 'Supporting Economic Recovery – What we can do for Small Business' released in July 2020 is attached in 58.1QON.

The report identified eight opportunities for governments and businesses to further support SMEs. These were:

1. **Making it easier to hire new workers** – cutting red tape and providing support could make it easier for small business to hire workers.
2. **Cutting regulation** – further focus on reducing regulation will give SMEs back time to work on their business rather than in the business.
3. **Making sure small businesses get paid faster** – will help to improve cash flow to small business to support their growth.
4. **Harnessing the power of digital tools** – SMEs need to be equipped with the incentives and support to adopt digital tools.
5. **Opening procurement opportunities** – small businesses can find it difficult to access government and corporate procurement opportunities.
6. **Further access to capital** – Australian small business needs greater access to a more diverse range of finance options.
7. **Lifting small business management capability** – SMEs should be supported to improve their management skills.
8. **Improving state business conditions** – There are varied conditions across the country for SMEs.