

**Division 37: Small Business Development Corporation, \$12 499 000 —**

Ms L.L. Baker, Chair.

Mr P. Papalia, Minister for Small Business.

Mr D. Eaton, Small Business Commissioner.

Mr R. Buttsworth, Director, Corporate Resources.

Ms E. Roebuck, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall only be examined in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number.

If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 29 September 2017. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the member for North West Central.

**Mr V.A. CATANIA:** I refer to page 560 of budget paper No 2, and the table under the heading "Income Statement". Under the subheading "Income from State Government" there is a line item, "Royalties for Regions Fund: Regional Community Services Fund", which has \$224 000 allocated for 2017–18. What is that funding for? The amounts run \$256 000, \$216 000, \$216 000 and \$224 000.

**Mr P. PAPALIA:** I am informed that that was the last year of a four-year allocation of funding for the Regional Small Business Awards.

**Mr V.A. CATANIA:** Further to that question, the WA Regional Small Business Awards—I attended one about three weeks ago in Exmouth at the new Ningaloo Centre, which the minister hopefully visited over the weekend —

**Mr P. PAPALIA:** I did, and it is extraordinary.

**Mr V.A. CATANIA:** It is a fantastic facility and one that we are proud of. Those small business awards are critical for highlighting the importance of small business, how they can succeed and how we can highlight them in a statewide sense. It looks to me as though from 2018–19 and following on, there is no further funding available for these small business awards—something I think is absolutely critical for regional areas, so that they can participate and go down to Perth for the big small business awards. Does that mean that these small business awards will not be supported by the government and the Small Business Development Corporation in the coming years?

**Mr P. PAPALIA:** I am assuming that that allocation was assessed in the same way as many other allocations of funding were assessed, right across all portfolios and in many fields of endeavour. In light of the parlous state of the finances that we inherited, we cannot continue to do everything we would wish to do or necessarily continue to do everything that the member's government did. In some cases it means that funding has been shifted to other higher priorities, and this would appear to be one of them. It does not mean that we do not value small business in the regions and it does not mean that regional small businesses cannot participate in other awards schemes. It might reflect the need to prioritise our effort in this particular, relatively small, allocation of funding in this particular portfolio towards assisting, guiding and supporting small business, particularly in some of the areas that we committed to before the election, including focusing on defending and supporting subcontractors who are employed in government contracts. That is a field, for instance, where we might be putting our efforts, as a priority. Sure, we would love to do everything, but we cannot; we are in a very constrained environment. I will add, one more time, that in the event that the member and his colleagues get their desire and remove \$800 million from the forward estimates in the form of revenue-generating activities, it will get even tougher.

**Mr V.A. CATANIA:** Further to the question, like I said, minister, there is always an alternative revenue source to not be in the position that the government currently finds itself, but —

**Mr P. PAPALIA:** There is, but it involves you being responsible and supporting revenue-generating measures that we identified because we were elected to fix your mess.

**Mr V.A. CATANIA:** But you are not fixing it; that is the problem. You are making it worse.

**Mr P. PAPALIA:** If you supported them, member, then revenue would be available to achieve all we have to achieve. In the event that you remove \$800 million, it is very likely that it will get worse.

**Mr V.A. CATANIA:** So you are taking away \$224 000 allocated to small business so they can celebrate their successes. I think that is a disgrace.

**The CHAIR:** Members! Member for North West Central! I am aware that you know I am on my feet, so can you please stop shouting at each other across the floor of the chamber. It is not a debate, it is questions and answers.

**Mr V.A. CATANIA:** Here we have big business getting left off the government's taxing regime, and here we have small business copping it in the neck because the government has failed to fund \$224 000 to support small business awards out there in the Gascoyne, the Pilbara, in Onslow, the midwest and so on and so forth. It is \$224 000 to provide the opportunity for small businesses to gather and celebrate their successes and swap ideas so that they can keep growing their small businesses—something that is needed in regional Western Australia. The government is prepared to take \$224 000 off them, but it is not prepared to tackle BHP and Rio Tinto and make them pay their fair share. That is disgraceful; the minister calls himself the Minister for Small Business. Small business? Small-minded.

[9.20 pm]

**The CHAIR:** Member, you need to ask a question; you cannot just enter into a debate. I will not allow it any more.

**Mr P. PAPALIA:** You have finished. You have had your turn.

**Mr V.A. CATANIA:** Why are you hurting regional small businesses, minister?

**The CHAIR:** Members—both of you! If you want me to start calling you and throwing people out at this time of the night, continue the way you are going.

**Mr P. PAPALIA:** What have I done? I am laughing at the member's interjections.

**The CHAIR:** I have asked several times that you do not debate across the chamber. I am directing this specifically at the member for North West Central. You know that what you have just done is not in the parliamentary orders for this committee. Please ask a question or we will move on.

**Mr V.A. CATANIA:** Why is the minister killing regional small businesses?

**The CHAIR:** Minister, would you like to respond?

**Mr P. PAPALIA:** Although I appreciate the member's theatrics and expect the likelihood of this appearing in his local paper with specifically edited commentary or references to tonight's activities, I have to point out that the former government did not budget in the forward estimates for this allocation either. It ended under the Liberal and National Parties' forward estimate, under the member's government. We have not cut anything; all we have done is inherit the former government's forward estimates.

**Ms L. METTAM:** I refer to the service summary on page 557 of the *Budget Statements*. Given that the desired outcome is the development of new and existing small businesses in WA, why have the appropriations for the Small Business Development Corporation fallen by seven per cent between 2017–18 and 2020–21 of the forward estimates?

**Mr P. PAPALIA:** Let me get my calculator out. Is the member suggesting that there is a seven per cent drop in funding allocation from the 2017–18 allocation to 2020–21?

**Ms L. METTAM:** Yes.

**Mr P. PAPALIA:** Is the member saying that that is seven per cent?

**Ms L. METTAM:** I thought it was.

**Mr P. PAPALIA:** There are two contributing factors. One is the agency expenditure review initiated under the former government and booked in the forward estimates under our government with the intention of having to achieve those outcomes, even though I question the fortitude of the former government to achieve those objectives. We have to achieve them because that is part of the baseline budget from which we are making other savings. The second component of it was an allocation in this current year of \$500 000 to facilitate negotiations around and supporting the on-demand transport reform project, which has been pursued by the Minister for Transport but supported by the Small Business Development Corporation. Effectively, that artificially inflates this year's allocation to create the impression of a greater fall than would otherwise be the case beyond the agency expenditure review.

**Ms L. METTAM:** I refer to the second dot point on page 556 that relates to the alternative dispute resolution service. Has consideration been given to compel parties to be involved in compulsory mediation to assist in the resolution of disputes between small businesses, similar to what is set up in South Australia?

**Mr P. PAPALIA:** I will ask the Small Business Commissioner to respond.

**Mr D. Eaton:** Alternative dispute resolution may ultimately result in mediation. We have been fairly effective without it being a compulsion. In fact, jurisdictions suggest that we can compel somebody to attend a mediation session but that does not compel them to participate in a meaningful way and reach an outcome. At the moment, there is certainly no consideration to move to compulsion to attend alternative dispute resolution. However, under the Commercial Tenancy (Retail Shops) Agreements Act 1985, they are compelled to come to us before they go to the State Administrative Tribunal—so I suppose, in one way, if someone does not reach an outcome through mediation, they can avail themselves of arbitration through the State Administrative Tribunal.

**Ms L. METTAM:** I would like to ask a question relating to the fourth dot point, which states —

The Corporation continues to influence the development of small business policies ... to foster a fair and conducive operating environment for small businesses in Western Australia.

Where is the \$1 million per annum that was committed to reinvigorate the industry capability network to support WA businesses to compete for government contracts and where is it funded in the budget?

**Mr P. PAPALIA:** I am informed that that commitment is not part of the SBDC budget; it is part of the Jobs, Tourism, Science and Innovation budget.

**Ms L. METTAM:** What about the funding?

**Mr P. PAPALIA:** It is not under this particular division.

**Ms L. METTAM:** I refer to the eighth dot point, which states that the business migration program is a key investment attraction. How many businesses and individuals currently benefit from the BMP? How many businesses and individuals benefited this time last year?

**Mr P. PAPALIA:** In the most recent financial year, 134 state nominations for business migrants were approved—confirming a business establishment or investment in WA. The member is asking how many benefited in the previous year. I do not have that figure to hand but I am sure that we could provide that as supplementary information.

**Ms L. METTAM:** Potentially as the supplementary, how does the corporation measure the \$1 billion worth of benefits?

**Mr P. PAPALIA:** Is the member talking about the \$1 billion worth of benefits to the state from the migration scheme?

**Ms L. METTAM:** Yes.

[9.30 pm]

**Mr P. PAPALIA:** I can give the member the total capital flow figures for the financial years 2013–14 to 2016–17 now.

**Ms L. METTAM:** I am sorry that I did not make that clear. What I meant was how the billion dollars —

**Mr P. PAPALIA:** The billion dollars returned to the state?

**Ms L. METTAM:** It was through individual investments.

**Mr P. PAPALIA:** It is an average of the total capital inflow over the four years of around \$250 million a year. I can give the member the actual numbers over the previous four years if she wants them. Is the member talking about how that projection is modelled?

**Ms L. METTAM:** Yes.

**Mr P. PAPALIA:** It is based on experience. In 2013–14 the total capital inflow experienced was \$259.5 million; in 2014–15 it was \$269.9 million; in 2015–16 it was \$302.3 million; and, 2016–17 it was \$305.1 million. I assume that there are projections in the forward estimates based on an average of \$250 million.

**The appropriation was recommended.**