

Division 41: Small Business Development Corporation, \$12 054 000 —

Mr P.B. Watson, Chairman.

Mrs L.M. Harvey, Parliamentary Secretary representing the Minister for Commerce.

Mr D. Eaton, Small Business Commissioner, Chief Executive Officer.

Mr R. Buttsworth, Director, Corporate Services.

Mr N. Kabugua, Senior Policy Adviser, Office of the Minister for Finance; Commerce; Small Business.

[Witnesses introduced.]

The CHAIRMAN: The member for Willagee has a question.

Mr P.C. TINLEY: I refer to service 2, “Contribution to Responsible Financial Management” on page 472. What, if any, other programs, grants, subsidies, services or funding amounts are to be cancelled, deferred or reduced to meet the targets in the forward estimates?

Mrs L.M. HARVEY: For the 2012–13 financial year, we have no target. At the moment, for the out year 2013–14, we are looking at administrative efficiencies to try to reach that target. We do not envisage cutting programs or services; we are looking at administrative efficiencies to try to achieve that efficiency target.

Mr P.C. TINLEY: So there is nothing specific?

Mrs L.M. HARVEY: Not at this stage, no.

Mr P.C. TINLEY: It seems like an arbitrary figure. Is that just a straight percentage application of the expense items? How was the figure of \$322 000 for 2013–14 arrived at?

Mrs L.M. HARVEY: That is just a straight percentage amount allocated by Treasury. It is three per cent for 2013–14.

Mr P.C. TINLEY: Is it just the full three per cent?

Mrs L.M. HARVEY: Yes.

Mr C.J. TALLENTIRE: I refer to the third dot point on page 473, which mentions a \$350 000 scheme to assist people with rural businesses that may be non-farm based. I want to know what sort of viability tests apply to applicants to that scheme.

Mrs L.M. HARVEY: I am not quite sure what the member means by “viability test”.

Mr C.J. TALLENTIRE: Are people putting forward credible business plans? Are they business plans that are realisable? Is that being tested by the agency before grant applications are deemed to be successful?

Mrs L.M. HARVEY: I think the member is referring to the dry season assistance scheme and the pilot of drought reform measures. This was designed to identify areas that businesses can improve and to give businesses some strategies to become a bit more resilient and basically build some capacity within their own organisational structure to help withstand future dry season events. That has been highly successful. That \$350 000 was administered through 15 small business centres across about 100 shires that were affected by drought. We gave vouchers of up to \$1 500 to non-farm small businesses, which are the businesses located in towns that were struggling due to a lack of money flowing through the community as a result of the farmers experiencing drought. Those vouchers were to be spent on accounting, financial planning, legal advice, management advice and that sort of thing. Up to February 2012, 233 voucher applications had been received.

Mr C.J. TALLENTIRE: I think I can take from that answer that there is some test of the viability of a business; that the agency is not just giving out a voucher to someone if, in fact, there is no need for the particular business that they were hoping to provide.

Mrs L.M. HARVEY: The vouchers can be redeemed only for the receipt of accounting or other services to assist that business with its capacity building, resilience planning, cash flow forecasting or whatever. I suggest that if businesses are seeking that kind of advice, they will be viable.

Dr M.D. NAHAN: I refer to “Significant Issues Impacting the Agency” on page 472, which notes the small business and retail shop legislation that provides for the alternative dispute resolution process. This is a major initiative for the Small Business Development Corporation—almost transformational. It has just started recently. Can the parliamentary secretary give me an idea of how the SBDC has started progressing this new role and if any cases have been brought up or otherwise?

Mrs L.M. HARVEY: The Small Business Commissioner was appointed in January and the alternative dispute resolution process came online in March 2012. We have been extremely happy with the interest in that service. I will hand over to David Eaton, the Small Business Commissioner, to give the member an up-to-date snapshot of the number of dispute-related issues—I believe it is more than 400—referred to the commissioner for alternative dispute resolution. From memory, I think about 180 or 190 of those have been commercial tenancy related, with the remainder being about contract issues, debt collection and a small number of franchising issues. However, the commissioner can give the member some more detail.

Mr D. Eaton: I have figures up until 28 May. We commenced on 26 March, so the number of contacts that came to us between 26 March and 28 May is 604. The percentage that —

Mr P.C. TINLEY: There is trouble out there!

Dr M.D. NAHAN: That is 10 a day!

Mr D. Eaton: Not all of these contacts result in mediation per se, because the process involves some guided resolution to assist them in the first instance to clarify for themselves the facts around the issue and their rights and responsibilities, and provide them with advice on methods that they may use to resolve the dispute themselves, through to the next phase, which is perhaps one of my case managers getting involved and contacting the other party and going through the same process. Currently, approximately 40 per cent are retail tenancy related, which in comparison with the Victorian experience, which has been running for some time, is much lower. It is too early to tell why and to determine trends and so forth.

[3.40 pm]

Mr C.J. TALLENTIRE: Page 472 contains the line item “Information, Guidance, Referral and Business Development Services” under “Service Summary” for which \$12.6 million will be available in the next financial year. To what extent do those services duplicate business courses provided through TAFE or other business training opportunities?

Mrs L.M. HARVEY: I think the member might need to be a little more specific. The member is asking me to run through every single program on offer through the Small Business Development Corporation and advise him whether there is any duplication of those programs through TAFE.

Mr C.J. TALLENTIRE: I suppose the first question is: is there any duplication at all? I understand TAFEs provide courses in accounting, for example, and I imagine that courses would be available in accounting through SBDCs.

Mrs L.M. HARVEY: Generally speaking, the way SBDC operates is to provide courses and advice for businesses that are not generally available through other agencies. As to specific courses that may be duplicated, I am not aware of any. We tend to view our role as being around supporting small businesses, so obviously if there is a course or a program that is being offered by a small business out there, we would try not to be in that space. I hope that answers the member’s question.

Mr C.J. TALLENTIRE: Almost. Is the parliamentary secretary able to say that if someone comes to the SBDC seeking some form of business advice, if there is a course available in, say, a TAFE, they are forwarded on to that course?

Mrs L.M. HARVEY: Our programs tend to be more of a targeted nature, and we target a specific issue or we would respond to funding from another agency. For instance, when we looked at helping to develop Aboriginal tourism businesses, it was provided through Tourism WA. We also did some programs during the global financial crisis that were specifically targeted with Tourism funding to look at the sustainability of tourism businesses and to help them focus on trying to improve their market during the GFC. It was the same with the drought relief packages that the member was talking about before. Funding came through the Department of Agriculture and Food and Forestry to help us work with those farm-related businesses. That tends to be more of the type of program that the SBDC puts together. It is generally in response to a specific need, and they are generally targeted at a particular program for a specific outcome.

Mr P.C. TINLEY: Page 476 refers to “Details of Controlled Grants and Subsidies”. I note that that section does not contain a line item for the export accelerator program. Is that listed somewhere else?

Mrs L.M. HARVEY: The export accelerator program has ceased.

Mr P.C. TINLEY: Okay. When did it cease?

Mrs L.M. HARVEY: Three years ago, which is why I am not aware of it at the moment.

Mr P.C. TINLEY: That is fine. But the department’s 2010–11 annual report—although it is not a budget paper, indulge me for a minute—states that the funding program was utilised for the trade delegation to China in

November 2010. If not the export accelerator program, where would that be shown? Why is it not shown in the actual for that year? The column “Actual” for 2010–11 has no listing for it.

Mrs L.M. HARVEY: It ended three years ago, so it was not funded in 2010–11. I will defer to the finance officer to explain it, but my understanding is that that program was not funded through the grants and subsidies area.

Mr P.C. TINLEY: Okay. Perhaps the adviser would like to tell me where that public money has been expended.

Mr R. Buttsworth: As the parliamentary secretary pointed out, the grants for that particular program ceased two to three years ago. If there was a trade delegation, that funding obviously does not come via grants and it would have been funded from normal appropriation, so it would not appear in the grants table.

Mr P.C. TINLEY: Through the parliamentary secretary, where would it appear?

Mr R. Buttsworth: It would not appear necessarily as a specific line item.

Mr P.C. TINLEY: Sure; but it must be incorporated somewhere in the budgetary process.

Mr R. Buttsworth: If we are talking about previous financial periods, then I cannot refer to that based on the statements as they appear here.

Mr P.C. TINLEY: It might be a question better suited to be given on notice, and I can give a little more detail than I have here. I am just noting the time.

Mrs L.M. HARVEY: Yes, I would suggest placing that one on notice.

Dr M.D. NAHAN: The final dot point on page 473 refers to the business online services project. Could the parliamentary secretary give me a run-down of the type of information that is provided in that service; and will this service provide an oversight of regulatory build-up or regulatory review?

Mrs L.M. HARVEY: The business online services project will receive \$822 000 in total funding over three years. It started in the 2010–11 financial year and will finish on 30 June 2013. The project is part of the Australian business number registration project, which is one of the 27 regulatory priorities under the Council of Australian Governments. It is designed to help businesses be more productive, to help with the costs of meeting government regulations, and to reduce compliance costs. The national online discovery service is part of it, and that is to help businesses find their government-related licences and permits. It is a work in progress. It is part of that national licensing agenda to try to have a single source of information for business numbers and registration details.

Dr M.D. NAHAN: Does that mean it has both state and federal information on regulations and forms? It is a federal–state joint venture, and therefore it includes federal and state information.

Mrs L.M. HARVEY: At the moment it consolidates the business licence information across eight jurisdictions into a single Australian site. When it comes to full fruition, it should enable businesses to access licence information for every jurisdiction across all three tiers of government. I do not think we are at that point with it yet. To date, we have migrated 6 000 local and state government business licence records into the Australian Business Licence and Information Service—ABLIS. It is being released in stages, and it is scheduled to start on 30 June 2012, with more functionality being rolled out as each stage goes along.

Mr C.J. TALLENTIRE: Page 476 mentions the drought relief program and the dry seasons assistance program. I am interested in the different functions of those two programs, and then I have a couple of further questions.

Mrs L.M. HARVEY: The dry seasons assistance scheme started in November 2012. Funding was allocated from the Department of Agriculture and Food to help farming communities and small businesses deal with exceptionally dry seasonal conditions. The funding included \$500 000 to assist non-farm small businesses. Funding of \$500 000 was expended in grants administered through the SBDC through its 16 small business centres. This included vouchers for accounting, legal and financial planning advice, and 334 vouchers were issued under this scheme. Most of the businesses assisted were located in Albany, through the central wheatbelt, and the Dalwallinu area. They included businesses that were involved in manufacturing, transport repairs, retail and fencing. The pilot of the drought reform small business grants scheme, which I detailed earlier, was also allocated funding from the Department of Agriculture and Food to trial a range of drought reform measures in parts of Western Australia under the national partnership agreement between the commonwealth government and the Western Australian government. The aim of the scheme is to help identify areas of businesses that can be improved and to develop strategies to increase the resilience of the businesses and their capacity to withstand the impact of future dry seasons; this is the \$350 000 program that I spoke about earlier.

[3.50 pm]

Mr C.J. TALLENTIRE: Could the parliamentary secretary detail how much commonwealth money is in either of those programs?

Mrs L.M. HARVEY: The funding came to the Small Business Development Corporation from the Department of Agriculture and Food, so the member might have to put that question to the Minister for Agriculture and Food. We do not question the make-up of the money as it comes to us; our job is to get on with delivering the programs that the money is specifically targeting.

Mr C.J. TALLENTIRE: Okay; but is it possible that all the funding came from the commonwealth government?

Mrs L.M. HARVEY: I would not care to speculate, member. I can tell the member that money has come to us from the Department of Agriculture and Food to put this program together. The member needs to put that question to the Minister for Agriculture and Food.

Mr P.C. TINLEY: I refer to the table under “Income Statement” on page 476 and the line “Capacity Building Program”. What is capacity building?

Mrs L.M. HARVEY: There was \$300 000 provided over 2010–11 and 2011–12 through the Western Australian Tourism Commission to help establish a capacity building program for Aboriginal tourism operators. It was expended over two years, so for 2011–12, \$60 000 was spent on grants through that program.

Mr P.C. TINLEY: If we could just unpack the word “capacity”: in terms of delivery, what does that mean? Does it mean building business profitability, building business scale, penetration?

Mrs L.M. HARVEY: That funding came out of the Aboriginal tourism unit of Tourism WA. It started in August 2010 and will cease on 30 June 2012. It targeted 23 export market-ready businesses in the first phase, which accessed funding totalling \$53 039. In the second phase, 15 businesses participated in the south west tour of Aboriginal businesses, and there was participation in the Indigenous tourism government forum to better coordinate Indigenous tourism programs and activities between national and state tourism organisations. Sixteen businesses completed a needs analysis checklist of their business as part of the capacity building program, which was for aspiring and emerging businesses. For 2010–11, there were three components. There was a pre-familiarisation tour of the south west, encompassing customer service, staff management, financial and marketing management and establishing networks. Then there was capacity building to play into the export market, getting the market ready to conduct business, and Indigenous tourism government forum participation. For 2011–12, the program focused on the continuation of capacity building for those businesses —

Mr P.C. TINLEY: Were they the same businesses? Did they follow through? Is it that sort of program?

Mrs L.M. HARVEY: I might hand that question over to the commissioner because part of this program has been conducted just over the past week, so he will have some up-to-date information.

Mr D. Eaton: There was a needs analysis done on the businesses to ensure they had the potential to utilise the sort of information and training that was to be provided to them. There are interactive workshops on business and marketing plans; strategies for product costing and pricing; exposure to other successful businesses in tourism; and, in extension of those programs, one-on-one mentoring, following the completion of the workshops.

Mr P.C. TINLEY: I think the parliamentary secretary mentioned that there were 16 businesses in the program, or thereabouts?

Mrs L.M. HARVEY: There were 23 in the first phase and 15 in the second phase, as I understand it.

Mr P.C. TINLEY: So what capacity has been achieved, or what measurements have been applied to those businesses to determine whether this money has actually delivered anything to those businesses? What is the quality control, if you like?

Mrs L.M. HARVEY: I would probably be willing to offer that information to the member via supplementary information. It may be difficult to give the member a snapshot of the success of that program, given that it is running up until 30 June this year. In respect of programs dedicated to capacity building, particularly for tourism businesses, we would really want to be revisiting them a little further down the track, rather than the month when the program is completed.

Mr P.C. TINLEY: Okay; could the parliamentary secretary then provide some additional information in that supplementary information. Whenever such programs are put together, there is a descriptor of success, or whatever words are used, to say that when a business completes this program, it should, could or would achieve this or that. Can we include something like that? We do not want to expend any public money without knowing what the expected business return will be.

Mrs L.M. HARVEY: I can certainly provide by way of supplementary information, for this capacity building program for Aboriginal tourism operators, the participation rate and feedback from the participants. If there is any available information, I can also provide information on the success of the businesses that participated at the start of the program.

[*Supplementary Information No A50.*]

Mr C.J. TALLENTIRE: In dollar terms, how much is allocated in this budget for the Gosnells Centre for Business Development?

Mrs L.M. HARVEY: I will need to answer that question via supplementary information. In last year's budget we increased funding to our small business centres by \$500 000. We have given them a consumer price index increase of \$53 000 and across —

The CHAIRMAN: Parliamentary secretary, could you give us the supplementary information question so that we can get this in before 4.00 pm?

Mrs L.M. HARVEY: The supplementary information I will provide is the value of the funding, via grant, to the Gosnells Centre for Business Development.

[*Supplementary Information No A51.*]

The appropriation was recommended.

[4.00 pm]