

Division 77: Small Business Development Corporation, \$12 766 000 —

Ms L.L. Baker, Chairman.

Mr S.K. L'Estrange, Minister for Small Business.

Mr D. Eaton, Small Business Commissioner.

Mr R. Buttsworth, Director, Corporate Resources.

Mr J. Campbell-Everden, Chief of Staff, Office of the Minister for Small Business.

[Witnesses introduced.]

The CHAIRMAN: 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. It will greatly assist Hansard if members can give these details in preface to their question.

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, 3 June 2016. 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 with the Clerk's office.

I give the call to the member for Cannington.

Mr W.J. JOHNSTON: The first dot point on page 896 of the *Budget Statements* refers to the alternative dispute resolution service. How many matters have gone through a formal ADR process in the 2015–16 financial year and how many matters have been referred to the State Administrative Tribunal?

Mr S.K. L'ESTRANGE: That is a good question. I refer that to the commissioner.

Mr D. Eaton: Between July 2015 and April 2016, 384 formal cases were managed through our dispute resolution service. That does not include approximately 1 500 other cases that were dispute-related inquiries that came to us and we managed in differing ways. For the actual formal case management, which is what we call it, there were 384 cases. I do not have in front of me how many cases flowed through to the State Administrative Tribunal, but it was a relatively small number compared with the 384.

Mr W.J. JOHNSTON: Could we get that as supplementary information?

Mr S.K. L'ESTRANGE: Yes.

Mr W.J. JOHNSTON: I am asking for the number of matters that went through the ADR and then were referred to the SAT.

[*Supplementary Information No A55.*]

Mr W.J. JOHNSTON: Does the Small Business Development Corporation have a budget allocation for this function; and, if so, what is the amount?

Mr D. Eaton: It forms part of our total service appropriation. There is not a specific allocation for that particular service.

Mr C.J. TALLENTIRE: I am keen to know in general terms how much of the work of the alternative dispute resolution service relates to tenants of commercial properties who are in dispute with their landlords?

Mr S.K. L'ESTRANGE: Thank you for the question. I will give the commissioner an opportunity to find some of his statistics, but, in the meantime, I will say that it is anticipated that by the end of this financial year, over 400 cases will be finalised, and the saving is valued at an estimated \$20 million. I think it is a great service. With regard to the specific breakdown in answer to the member's question, do we have anything, commissioner?

Mr D. Eaton: There are two answers to that question. The first is that the dispute resolution service, as the member will be aware, can result in a mediation service. About 30 per cent of those cases relate to commercial tenancy disputes. Disputes under the Commercial Tenancy (Retail Shops) Agreements Act must go through our alternative dispute resolution service before they can access the State Administrative Tribunal. However, we also will handle disputes on other matters between businesses and between businesses and government, but primarily between businesses. About 70 per cent of those are voluntary types of matters.

The second answer to that question relates to our specific commercial tenancy advisory service that existed before the dispute resolution service. In the year to date, some 600 clients have sought specialist advice related to the commercial tenancy act. There are two services—one for those who seek advice about the commercial tenancy act and their rights and responsibilities, and that is a service that we deliver under the act; and one for those that may result in a disputation.

Mr C.J. TALLENTIRE: Are there any policy initiatives coming out of common themes that arise through these commercial tenancy problems? I am thinking particularly of the need to maintain transparency around the register of rents that are paid by people in shopping centres.

Mr D. Eaton: The Department of Commerce obviously administers the commercial tenancy act. The act has had amendments during my tenure that have focused on greater transparency and information going into a tenancy agreement and certainly a number of protections for tenants under that agreement. To date, I think those amendments have had—I cannot give the specific date—a reasonable amount of time to bed in. It appears to be functioning well in that matters can come to me and then be forwarded to the State Administrative Tribunal. I do not believe that policies or any developments are in place at the moment to review that.

[8.50 pm]

Dr G.G. JACOBS: I refer to the 90-day regulatory mapping projects under “Spending Changes” on page 895. What is that about? An amount of \$200 000 is devoted to it in 2016–17 and \$200 000 over the out years.

Mr S.K. L'ESTRANGE: In short, the 90-day regulatory mapping program is part of the government’s efforts to make it easier to set up a business. The focus of the mapping projects is on reducing unnecessary compliance costs to business, in tenders and existing market participants, and also to improve the delivery and regulatory outcomes for the business community. An example of this is that I was out just last week to celebrate the 90-day mapping project done for setting up a cafe. It has basically mapped all of the processes and found that from start to finish it could be as long as nine months to get through the regulatory burden before the doors of the cafe can be opened. The real energy here is about mapping that regulatory process, identifying where there is duplication and where instead of having, say, more than one form to do the same task, it is all done once, and it flows through. Digitisation is also something that could help that. Essentially it is about reducing the regulatory burden without reducing the need to have the regulations in place for occupational health and safety for the community et cetera. One of the key things is making sure that businesses have a clear understanding of what the regulation is; that we as a government have got rid of the duplication of that effort so that people can start up their business faster. That is what that is for.

Mr W.J. JOHNSTON: Can the minister provide the map he has described for the cafe?

Mr S.K. L'ESTRANGE: I do not have it with me now; I have seen it.

Mr D. Eaton: Yes, the Department of Finance led that body of work. We certainly assist that department and other agencies in that work. It was about starting a restaurant. There is a report and the map itself will go public on its website along with a range of recommendations on how to reduce that burden.

Mr P.C. TINLEY: I refer to the second dot point on page 896 under “Significant Issues Impacting the Agency” and the business migration program that the SBDC makes recommendation to, but runs under some form of arrangement with the federal government for inbound business migrants. How many business visas or visas that fit within the category of this dot point were issued in 2015–16? Is there a projected intended target for the future years?

Mr S.K. L'ESTRANGE: This is an excellent program and is obviously attracting business migrants to Western Australia. It supports the economy and the creation of new jobs. I am advised that to date, in 2015–16, the SBDC has approved state nomination for 174 new business migrants, and that is expected to increase to more than 200 by the end of this financial year. I am advised that an additional 122 business migrants have finalised their investment in Western Australia, injecting total capital of over \$276 million to the state economy. It is a very successful program. About \$125.5 million is invested in businesses and \$20.25 million invested in WA Treasury bonds. All of that effort has created 144 new jobs and 11 new exporting businesses.

Mr P.C. TINLEY: For 2015–16, can the minister advise the countries of origin. I am happy to take the answer as supplementary information.

Mr D. Eaton: We will provide that as supplementary information.

The CHAIRMAN: Will the member repeat for Hansard what he would like as supplementary information?

Mr P.C. TINLEY: I am seeking the country of origin for every issued visa under the business migration program for 2015–16.

[*Supplementary Information No A56.*]

Extract from Hansard

[ASSEMBLY ESTIMATES COMMITTEE A — Wednesday, 25 May 2016]

p300b-310a

Chairman; Mr Bill Johnston; Mr Sean L'Estrange; Mr Chris Tallentire; Mr Jan Norberger

Mr D. Eaton: Can I seek a point of clarity there? The minister mentioned that we had 174 nominations year-to-date and 122 migrants finalised. The detail around that is that it can be up to a four-year cycle from nomination to finalisation, so we will get the member the data around those that were finalised and nominated.

Mr P.C. TINLEY: Can I extend that to 2014–15 as well?

The CHAIRMAN: Will the minister please repeat for Hansard what it is he has agreed to provide as supplementary information?

Mr S.K. L'ESTRANGE: We will provide the 2014–15 statistics and the 2015–16 statistics for the final business migrant numbers of each of those years and the country of origin.

Mr P.C. TINLEY: It is noted in that second dot point that the program generates new employment. How many new jobs were created as a result of the business migration program in 2015–16?

Mr S.K. L'ESTRANGE: I am advised that 144 new jobs and 11 new exporting businesses have been created.

Mr P.C. TINLEY: Of those in the previous years, is any follow up done to see whether they are still in business and what is their employment growth, not just their employment numbers?

Mr D. Eaton: We will provide that as supplementary information because over the four-year cycle we certainly monitor those businesses. I will need to check whether we then go back and do an audit subsequent to them meeting their visa requirement.

The CHAIRMAN: Will the minister clarify for Hansard what it is the commissioner has agreed to provide?

Mr S.K. L'ESTRANGE: The member wants to know how those businesses have progressed once they have satisfied their migration status.

Mr P.C. TINLEY: Through the four-year cycle, and if the minister has any data in relation to outside of that four-year period.

Mr S.K. L'ESTRANGE: I will get the commissioner to clarify the question for Hansard.

Mr D. Eaton: The member would like us to indicate whether we monitor the progress of those businesses post their finalising their visa requirements in terms of remaining in business and their growth.

Mr P.C. TINLEY: Yes, I am particularly interested in jobs growth.

[*Supplementary Information No A57.*]

Mr P.C. TINLEY: It is noted also in that same dot point that the program provides nominations for “migrants in a range of business and investment visa categories and promotes Western Australian opportunities at international trade expos”. How many trade expos has the SBDC been involved in or sponsored and/or promoted?

Mr D. Eaton: I would like to take that as a supplementary question so that I can provide the exact number in terms of participation in overseas promotional activities.

Mr S.K. L'ESTRANGE: I signed off on one recently.

Mr D. Eaton: Yes. Quite often we collaborate with other departments like the Department of State Development and so forth, so I will provide the member the accurate number as supplementary information.

Mr P.C. TINLEY: The supplementary information I am after is the number and location of international trade expos that the SBDC has funded, attended or promoted for 2015–16.

[*Supplementary Information No A58.*]

[9.00 pm]

Mr P.C. TINLEY: Further to that—maybe this question can be answered in addition to that supplementary question; sorry, it just slipped my mind—what has been the expenditure by the agency? Can we add that to that supplementary?

Mr S.K. L'ESTRANGE: I think that was already in the question.

Mr P.C. TINLEY: It was implied.

The CHAIRMAN: We will add that to the previous question.

Mr S.K. L'ESTRANGE: Just to clarify, the member is asking what trade expos the SBDC has been involved with overseas and how much did each of those involvements cost.

Mr P.C. TINLEY: Yes.

[Mr P. Abetz took the chair.]

Mr J. NORBERGER: Minister, I had originally intended to ask about the migration program but the member for Willagee very rudely asked about it. I was not happy about it.

I draw the minister's attention to the final dot point on page 896, which relates to the on-demand transport industry. We know that legislation in and around deregulation of the reform of the taxi industry was introduced in the house recently by the Minister for Transport. It is a significant piece of reform. As part of that, some funds have obviously been made available to the Small Business Development Corporation for training. I understand the desired outcomes of that training. It is listed in the budget papers. The government wants the taxi operators to be able to adapt their business models and become more innovative. How does the government intend to run that? Is that one on one? Are we talking about a mentoring program or a coaching program or are these group-based fixed training sessions so that people can either make it or they cannot? Is it over a longer period of time with follow up? What work has been progressed on how best the government wants to deliver that training?

Mr S.K. L'ESTRANGE: I thank the member for the question. I think it is a really good example of how the digital economy is starting to impact on traditional business sectors. We have certainly seen it in the taxi industry. Obviously, we know that the major player that has forced government to take a real close look at this is Uber. We need to reform the sector that is able to regulate as best as possible the on-demand transport industry as it now is.

The member correctly pointed out that the SBDC will receive funding of \$1.5 million over two years to develop and deliver support for those affected businesses. That support will include consulting with the taxi plate owners, the lease plate owners, the dispatch services and drivers directly and/or through groups representing them to analyse their needs and the issues arising and specifically to where the SBDC would be able to develop some programs, which is in and around the materials and services, such as access to special services, online information workshops and one-on-one advisory sessions. When I visited the SBDC in Perth recently, I saw the one-on-one sessions—not specifically relating to the taxi industry, but I saw them happening. One of the things I was impressed with was that the advisers, one of whom I observed giving advice, had made a very successful career in a small business themselves. These people actually understood the needs of the person they were advising. It would certainly be my hope and intent that the SBDC would apply that same approach to this particular sector by making sure that it has people with the right experience, knowledge and know-how to ensure that if they are going to be giving advice on how to adapt to this changed market environment, advice will be given by somebody who understands, not by somebody who is just tasked with giving that advice. Maybe Mr Eaton could elaborate.

Mr D. Eaton: I think the minister has covered it quite well. We have a range of materials and activities. We also expect to engage with the cohort and adapt that so that the delivery of the service is done in a variety of ways so that they are best able to consume that sort of information and advice.

Mr W.J. JOHNSTON: Is there a budget for this project? For how long does the minister expect the package to be rolled out?

Mr S.K. L'ESTRANGE: In this current budget it is in the budget papers as \$1.5 million over two years. The actual breakdown of how that \$1.5 million over two years will be spent and allocated is, as I outlined earlier, going to be broken down into the personnel who are able to deliver the advice by understanding the sector, so we obviously have that cost, plus making sure we can source the most appropriate, up to date and accurate resources to enable those people who want to access the service to be able to get the best benefit from it.

Mr W.J. JOHNSTON: As Minister for Small Business, has the minister had representation from taxi plate owners regarding compensation for the loss of value of their taxi plates?

Mr S.K. L'ESTRANGE: I thank the member for the question. In the two months that I have been in the chair, I have not had any representations. That is not to say that they have put those representations through. They may well have gone direct to the transport minister on this particular issue. I will ask the commissioner whether he has anything to add.

Mr D. Eaton: There has been no direct engagement with me about the adjustment or transition or compensation payment.

Mr W.J. JOHNSTON: Extending to other disruptive businesses, is there any sort of approach for Airbnb businesses that are disrupting the tourism space?

Mr S.K. L'ESTRANGE: That is a good question.

Mr D. Eaton: The accelerated disruption of business models is something that the SBDC certainly has top of mind. More of a general response to that has been a focus on providing support in financial literacy and digital literacy, which has resonated quite well with small business entrepreneurs. Obviously, there are a lot of various business skills and acumen, but financial literacy assists them to understand where their current financial models

come from and also gives them the background to review that business model and see how it adapts. In my opinion, digital literacy is also relatively low across the small business sector and therefore their ability to either utilise the digital channels for their own business or understand the competitive nature of the disruption is quite top of the mind for the SBDC.

Mr C.J. TALLENTIRE: The minister may have touched on some of this. I refer to the third dot point on page 896 relating to the new Business Local service. I am keen to know whether a general evaluation of the new Business Local service has been done.

Mr S.K. L'ESTRANGE: I thank the member for the question. The Business Local service is certainly a service that I was keen to look at in the context of why we moved to this particular service. As the member would know, we went from completing a comprehensive independent review of the small business centre network and have moved across to the Business Local service. I visited one of these centres in Kalgoorlie only last month. Again, I was impressed that the two people in that particular Business Local service both operated businesses and had business experience. One was an accountant and had her own practice. She had that financial literacy. Under the old small business centre network, we might have got somebody who might have been a very competent employee but they might not have had small business experience themselves and understood financial literacy. The quality of the service that I saw in that particular centre certainly gave me great confidence. I will ask the commissioner whether the SBDC has done any formal review of all the Business Local service operators since it has been implemented.

[9.10 pm]

Mr D. Eaton: Certainly, we have reviewed the new program providers on a quarterly basis in the first year. We check not only the quality of the service but also with various stakeholders, particularly in the regions, to get their feedback as well as various metrics. In the year to date we have serviced over 4 500 individual businesses. An economic value estimate is provided by the businesses when we follow up with them. Once they come into the service, they receive advice. Quite often that results in a formal action plan for the business to follow through on. We then do a follow-up that either assists them with that implementation or checks whether they have implemented the plan. In terms of the economic impact that can be related to advice given and sought through the Business Local program, the current estimates are in the range of over \$50 million.

Mr C.J. TALLENTIRE: How much financial support does the Small Business Development Corporation provide to the various Business Local services, and is the funding provided for a specific item, for example, publications, event sponsorship, property operating costs or what have you?

Mr S.K. L'ESTRANGE: I will ask the Small Business Commissioner to give a breakdown of how the Business Local service allocates its funds.

Mr D. Eaton: The actual total funding is found in the last line item on page 900 “Business Local Service—Operational Grants”. In 2015–16 it is \$3.530 million. Quite a detailed contract with the providers specifies what they are expected to deliver for their proportion of the entire program budget. There is a detailed breakdown by service delivery region. There are 12 service delivery regions; three in the metropolitan area and nine that align with the footprint of the Regional Development Commissions throughout Western Australia. The budget has been divided through the 12 regions and a contract is struck with a provider for each of those regions. Within that contract a cap of 10 per cent is placed on the budget that can be used for infrastructure and administrative costs. This was one of the significant benefits of moving to this new model because with the previous small business centre program, over 25 per cent of government funds were being consumed by overhead administrative costs. We have been able to reduce that and cap it at 10 per cent. That has resulted in a significant increase in the number of actual business advisers on the ground delivering the service, and of course we are quite prescriptive that the funds are for those business advisers dealing with clients. I will leave it there in terms of consumption of overhead versus actual service delivery and staff on the ground.

Dr G.G. JACOBS: Forgive me, minister, I probably should have brought this up when we were talking about dispute resolution services, but I have had a bit of a think. I refer to the first dot point on page 896. When we as a government were considering the whole concept of deregulated shopping hours, we perhaps foreshadowed a potential or a possibility of some concern around small shop owners and operators versus larger landlord shopping centres. The commissioner mentioned around 300-and-something dispute resolution matters. How many of those were due to perhaps unreasonable pressure on small shop owners by larger landlord shopping centres to conform with schedules or conditions in their operation, particularly in the deregulated space?

Mr S.K. L'ESTRANGE: In relation to the deregulated trading hours?

Dr G.G. JACOBS: Yes.

Mr S.K. L'ESTRANGE: That is a good question. I will hand over to the commissioner.

Mr D. Eaton: I mentioned earlier that some 2 000 dispute-related inquiries came to us that we then gradually escalated to around 400 dispute-resolution cases. I cannot give the member the exact number, but I cannot recall a dispute around a landlord forcing a tenant to open under those hours. I am reasonably confident that it would not get to a mediated outcome because early on in the stages, the staff and I would point out to the landlord that that would be a breach of the Commercial Tenancy (Retail Shops) Agreements Act. Early on my staff and I had to remind a number of landlords of their obligations under the act and the rights of their tenants. No cases have escalated through me to the State Administrative Tribunal because obviously the case would have little potential for winning. Just to expand on that, a further benefit has been the clarification around payments that landlords can impose on tenants. For example, because standard retail hours remain the same, landlords cannot bill tenants for costs outside those hours. If a shop owner chooses not to open for the extended hours, they cannot be billed for things such as security. The act in combination with dispute resolution and the commissioner's role has actually achieved the intended outcome; that is not to say that we do not have other forms of commercial tenancy disputes.

Mr P.C. TINLEY: I refer to the fifth point on page 896 about the new Small Business Friendly Local Governments initiative. What is the budget for this initiative; and has the cutting of local government red tape for small to medium-sized businesses been discussed or identified?

Mr S.K. L'ESTRANGE: That is a good question, member. The commissioner and I had a discussion about this when I was first appointed Minister for Small Business. The commissioner mentioned this particular initiative and from memory, I think he cited the Town of Victoria Park as being a local government that is seen as being very helpful to small business in the setting up of a business. The intent through the Small Business Development Corporation is to try to increase transparency in and around how local governments perform when supporting small businesses to set up in their municipalities. That sounded to me like a fantastic idea. I was quite enthused by the fact that if a person wanted to set up a cafe that they could check the various rates and charges and support mechanisms of the different local governments when considering where to set up their business. They could then make an assessment based on that website information, and maybe even visit the Small Business Development Corporation's office in the city and have a conversation with its staff to gain a greater understanding of what is required to navigate their way through the local government approval processes. In the first instance it was not actually a red-tape reduction strategy of the town itself. It was more about identifying how the councils were doing that so that businesses had some idea of what they were getting themselves into if they were to set up a business in a particular shire, town or city. The commissioner may like to elaborate further.

Mr P.C. TINLEY: I am also keen to know the budget for the initiative.

[9.20 pm]

Mr S.K. L'ESTRANGE: I do apologise; the budget amount.

Mr D. Eaton: It is an internal allocation that we have created so far for a pilot. We have allocated initial funds of \$50 000. We have been in contact with four or five local governments. In terms of identifying better practice, there are really two phases to this: one is to acknowledge better practice local governments that are already small business friendly. What I mean by that is beyond reducing red tape, those local governments that are doing things that encourage and support small business growth in their municipality. The Small Business Development Corporation is well placed to facilitate coaching of other local governments that may wish to head in that direction. We see this as a facilitative coaching role and encouragement of better practice activity that will have a mutual benefit to local government and the small business sector.

Mr P.C. TINLEY: Mr Eaton might have said it in his response, but what is the time line for this pilot?

Mr D. Eaton: The current schedule is to go public on this in August, which actually aligns with the Western Australian Local Government Association's conference. It is a good opportunity to speak to the broader local government sector, after having honed the concept with a few early adopters of some better practice local governments.

Mr P.C. TINLEY: It starts in August, when will it finish?

Mr D. Eaton: I would expect this to be an ongoing program involving acknowledging and identifying better practice local governments.

Mr P.C. TINLEY: The commissioner said it is a pilot or a trial. At some point pilots and trials finish and programs start. At what point will it be decided that this is successful and go through the budgetary process to properly resource it? When will it transition from pilot to program; or, if the pilot is dropped because it is unsuccessful, what will be the mechanism? If it is an internal report, will that report be published?

Mr S.K. L'ESTRANGE: That is a good question. This is essentially an initiative that the commissioner, through his agency, has presented to me. Having dealt with local governments, as no doubt the member has, the

more open and transparent we are at all levels of government in the provision of services and the information available to people who want to set up a business, the better it will be for the small business community. I am keen for the Small Business Commissioner to report back to me, as the Minister for Small Business, when he has conducted this trial. I imagine it will be this financial year.

Mr D. Eaton: That is right.

Mr S.K. L'ESTRANGE: The commissioner would have dealt with the Western Australian Local Government Association on this. He said that he will approach who he has already identified as being better practising local governments through feedback from small businesses on how easy it has been for them in certain areas compared with other areas. The commissioner is following up on that. At this stage it is probably best understood to be an initiative as opposed to a formalised budget item. Once the commissioner has in front of him the results of the pilot project he is running, I am certainly keen to get a brief on how successful it has been and where it needs to go next and whether any money needs to be allocated to it.

Mr P.C. TINLEY: I am confused between pilots and initiatives and financial years. The minister said this financial year. I presume the minister is talking about 2016–17?

Mr S.K. L'ESTRANGE: That is right, 2016–17.

Mr P.C. TINLEY: Can we get clarity whether this is a pilot or an initiative?

Mr D. Eaton: My apologies, I have used the term “pilot” which is —

Mr P.C. TINLEY: Sure. I have no problem with that.

Mr D. Eaton: It is a term I use for things that include an initiative. After seeing the results, if it appears positive or it needs adjustment, it is continued. I want to make the point that this was not something I sought to impose on local governments. It was identifying best practice; therefore, I was not anticipating it would actually consume a large amount of resource, in that we are identifying better practice. We are drawing attention to those local governments. We have certain criteria, which will be made available in August, that state these are the threshold things a local government needs to achieve. I am anticipating a good take-up from local governments.

Mr P.C. TINLEY: Good luck.

Mr W.J. JOHNSTON: I refer to the corporation’s “Income Statement” on page 900 of the *Budget Statements*. I draw to the minister’s attention the line underneath “Income from State Government”, “Royalties for Regions Fund: Regional Community Services Fund”. Under the heading “Financial Statements” on the previous page, there is a comment about “Income”, which states —

The income from the Royalties for Regions Fund is estimated to decrease by \$1 million from the 2015–16 Budget to the 2015–16 Estimated Actual. This decrease is due to the discontinuation of the Regional Buy Local Initiatives Stage 3.

That clearly explains what happened, but if the minister turns back over the page he will see that the 2014–15 actual was \$664 000, the budget last year was \$1.256 million and the estimated actual was \$256 000. The budget is now \$216 000 for 2016–17, \$224 000 for the first of the out years, and nothing after that. That is the issue that I am addressing. Why has the regional Buy Local initiative stage 3 been reduced by \$1 million? For how many years have those initiatives been running? Does this mean that the project is ending?

Mr S.K. L'ESTRANGE: We may have to take that question on notice.

Mr D. Eaton: I have the detail, minister; I just want to make sure I have the dollar figures accurate. Perhaps I will ask my director of corporate resources to answer that.

Mr R. Buttsworth: For this year, the \$1 million reduction, as the member rightly pointed out, was due to the cessation of Buy Local phase 3. The business case for that had not gone to cabinet. Obviously, a review of all royalties for regions funding has been undertaken. We are not privy to the reasons for the reduction aside from the fact I would have thought that the current fiscal climate would have had a good deal to do with that. In terms of this year’s actual for phase 2 of the Buy Local program, \$50 000 was drawn down in 2014–15. The funding in the out years relates to the Western Australian Regional Small Business Awards. That is an annual awards program that is funded from royalties for regions. It brings award winners from throughout regional WA to an event that is held each year. That is funded for a further two years and then the funding for that ceases as well.

Mr W.J. JOHNSTON: Let me get this straight: the corporation has lost \$1 million in funding for a Buy Local initiative but it is spending over \$200 000 to fly people to an awards function?

Mr D. Eaton: I can answer that.

Mr W.J. JOHNSTON: I look forward to the answer!

Mr D. Eaton: The Western Australian Regional Small Business Awards is a program that has been in place for 14 years. That funding is not just for flying people into that awards night, as I understood the member’s question.

We support local business awards all around regional Western Australia. We assist those awards programs throughout Western Australia and those award winners are fed into a state regional award evening. I would also make the point that a lot of feedback tells us that entering a small business award actually has a commercial benefit to the business. Two separate programs came out of royalties for regions funding: one has been ongoing for some years; the other was phase 3 of the regional Buy Local program that, as Ray Buttsworth just pointed out, ceased before commencing.

[9.30 pm]

Mr W.J. JOHNSTON: I have two issues that arise from that answer. The first one is: was the business case for phase 3 not accepted, and therefore it did not proceed?

Mr D. Eaton: Yes.

Mr W.J. JOHNSTON: Did phases 1 and 2 meet their business case objectives?

Mr D. Eaton: Yes, they did. As with all programs funded out of royalties for regions and the Department of Regional Development, there is quite a rigorous business case at the beginning and quite a rigorous report about the results at the end. We executed phases 1 and 2 as requested, and phase 3 that we had in the forward estimates never commenced.

Mr W.J. JOHNSTON: I have a further question on this part of the topic, and then I will go to my other bit. Were those business cases and reports cabinet documents, or if I put in a freedom of information application can I get them?

Mr D. Eaton: I do not know; I cannot recall. They were cabinet documents.

Mr W.J. JOHNSTON: Typical. I turn to the money in the budget for the regional awards program. I acknowledge that I was a director of the Belmont Business Enterprise Centre, and famously it runs a big one and finds it helps, so I am not criticising it. I just wanted to clarify that Mr Eaton said that award scheme had been running for 14 years.

Mr D. Eaton: That is correct.

Mr W.J. JOHNSTON: That clearly, therefore, pre-dates the royalties for regions program.

Mr D. Eaton: Quite right.

Mr W.J. JOHNSTON: So, simply, an existing program has moved over to being funded from royalties for regions?

Mr D. Eaton: The business case that came with the funding expanded the expectations of the program—certainly the support into the regions and so forth. Prior to that, the additional funding had been used to support the regions, particularly in their local business awards programs. In fact, new award programs have started up in some areas that did not have them, as a consequence of the royalties for regions funding.

Mr C.J. TALLENTIRE: My question relates to page 898 of the budget papers and the line item on full-time equivalent employees. I am keen to know whether the Small Business Development Corporation has a plan to recruit more staff. It appears so, with just a few more staff. If so, what positions is it looking to recruit for?

Mr S.K. L'ESTRANGE: I asked that question. Am I correct, commissioner, in saying that these are people coming back on?

Mr D. Eaton: That is right.

Mr S.K. L'ESTRANGE: I understand that although it looks like an increase in numbers, it is actually people coming off long-term leave.

Mr D. Eaton: Maternity leave.

Mr S.K. L'ESTRANGE: Maternity leave and things like that, and one additional employee.

Mr C.J. TALLENTIRE: I have a further question. Did the office get caught up with the recruitment freeze; and, if so, how many positions does or did it have vacant??

Mr S.K. L'ESTRANGE: We will take that question on notice.

The CHAIRMAN: Can the minister state exactly what he is taking on notice, and then I will issue the number.

Mr C.J. TALLENTIRE: If I may, can I add couple of other parts that may help shape a table? I am keen to know as well the areas they were in, and also whether the SBDC sought an exemption to fill the positions and was it granted.

The CHAIRMAN: Can the minister restate that for the record?

Mr S.K. L'ESTRANGE: Yes, I will restate the question of the member for Gosnells. He wants to know the number of full-time equivalents who were not able to be appointed until after the recruitment freeze. That was

the first part of his question. The second part of his question was whether we sought exemptions for anybody to be appointed while the recruitment freeze was on. For both parts of the question he wanted to know the role of those full-time equivalents.

[*Supplementary Information No A59.*]

Mr C.J. TALLENTIRE: I have a further question. Did the SBDC use any temporary personnel during the current financial year; and, if so, how many and for what positions, for how long and how much did it cost to use those temporary personnel?

Mr S.K. L'ESTRANGE: Just before I answer that question, is the member asking about in excess of the full-time equivalents shown in the budget?

Mr C.J. TALLENTIRE: Yes, that is right; in excess of the ones shown.

Mr R. Buttsworth: We employed two agency staff during the year. They were basically to fill positions or backfill staff who were on secondment to other agencies so we were therefore unable to fill the position substantively. There were two temporary staff or temp agency staff employed.

Mr W.J. JOHNSTON: Were those agency staff also covered by the recruitment freeze, or they were outside the freeze?

Mr R. Buttsworth: No; because they were existing temporary staff, they were outside the freeze.

Mr C.J. TALLENTIRE: I have a final question on employee-related matters. How many employees receive attraction and retention benefits?

Mr S.K. L'ESTRANGE: I am advised that none do.

Mr P.C. TINLEY: I refer to the fourth dot point on page 896 on the SBDC's influence to small business policy across all tiers of government. Are any legislative or significant policy changes on the horizon; and, if so, what are they and when will they be implemented to achieve this particular initiative?

Mr S.K. L'ESTRANGE: That is a good question. I had a discussion with the commissioner on this topic, and I understand that the Small Business Development Corporation inputted in the creation of the Australian Small Business and Family Enterprise Ombudsman Bill 2015. In fact, Kate Carnell, AO, the federal Ombudsman, came out and visited us only last month at a Small Business Development Corporation event. Other things that we have been involved with are the federal Treasury's discussion paper on the enhancement of the role of the Australian Small Business Commissioner, federal Treasury's options paper on the misuse of market power laws, federal Treasury's review of the horticulture code of conduct, and federal Treasury's Australian Consumer Law review. They are the things the SBDC has been involved with influencing at the federal level. With the state government, it has been involved with the Department of Commerce's stage 2 review of the regulation of motor vehicle dealers and repairers, the Department of Commerce's statutory review of the Employment Agents Act 1976, the Department of Transport's reforms for on-demand transport services, and the Public Utilities Office's "Amendments to electricity and gas on-selling licence exemptions". The corporation also continues to provide guidance to state government agencies as part of the state government's regulatory impact assessment process, and assisted the reinvigorating regulatory reform plan of government. They are just some of the examples of the work the Small Business Development Corporation has done to influence legislation and policy at a state and federal level.

Mr W.J. JOHNSTON: Can I ask a follow-up question? The minister referred to getting regulation out of the way of small business. Is the minister considering the issue of the regulation of motor traders, which is the one of the things the minister talked about, and their very restrictive trade arrangements that do not allow them to open on Saturday afternoons, much less Sundays? Is that an issue the minister is seeking to address?

Mr S.K. L'ESTRANGE: The member's question actually aligns with a question I have asked of the commission. I have asked for it to prioritise, based on, let us say, all the complaints or concerns it has received over the past 12 months. I have asked the commissioner to basically rank those by industry, in order. With the 90-day red tape reduction flying squad we have created in this budget, we obviously have to prioritise the projects it looks at and in which order. I want to be able to push the case with the Minister for Finance on what I think, from a small business perspective, is a priority to apply a 90-day red tape reduction microscope to. I cannot say tonight that it would be the motor vehicle dealers and repairers. I have asked the commissioner to give me a brief, based on the statistics that he has, about what he thinks the priority should be.

[9.40 pm]

Mr W.J. JOHNSTON: I think the minister might have misunderstood my question, and I apologise for that. I understand about the 90-day flying squads. That is nice; I listened to that. I am asking, in respect of the restrictive trade arrangements for small businesses in the automotive sales space, whether it is his policy that the

current arrangements are good, or is it his policy that, as has happened in the general retail shops, the hours of trade should be expanded to give small businesses more choice of when they open.

Mr S.K. L'ESTRANGE: Commissioner.

Mr W.J. JOHNSTON: I asked for the minister's view, but I am happy to have someone else's view.

Mr D. Eaton: Feedback that I have received previously from the industry body is that the dealers actually prefer the model that is in existence. They believe it suits their industry and the particular buyers of vehicles.

Mr W.J. JOHNSTON: I appreciate that that is probably true. Of course, in the retail sector, an overwhelming majority of small businesses also did not want changes to their trading hours, particularly in the supermarket trade. Let us face it—extended retail trading is about the supermarket trade, because jeans shops and those sorts of places do not open, regardless of regulation, in the evenings; it is the food retailers. The small business food retailers were satisfied with their trading arrangements, but nonetheless the government imposed a change on them. Why did the larger employer of people in the small business sector, the food retail trade, have a change in hours imposed on it, lose market share and suffer job losses, but that is not a consideration being imposed on motor vehicle dealers?

Mr S.K. L'ESTRANGE: The premise of the answer I gave on influencing small business policy at state and federal level was giving an understanding of the work being done by the sector in that area, as it relates to the dot point on page 896 that the member for Willagee asked about. On general questions about what changes to the regulation of various sectors should occur, I would take the same approach that I mentioned earlier as to what I would apply the 90-day red tape reduction strategy for; that is, I would be looking for advice from the commissioner based on industry input to us as a government about where it would see a need for change. If people came to me saying that they thought we needed to change the regulation of motor vehicle dealers and repairers for the following reasons, that is obviously something I would look into, and try to gain a greater understanding of the pros and cons. I would want to understand, with the commissioner's support, the cost-benefit analysis for the industry of any regulatory change that is being advised to us. That is the approach that I would take. It is not something that I have done in relation to regulation of motor vehicle dealers and repairers now, because the motor vehicle dealers and repairers themselves have not brought to my attention the need for any change.

Mr C.J. TALLENTIRE: I refer to the various dot points on page 896 relating to the roles of the SBDC, especially in terms of alternative dispute resolution. How much effort is put towards nurturing tenant collectives who may have a problem dealing with a particular landlord, such as a shopping centre?

Mr S.K. L'ESTRANGE: That is a very good question. Such disputes would no doubt form a percentage of the 384 cases that occurred between July 2015 and April 2016, when this was put together. Maybe the commissioner has a breakdown of the different types of cases that have come through, and which of those involved tenants coming together as a collective to put forward a case for support. Does the commissioner have any statistics on that?

Mr D. Eaton: Not statistics, but I can think of an example that the member is aware of in his own electorate, where that circumstance actually occurred. It does not happen often, but the situation does occasionally arise in which a group of tenants, collectively or individually within a short time frame, approach us. I take the approach that there is no one-size-fits-all solution in trying to resolve disputation. In that circumstance, and in many others, there may be a common thread, and it normally is about a breakdown of communication. We attempt to rebuild that communication to resolve the dispute at hand. However, once it gets to a mediated process, or certainly into the State Administrative Tribunal, it needs to be a one-tenant-to-one-landlord situation, because typically the individual leases may have nuances about them. Collectively, having five tenants with five different leases signed at different times with slightly different clauses makes it impossible to resolve in one case. Certainly, in the earlier, less formal stages of attempting to bring the parties together, we act in that way.

Mr W.J. JOHNSTON: I refer the minister to the spending changes table at the bottom of page 895. The first line item in that table is "2016-17 Streamlined Budget Process Incentive Funding", for the amount of \$120 000. What is that all about?

Mr S.K. L'ESTRANGE: The streamlined budget process incentive recognises that the Small Business Development Corporation has not submitted any new funding proposals for 2016-17 that would result in an increase in state debt.

Mr W.J. JOHNSTON: So they gave \$120 000 to increase state debt!

A further question, if that is the end of the minister's answer. Did Treasury love the minister, so they gave him a bonus?

Mr S.K. L'ESTRANGE: I think the question is about why it is in the budget, and what it is to be put towards. Maybe the commissioner can assist us with understanding how we are going to be using it to deliver services.

Extract from Hansard

[ASSEMBLY ESTIMATES COMMITTEE A — Wednesday, 25 May 2016]

p300b-310a

Chairman; Mr Bill Johnston; Mr Sean L'Estrange; Mr Chris Tallentire; Mr Jan Norberger

Mr D. Eaton: I understand the question. For an agency of our size, \$120 000 is a substantial amount of money, and will assist us. We are constantly reviewing the relevance of our services and the methods of their delivery. More recently, we have expanded information and advisory workshops in the digital space, which is relatively new, so we have a new suite of those. The \$120 000 is a method by which Treasury, if we were not intending to put in a budget submission, offers an incentive to the budget line.

Mr W.J. JOHNSTON: I notice that the corporation intends to increase staff numbers from 53 to 56.

Mr S.K. L'ESTRANGE: What line item is this?

Mr W.J. JOHNSTON: I am still referring to the same matter, but I note page 898. I know the minister is familiar with his budget papers and the fact that his agency intends to increase its staff count. Is this \$120 000 going to pay for the increased headcount?

[9.50 pm]

Mr D. Eaton: The headcount on page 898 is an effective increase of one and relates to the 90-day regulatory mapping project; that is the FTE for that. As I said, the \$120 000 will be put towards things to do with digital. We are currently enhancing our service delivery through the web portal. There are things to do with webinars and those sorts of things that those funds will be put forwards.

Mr S.K. L'ESTRANGE: I think the real question, member, is: why is it only \$120 000!

Mr W.J. JOHNSTON: Clearly, if there had been a different minister, it would have been more! We all know that.

Mr S.K. L'ESTRANGE: I was too late at the helm!

Mr W.J. JOHNSTON: The revised 1.5 per cent wages policy line item has deductions of \$3 000, and \$66 000, \$130 000 and \$197 000 in the out years. Obviously, it is a small agency and it is only a small impact. Are any of the 53 estimated actual employees being reclassified—not promoted, but reclassified—because there is a work value view that the work they are doing should be paid at a higher rate?

Mr S.K. L'ESTRANGE: That is a good question. My understanding and certainly the advice I have on that revised amount is that it is as it is; it is a revised 1.5 per cent down from 2.5 per cent originally. That is the only reason for the change.

The appropriation was recommended.

Committee adjourned at 9.51 pm
