

Division 17: Small Business Development Corporation, \$15 594 000 —

Mrs L.A. Munday, Chair.

Mr D.T. Punch, Minister for Small Business.

Mr D. Eaton, Small Business Commissioner.

Mr R. Buttsworth, Director, Corporate Resources.

Mr T. Palmer, Chief of Staff, Minister for Small Business.

Mr T. Monaghan, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. I will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

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

Mr V.A. CATANIA: I refer to “COVID-19 Business Assistance Packages” under “COVID-19 Response” on page 268 of budget paper No 2. How many applications were received for the business assistance packages?

Mr D.T. PUNCH: Member, do you want them for the full suite of assistance provisions or the hardship grants?

Mr V.A. CATANIA: Probably a full suite. Is that easier or does the minister want to provide a breakdown?

Mr D.T. PUNCH: In relation to the current programs, we have the small business assistance grant from 2021, with 1 852 applications received; the small business hardship grant, 7 468 applications; the small business tenant rent relief grant, 2 195 applications; the landlord rent relief incentive, 14 applications; and the government building tenant rent relief incentive, 13 applications.

Mr V.A. CATANIA: Out of all those, how many were approved?

Mr D.T. PUNCH: I will go through the approvals for the member. For the small business assistance grant, to date, there were 485 approvals; for the small business hardship grant, 1 131 approvals; for the small business tenant rent relief grant, 822 approvals; and for the government building tenant rent relief incentive, seven approvals. Of course, a large number are under assessment at this point.

Mr V.A. CATANIA: Is the minister able to provide a breakdown of the grant recipients by region?

Mr D.T. PUNCH: It is a very complex task. We can do it by postcode.

Mr V.A. CATANIA: Postcode is fine.

Mr D.T. PUNCH: If it is information that is of value, we will endeavour to provide that as supplementary information. I caution the member that that involves a large volume of work. I am very mindful of that, given that the Small Business Development Corporation is a small agency there to service small business specifically. If it is important to the member, we will endeavour to get the information for him.

Mr V.A. CATANIA: I will make it easier. I understand what the minister is saying. Is it easier to go metro/regional or is that still a large body of work?

Mr D.T. PUNCH: It is still a postcode analysis.

Mr V.A. CATANIA: That is all good. I understand. I do not want to put any pressure on anyone.

Is the minister able to provide an update on how much money has actually gone out? I do not know whether the minister just told us the amount; I cannot remember, but I have a figure of 815. Out of the total package, how much went out in 2021-22 and then the last financial year up to this point? How much of it has actually hit the ground?

Mr D.T. PUNCH: I can give the member the data now until 20 May, if that is of assistance. In terms of the total across all programs operated during that financial year, it is \$56 150 000. In relation to assistance given under the individual programs that I just mentioned, \$3.418 million has gone out for small business assistance grants;

under the small business hardship grants, the figure is \$10.836 million; for small business tenant rent relief, it is \$2.472 million; and for government building tenant rent relief, it is \$42 million.

Mr V.A. CATANIA: Did the minister say \$58 million or \$59 million?

Mr D.T. PUNCH: I said \$56.15 million.

Mr V.A. CATANIA: Is that the total figure?

Mr D.T. PUNCH: That is the total figure for all programs, including programs that were finalised through the small business lockdown assistance grant for the ANZAC Day long weekend; the small business lockdown assistance grant, round 2, for June 2021; and some components of the tropical cyclone Seroja assistance grant. That is a total amount, and then I have just given the member some sub amounts in relation to the current programs.

Mr P.C. TINLEY: From memory, I understand that the SBDC looks after business migration visas, assisted by the commonwealth. Through COVID, has the government still been processing or receiving applications? How many approvals or recommendations from the state have there been and have they travelled?

Mr D.T. PUNCH: As the member can imagine, COVID has had a profound impact on people wanting to come to Western Australia and our ability to accept people from overseas. I will ask the commissioner to give the member an update on his understanding of where business migration is at.

Mr D. Eaton: I thank the member for the question. Obviously, the impact of international border closures has been challenging. The impact on the business migration program is actually a four-year pipeline. Many of the business migrants who bring their application to conclusion will have applied several years earlier, been here, operated for a couple of years, and then we bring them to conclusion. In fact, that pipeline is still healthy in terms of the businesses here and the capital inflow.

What has been challenged is that the fresh pipeline of applications has been hindered in the past 12 months because obviously applicants are not able to visit, explore business opportunities and therefore apply. As I am sure the member is aware, on behalf of the government, the agency sponsors business migrant's applications that are then put to the Commonwealth. That pipeline has been stalled. We are very focused on being part of that in the next few months, with international borders opening up and various government departments looking to engage overseas, so we can reconnect with those migration markets.

[2.20 pm]

Mr P.C. TINLEY: Obviously, it has fallen off because of COVID, and I completely accept that. What was the monetary value of that pipeline in terms of foreign direct investment, I suppose, in another form?

Mr D.T. PUNCH: I hand over to the commissioner.

Mr D. Eaton: The total capital inflow estimated this year is \$185 million, which is down on a budget in the previous year of \$231 million. We had anticipated a growth there. Similarly, with jobs created, the businesses that are already here have been ended by the factors that are hindering the economy. I am cautiously optimistic. We would suggest, coming out of COVID, that Australia would be a good destination for business migrants globally.

Mr D.T. PUNCH: As the member knows, WA is open for business. Minister Cook is going overseas on a regular basis, talking about the industry opportunities here and connecting with commercial interests overseas. I have every confidence that people will see the great opportunities in a state that is probably one of the best, if not the best, performing economy globally. I would imagine that there is enormous interest in the opportunities here.

As the previous Minister for Innovation, I have seen firsthand the opportunities that are coming out of the innovation sector. We have a very energetic Minister Dawson out there supporting capital inflows for innovation. We have Minister Cook across tourism, across state development, from the large-scale projects to the smaller opportunities. We are out there selling the state. I note that occasionally we seem to get criticised in the Parliament for being out there selling the state but who would not be because it is a great state? I thank the member for the question.

Mr P.J. RUNDLE: I refer to the first paragraph of the significant issues impacting the agency on the top of page 269. I am curious about the figures for tenant relief and landlord relief, which was quite a delicate subject when the legislation went through. I wanted to clarify those figures for tenant relief and landlord relief. How many applications were received and how many were approved?

Mr D.T. PUNCH: Did the member want the figures relating to the number of applications?

Mr P.J. RUNDLE: The number of applications that came in for both tenant relief and landlord relief and also the number of approvals for both of those categories.

Mr D.T. PUNCH: Under the small business tenant rent relief grant—the member will be able to pick these up from *Hansard*—2 195 applications were received. As of 20 May, 822 applications were approved, to a value of \$2 472 000. A further 1 243 applications continue to be under assessment.

Mr P.J. RUNDLE: When does this program wrap up? Is there a certain cut-off point?

Mr D.T. PUNCH: Yes. It is 30 June 2022.

Mr V.A. CATANIA: I refer to “Access to Justice for Small Business” on page 272. Just under the table, paragraph (c) states —

Subcontractor support investigates complaints of non-payment and provides direct support to subcontractors with security of payment issues.

How many complaints have been received through subcontractors not being paid?

Mr D.T. PUNCH: I will ask the commissioner to give the member those figures.

Mr D. Eaton: I thank the member for the question. The subcontractor support unit was originally established to focus on subcontractors in the construction industry. The functions have actually broadened to support the commissioner in investigations, more broadly if anything, that impacts upon the SME sector. To the member’s question about support for the construction industry, there was actually a drop in cases in the past 12 months. That aligns with recent data we have had from the Australian Securities and Investments Commission about the number of businesses that have gone into administration in that 18-month period. In fact, the 18-month period leading up to this last quarter has been the lowest for a long period of time. There has, in fact, in the last quarter been some increase in the number of businesses in that industry going into administration, but it is not beyond pre-COVID levels. At the moment, we are monitoring the situation in the commercial construction area where government projects do impact. We have been working with government agencies for the last 12 months to ensure that whatever they are doing in this commercial construction area does not add to that stress. I think the member will be hearing more about the residential construction sector, which we are looking closely at, but it has not been extraordinary in this state at this particular time in terms of the number of cases.

Mr V.A. CATANIA: Is the minister able to provide a number? If we go pre-COVID, just so we can get an idea of when the minister says it has reduced, the number of cases we have had.

The CHAIR: Minister, if you could just state exactly what you will be happy to provide.

Mr D.T. PUNCH: Yes. We will provide by way of supplementary information the number of cases dealt with up until March 2020 and a comparison with the numbers from March 2020 to date.

[*Supplementary Information No B18.*]

Mr C.J. TALLENTIRE: I am just looking at page 272 and service 2, “Access to Justice for Small Business”. I am just interested to know what percentage, in general terms, of that justice for small business relates to tenancy matters and whether there could be some commentary on the trend regarding small business problems relating to tenancy.

Mr D.T. PUNCH: Nothing is secret these days.

The CHAIR: Nothing is secret, yes, unless you are deaf like me!

Mr D.T. PUNCH: Can the member just repeat exactly what information he is requesting? The number of tenancy —

Mr C.J. TALLENTIRE: I do not need an exact answer at all. I am interested in the trend here. It relates to the wonderful, excellent work that the Small Business Development Corporation does, helping small businesses access justice. I am curious to know what the trend is in relation to that level of work. Is it increasing when it comes to tenancy matters or is it decreasing?

Mr D.T. PUNCH: I will ask the commissioner to respond to that, but I am grateful that the member acknowledges the excellent work of the SBDC, because that is the feedback that I have received consistently across the sector in the short period that I have been Minister for Small Business. I shall pass on to the commissioner.

[2.30 pm]

Mr D. Eaton: I thank the member for the question. Access to justice is indeed a theme that captures the second last line item, “Cost per client serviced directly in the provision of dispute resolution”, of which the majority has been commercial tenancy disputes. That is its history. Of course, we saw a larger volume during the COVID period, which was the result of us assisting in the resolution of negotiations between landlords and tenants during the COVID period. That trend, in fact, in the last few months of commercial tenancy disputes, has actually dropped off significantly. In fact, at the moment, it is below pre-COVID levels. For example, we would normally expect a caseload of around 200. It is currently at 150, and we are currently doing some research—we are doing some awareness-raising to ensure that those who need the service are aware of it, but also some research—to see why it

has actually reduced beyond pre-COVID levels and whether that is, in fact, a reflection of lower disputation in the commercial tenancy area, or some other anomaly.

Mr C.J. TALLENTIRE: Thank you.

Mr P.J. RUNDLE: I, too, acknowledge the work of the SBDC during this difficult time. Minister, just some numbers. Once again, page 269 and the first paragraph, which talks about facilitating the delivery of financial support. Are the school camp providers within the minister's portfolio?

Mr D.T. PUNCH: No, they are not.

Mr P.J. RUNDLE: That was done directly through Education.

Mr D.T. PUNCH: Yes.

Mr P.J. RUNDLE: Thank you. If I can flow on to business assistance packages for the payroll tax waiver. Does the minister have some figures as to how many dollars were put out there in that?

Mr D.T. PUNCH: We do not have the payroll tax waiver. That is a matter for Treasury.

Mr P.J. RUNDLE: Thank you.

Mr V.A. CATANIA: Minister, I refer to page 270, and the heading "Outcomes and Key Effectiveness Indicators". The line item, "Total value of capital inflow to the State from the Business Migration program" shows \$231 million for the 2020–21 actual; for the 2021–22 budget, \$359 million; for the 2021–22 estimated actual, \$185 million; and for 2022–23, \$306 million. Has there been an increase in demand for these services with the opening of borders? How does the minister account for that massive increase?

Mr D.T. PUNCH: Member, it is a forecast number based on averages over the previous five years. Given the impact of COVID and how it has created lumpiness in terms of these forecasts, it is really difficult to account for that. These are forecast estimates, and as the commissioner and I have said, there is a pipeline of historical business migration work that is flowing through. We have got this gap in terms of the COVID period, and post-COVID we are just starting to gear up, and I would imagine that people will be turning their minds to the opportunities. Minister Cook's work is certainly going to push that envelop in terms of awareness of WA overseas and what we have on offer. It is an estimate, and I again acknowledge that it is a five-year estimate, but we have that lumpiness that makes predictability a little uncertain, as a consequence of COVID.

Mr V.A. CATANIA: I refer to page 269 and paragraph 5 under, "Significant Issues Impacting the Agency". I just want a bit of an explanation. It states —

Through its Business Local outreach program, the Corporation provides important on-the-ground business advisory services to small businesses in the regions.

I just want to know where this is in the budget. Does SBDC have an advertising campaign, particularly in regional WA, including a strong TV presence? Has there ever been an increase in awareness of the services, both in the services and demand from regional businesses? Is there any ability to have regional queries and so forth in terms of regional offices? Does the minister have a budget for creating awareness of what SBDC does? I suppose I became fully aware of SBDC through Kalbarri, through the cyclone and the work that SBDC has done there. Is there a budget for that, minister?

Mr D.T. PUNCH: Yes. I am very pleased that the member has raised that. I think the advertising campaign that is out there at the moment is excellent, and I think there has been a need to raise awareness, particularly in regional WA, but generally, about the supports that are available to small business. Those supports are delivered both directly through the SBDC and through its network of contracted service providers. I will ask the commissioner to talk about any outcomes associated with that campaign. It is interesting; I was at a forum of businesswomen this morning. There is the challenge of supporting networks that enable businesses to grow and develop ideas and strategies, and be much more resilient and nimble in the face of uncertainty. The more we can get those networks functioning, whether through chambers or business organisations, and create awareness of the SBDC and the other support services that exist around small business, then the more I think we will have businesses that are capable of managing change, adapting, being nimble, and really having the potential to grow into the future. I will refer to the commissioner in relation to the particular outcomes associated with that campaign to date.

Mr D. Eaton: Thanks, member, for the question. There is a budget allocated for raising awareness of all our services. We have turned our minds to awareness within the regions. We clearly created increased awareness during the COVID period as a source of information relating to COVID, health advice, and all those sorts of things, but we were somewhat surprised at the number of people we were coming into contact with through grants and those things who were not aware of the broader range of services. We are very conscious at the moment of raising awareness, particularly in the regions, as we come into the recovery phase. We are in the early days of a campaign that is targeting the regional areas, in particular through different messages that we believe, through research, will resonate with those different regional businesses. That is a particular focus and we have some funding going into that.

Extract from *Hansard*

[ASSEMBLY ESTIMATES COMMITTEE B — Thursday, 26 May 2022]

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Chair; Mr Vincent Catania; Mr Donald Punch; Mr Peter Tinley; Mr Chris Tallentire; Mr Peter Rundle

Mr V.A. CATANIA: We are inundated with the minister's portfolios, including small business, and we find that the SBDC is very valuable in navigating through some of those issues and the supply. If the minister can provide a budget for a TV campaign to really showcase what the SBDC can actually offer and support small businesses, I think it would be a worthwhile campaign, if I can just say that.

Mr D.T. PUNCH: Yes. We do have a campaign running at the moment, and it is something that, as the commissioner said, is going to be a basis for how we can continuously improve on that basis. Like the member, I have a regional electorate, and I encourage all regional members to encourage their local businesses and chambers to make contact with the SBDC and build up a relationship. Certainly, the SBDC, I know, is out there now talking to chambers, and I have had a number of discussions with regional chambers about how we can build knowledge and awareness of the SBDC.

The appropriation was recommended.

[2.40 pm]