

Division 41: Small Business Development Corporation, \$12 361 000 —

Mr M.W. Sutherland, Chairman.

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

Ms J.P. Finlayson, Acting Managing Director.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

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. This is the prime focus of the committee. Although there is scope for members to examine many matters, questions need to be clearly related to a page number, item, program, or amount within the volumes. For example, members are free to pursue performance indicators that are included in the *Budget Statements* while there remains a clear link between the questions and the estimates.

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 parliamentary secretary 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 parliamentary secretary to clearly indicate what supplementary information she agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the parliamentary secretary's cooperation in ensuring that it is delivered to the committee clerk by Friday, 10 June 2011, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers, and accordingly I ask the parliamentary secretary to cooperate with those requirements. I caution members that if a parliamentary secretary 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. Only supplementary information that the parliamentary secretary agrees to provide will be sought by Friday, 10 June 2011.

It will greatly assist Hansard if, when referring to the program statements volumes or the consolidated account estimates, members give the page number, items, program and amount in preface to their question.

[Witness introduced.]

The CHAIRMAN: The member for Girrawheen has a question.

Ms M.M. QUIRK: I refer to the business migration program mentioned on page 470 of the *Budget Statements* under "Major Spending Changes" and also on page 472. How many business migration visits have there been this year?

Mrs L.M. HARVEY: So far this year under the business migration program, we have had two visits to China and one to Singapore and Malaysia.

Ms M.M. QUIRK: Have those three visits been made in this financial year or this calendar year?

Mrs L.M. HARVEY: Those visits were made during this financial year until 31 May.

Ms M.M. QUIRK: How does that compare with previous years?

Mrs L.M. HARVEY: I defer to my adviser.

Ms M.M. QUIRK: The parliamentary secretary might need to provide that as supplementary information, if that is easier.

The CHAIRMAN: Does the parliamentary secretary want to provide the answer as supplementary information?

Mrs L.M. HARVEY: Yes, I will provide the number of visits under the business migration program for the past four years.

[*Supplementary Information No A45.*]

Ms M.M. QUIRK: I notice at the bottom of page 470 that no provision is made for the business migration program after 2012; why is that?

Mrs L.M. HARVEY: This year we have extended the business migration program for an additional year with \$500 000 of funding in 2011–12. We are looking at how to best fit that program into the future along with a range of other programs offered by the Small Business Development Corporation.

Chairman; Ms Margaret Quirk; Mrs Liza Harvey; Mr Bill Johnston; Mr Peter Tinley; Dr Mike Nahan

Ms M.M. QUIRK: Given that in 2010–11 that program attracted over \$250 million in new capital, as stated on page 472, why is this program in doubt in future years?

Mrs L.M. HARVEY: The program is not in doubt in future years —

Ms M.M. QUIRK: It is not funded.

Mrs L.M. HARVEY: The SBDC is addressing a range of issues.

Ms M.M. QUIRK: Such as?

Mrs L.M. HARVEY: The community is experiencing very trying economic times. The SBDC will continue with a range of programs. In that context we are addressing a number of our programs and working out how to best spend our money into the future to adapt to those economic conditions.

Mr W.J. JOHNSTON: On this issue, the paragraph at the top of page 472 of the *Budget Statements* says that the business migration program is estimated to generate \$250 million from capital sponsors and registered business migrants and 280 jobs. Next year that is to fall to “\$200 in new capital” and 200 jobs. How are those figures estimated?

Mrs L.M. HARVEY: The \$250 million worth of capital has been quantified through processes within the SBDC and the jobs have been counted. The number of estimated jobs created to date this year is 226. We do not put the figures in for capital being attracted until we have a definite amount for the end of the financial year.

Mr W.J. JOHNSTON: I asked how those figures are estimated. What is the methodology? How does the SBDC go about estimating those figures?

Ms J.P. Finlayson: The business migration program operates in two stages. The first stage is the application for sponsorship when the applicant makes a prediction of their capital transfer and the likely jobs that they predict will be created. The second stage is approximately two years later once the migrant has been through the Department of Immigration and Citizenship’s visa process. The SBDC goes back and confirms on arrival what capital has been transferred and the number of jobs created by those businesses.

Mr W.J. JOHNSTON: Is this \$250 million the estimate part of that or the verified amount to use after migrants have arrived here?

[3.40 pm]

Ms J.P. Finlayson: That is the estimate.

Mr P.C. TINLEY: I refer to the major spending changes listed at the bottom of page 470 of the *Budget Statements*, and specifically the line item “Small Business Commissioner”. There is a one-off allocation of \$300 000. What is it being spent on?

Mrs L.M. HARVEY: The member is probably aware that the Small Business Commissioner legislation is not through the other place yet. In defining the commissioner’s roles and in putting together the resources for that department, we have estimated there may be around \$300 000 worth of start-up costs. We do not know as yet what the demand for that service will be. We will be reassessing that once the legislation gets through the other place and we have drafted the necessary regulations, if they are required. Once we start to see what the demand for our service will be —

Mr P.C. TINLEY: How was the figure of \$300 000 arrived at? What was the method for working that out? Was it capital costs or operational costs?

Mrs L.M. HARVEY: The \$300 000 is just an allocation that we have from the Small Business Development Corporation.

Mr P.C. TINLEY: Why not \$200 000 or \$400 000?

Mrs L.M. HARVEY: It is \$300 000.

Mr P.C. TINLEY: Somebody came up with \$300 000—the parliamentary secretary does not know?

Mrs L.M. HARVEY: As I said before, we do not know what the demand for the service will be. We have identified \$300 000 in savings through the SBDC. We have put that into that account to start up the Small Business Commissioner program. Advertising and a range of other things will need to be done. The legislation is not through the other place yet —

Mr P.C. TINLEY: I accept the parliamentary secretary does not know how that number was arrived at. It is in the budget for one year. I see no forward estimates for it, so it probably speaks for the fact that the parliamentary

Chairman; Ms Margaret Quirk; Mrs Liza Harvey; Mr Bill Johnston; Mr Peter Tinley; Dr Mike Nahan

secretary does not know and therefore she cannot estimate what it will cost in the future. The figure was found from within “program”. What services have been cut in order to find that \$300 000?

Mrs L.M. HARVEY: No services have been cut to find that \$300 000. That \$300 000 is the saving made by moving our services to 140 William Street. It is a saving on rental.

Mr P.C. TINLEY: A rental saving, is it?

Mrs L.M. HARVEY: Yes.

Ms M.M. QUIRK: When did the SBDC move to 140 William Street?

Mrs L.M. HARVEY: I am sure the acting managing director would be delighted to tell us when she moved into the new premises; it has been a wonderful process.

Ms J.P. Finlayson: We took occupancy on 2 May 2011.

Ms M.M. QUIRK: I understand it is not on the ground floor; it does not necessarily have public access or a profile that is the same as the previous premises had.

Mrs L.M. HARVEY: It has public access. There is a front counter. One of the savings we have identified through the SBDC —

Ms M.M. QUIRK: Is it on the ground floor?

Mrs L.M. HARVEY: We have managed to make some savings in administrative costs because we now have one point of entry for all our customer contacts, instead of having three different administration desks at different points.

Ms M.M. QUIRK: Does it have street frontage?

Mrs L.M. HARVEY: No, it does not have street frontage.

Ms M.M. QUIRK: By way of supplementary information, can the parliamentary secretary provide the walk-in figures to SBDC for May last year and the same amount of traffic this year? I want to compare the two years—whether the change in location and access has made a difference.

The CHAIRMAN: Can the parliamentary secretary provide that by way of supplementary information?

Mrs L.M. HARVEY: It would be difficult to quantify that month by month. I suggest for the month of May, when the SBDC was moving, those figures would be skewed. I am prepared to provide by way of supplementary information the walk-in figures from 1 July through to 31 May last year as compared with the figures from 1 July to 31 May this year.

Ms M.M. QUIRK: Fine; whatever.

[*Supplementary Information No A46.*]

Ms M.M. QUIRK: Going back to the parliamentary secretary’s answer about the \$300 000 cost for the Small Business Commissioner, bearing in mind that there is also a \$300 000 reduction in overall appropriations, is all that money effectively secured by rental savings or are programs being finalised or wound up?

Mrs L.M. HARVEY: The member will probably be aware that in the general course, and over the history, of the SBDC, there are always programs funded for a time and then closed down and replaced by other programs. That particular \$300 000 is an amount the SBDC identified by way of savings in the leasing costs, and also savings in shrinking its administrative full-time equivalents by concentrating its focus into one customer service point as opposed to three different points in the previous building.

Ms M.M. QUIRK: In the reduction appropriation, have any programs been wound up? I see, for example, that BiZFiT is being wound up. Can the parliamentary secretary explain why that is occurring?

Mrs L.M. HARVEY: The BiZFiT program was established as a two-year program by the Liberal–National government. It was \$1 million worth of funding for a program to run over two years. That was intended to be a \$1 million program. It is not a core service of the SBDC being wound up. We create programs to target a specific need in the small business community. We wind them up and start up another program that is tailored to the needs of the small business community at that time.

Ms M.M. QUIRK: The parliamentary secretary is saying that there are no services that will no longer be delivered or have been discontinued?

Mrs L.M. HARVEY: There are programs that are finishing and there are programs that will start up. That process with the SBDC will stay the same as per —

Ms M.M. QUIRK: With fewer resources.

Mrs L.M. HARVEY: On the matter of resources that are available to the small business community, we will not cut the core service of the SBDC.

Ms M.M. QUIRK: On page 471 there is a dot point relating to private sector mediators being subsidised by the state government. Where is that money provided in the budget and what is the quantum of the subsidy?

Mrs L.M. HARVEY: As I said, we still need to wait for this legislation to get through the other place. We anticipate that the cost of the mediation service per mediation will be somewhere in the region of \$950. Under the Victorian model, the subsidisation of that is around \$500 per mediation, with each party to the mediation paying a fee of about \$195 per mediation. As I said, we need to advertise and we need to recruit a Small Business Commissioner. We need to go through what the different roles of the Small Business Commissioner will be in the context of where he or she will sit in the SBDC. There is a range of work to be done before we start talking about how much each of the mediators will cost and what the level of subsidisation will be. I put to the member that part of that determination will also be dependent on demand for services.

Ms M.M. QUIRK: Is it contemplated that if the scheme is up and running this year, any costs associated with that subsidy will be absorbed out of the existing budget?

Mrs L.M. HARVEY: Dependent on the status of the legislation and our success in recruiting a commissioner, we will review the budget allocation for the Small Business Commissioner role at the midyear review or for next year's budget. Dependent on the progress of this legislation and our success in recruiting a commissioner with suitable qualifications, we believe that the \$300 000 we have allocated for start-up expenses will be sufficient.

Ms M.M. QUIRK: Does that include the subsidy for the mediator?

Mrs L.M. HARVEY: No. I do not think the member was listening to what I said. I said that we have not got the legislation through —

Ms M.M. QUIRK: I am aware of that; the parliamentary secretary said it eight times!

[3.50 pm]

Mrs L.M. HARVEY: We do not have a budget —

Ms M.M. QUIRK: The parliamentary secretary has mentioned a figure of \$300 000. That is for the set-up of the Small Business Commissioner. Is the parliamentary secretary saying that in the event that the legislation goes through, the Small Business Commissioner is appointed, and mediations are occurring, maybe in the latter part of this financial year, the funding for that will come out of the existing budget?

Mrs L.M. HARVEY: There is a range of functions currently being performed by the SBDC—commercial tenancy advocacy services, advisory services, and a range of other functions—that will fall under the province of the Small Business Commissioner legislation. Bear in mind also that we are looking at half a financial year's worth of Small Business Commissioner funding in this budget. It is now May. We do not know when the commissioner will be up and running; it will depend on how the legislation progresses through the other place. So, we will reassess this in the midyear review, and, if we need to put more funding into it, we will put more funding into it.

Ms M.M. QUIRK: What I am asking is: where is the provision for the existing funding? I am not saying if the demand is greater —

Mrs L.M. HARVEY: There is \$300 000.

Ms M.M. QUIRK: That is only for next year. There is no ongoing provision for it. How is it going to be managed in subsequent years?

Mrs L.M. HARVEY: I think I have said this before, but once the commissioner is established, we will be looking at a further budget allocation, either at the midyear review or in next year's budget. That will be dependent on when the legislation goes through the other place, and when we have recruited our commissioner, the functions of the commissioner and when the mediation service is up and running, and when we have assessed the demand for the service.

Mr W.J. JOHNSTON: I seek some clarification on this issue. Is the parliamentary secretary saying that the forward estimate for 2012–13 does not take account of the potential demand for resources by the Small Business Commissioner?

Mrs L.M. HARVEY: I am saying that \$300 000 has been allocated in this budget for the start-up costs for the Small Business Commissioner. There is a range of functions currently being performed by the SBDC—commercial tenancy advocacy services, advisory services, and a range of other services—that form part of the

budget allocation of \$12.055 million for the SBDC. We are not saying that this is going to cost \$300 000 and that is it ad infinitum. We have allocated \$300 000 to ensure that we are covered for the start-up costs for our commissioner. That will assist us in establishing what the qualifications and roles of our commissioner should be, and it will assist us in our recruitment process. We have \$300 000 for that. So, we will not be caught short.

Mr W.J. JOHNSTON: I still do not understand that. The parliamentary secretary has said on a number of occasions that there will need to be a review of this budget allocation, either at the midyear review or in next year's budget. I want to understand why the parliamentary secretary has said that. Is the parliamentary secretary saying that the funding for the Small Business Commissioner will not fit into this budget allocation?

Mrs L.M. HARVEY: No. I am saying that we do not have our Small Business Commissioner legislation through Parliament as yet. We have not recruited our Small Business Commissioner as yet. We have not assessed what the demand for the service will be as yet, because the commissioner is not up and running. We have not advertised the service in the community. In the context of all that, we cannot come up with a budget allocation into the forward years based on legislation that has not passed through Parliament. We have allocated \$300 000.

Mr W.J. JOHNSTON: Therefore, the parliamentary secretary has gone back to where she was before—that is, once the legislation has gone through, then, either at the midyear review or in next year's budget, she will be asking for more money for the Small Business Commissioner?

Mrs L.M. HARVEY: That is a possibility, if the demand is established for the service.

Dr M.D. NAHAN: I refer to page 475 of the *Budget Statements* and the heading “Details of Controlled Grants and Subsidies”. The funding for small business centres, operational grants, has increased substantially—by about 20 per cent—between 2010–11 and 2011–12. Can the parliamentary secretary indicate what that increased funding is for?

Mrs L.M. HARVEY: That represents a \$500 000 increase in funding to our small business centres. It is an 18 per cent increase. This is the first increase that the small business centres have had since 2005. It is a significant increase. The small business centres have needed a boost to assist with the running of their centres and the provision of services to small businesses. That extra funding of \$500 000 is the reason for the difference in the allocation from 2010–11 to 2011–12.

Dr M.D. NAHAN: Where are the small business centres located? Does the parliamentary secretary have that information?

Mrs L.M. HARVEY: The small business centres are located across the state, and they meet a range of differing needs. Their funding allocation varies from \$90 000 a year to about \$165 000 a year. Some of them are in the Pilbara and some are in the Wheatbelt, and there are also some metropolitan centres. I will ask Ms Finlayson to provide further information on that.

Ms J.P. Finlayson: There are 25 centres in the state. Nineteen of those are regional, and six are metropolitan. They range from the Kimberley to the Goldfields–Esperance and the Wheatbelt.

Dr M.D. NAHAN: So, if someone came to me and wanted to know where they could go to get information about how to start up a small business, as the local member, I should advise that person to go to one of those centres?

Mrs L.M. HARVEY: What is interesting about the small business centre network is that different centres perform different functions. A program that is being delivered in one centre may not necessarily be delivered in another centre. An example of that is the dry seasons assistance program, \$500 000, which the SBDC is delivering through the Wheatbelt small business centre. That service delivery is obviously not required in the other centres. There is quite a wide variation in what each centre offers and what each centre does. Some of the centres also have partnerships with the federal government to deliver federal programs. If a person wanted to get information about how to start up a small business, most of the centres would be able to adequately equip that person with what they would need to know.

Mr P.C. TINLEY: I refer to page 474 of the *Budget Statements*, the second paragraph, which is headed “Income”. The second sentence of that paragraph states in part that this income relates primarily to funding from Tourism Western Australia in 2010–11 for the corporation to deliver business development support and a capacity building program for Aboriginal tourism operators. Is that capacity building program for Indigenous tourism operators continuing?

Mrs L.M. HARVEY: That program is continuing for another year.

Mr P.C. TINLEY: Why another year?

Mrs L.M. HARVEY: As I have said in the context of the programs that are offered by the SBDC, a lot of these programs are put in place for a fixed period of time, and, depending on the success or otherwise of these programs, they may be extended, or they may be wound up and a new program established that perhaps better fits with the needs of the community.

Mr P.C. TINLEY: For how long has this program been running?

Mrs L.M. HARVEY: It has been running for two years.

Mr P.C. TINLEY: It is longer than that, I think.

Mrs L.M. HARVEY: It is a Tourism WA program. Funding has been coming through the SBDC from Tourism WA to assist with the running of that program.

Mr P.C. TINLEY: Surely the government has formed an opinion by now on the success or usefulness or take-up of that program. Why give that program only one more year's life? Why not extend it further and make an appropriate allocation for it? Surely it has been a success?

Mrs L.M. HARVEY: That is not a program that is directly funded by the SBDC. That is a program that is run by the SBDC, jointly with Tourism WA. Therefore, this is one of those programs on which we would need to have the concurrence of both ministers and a reassessment of the program as it goes through, depending on the success of it.

Mr P.C. TINLEY: Surely the parliamentary secretary should be able to make a statement in this place about how well that program is going, regardless of whatever other agencies are involved. The SBDC must have an opinion about the success of that program.

[4.00 pm]

Mrs L.M. HARVEY: I defer to the acting managing director.

Ms J.P. Finlayson: Tourism Western Australia is currently completing a tourism Indigenous business strategy. A number of new initiatives and strategies, which involve a number of agencies, are contained within that overall framework. The capacity building program that we currently operate fits into that framework and will be considered in terms of an overall budget approach with the other strategies contained in that document.

The appropriation was recommended.