

Division 40: Small Business Development Corporation, \$11 625 000 —

Ms J.M. Freeman, Chairman.

Mr J.M. Francis, Minister for Small Business.

Mr D. Eaton, Small Business Commissioner.

Mr R. Buttsworth, Director, Corporate Services.

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

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 committee clerk by Friday, 30 August 2013. 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.

[Witnesses introduced.]

The CHAIRMAN: The member for Maylands.

Ms L.L. BAKER: I refer to an item on page 496, listed under the heading "Spending Changes", which reads "Royalties for Regions—Buy Local Initiative and Regional Small Business Centres Component". This is probably quite an easy question. I just did not know the answer to it and nobody else did. The money for the network of small business centres is under the royalties for regions line item. Can the minister let me know whether this is a recent change? Is this the first year that this has been funded out of royalties for regions or has it been previously funded in this way?

[5.50 pm]

Mr J.M. FRANCIS: Good question. No; this is the first year. There are 25 small business centres across Western Australia. Six are located in the metropolitan area and 19 are in regional Western Australia. As the member knows, the royalties for regions program was established to divert royalties from the mining and resources sector and from certain industries in regional Western Australia back into the regions. If there are 19 small business centres located in regional Western Australia, it is entirely appropriate that very big businesses operating in regional Western Australia, which are supported by small businesses in regional Western Australia, contribute through the royalties for regions scheme to the operation of small business centres. This is the first year.

Mr J. NORBERGER: I refer to "Significant Issues Impacting the Agency" on page 497 of volume 2 of budget paper No 2. I note that during the year, the Small Business Commissioner's alternative dispute resolution service provided guidance to approximately 3 000 disputing parties. Can the minister elaborate on this and also outline some of the other key indicators that the Small Business Commissioner achieved during the year?

Mr J.M. FRANCIS: Certainly. I think the initiative of alternative dispute resolution was one of the best things we have done in the area of small business. What it achieves is outstanding as far as business-to-business dispute negotiations and resolution are concerned. It takes a lot of entanglement out of the legal system and reduces a lot of the cost for small businesses. It allows the Small Business Commissioner, Mr Eaton, to directly involve himself in dispute resolution so that all parties concerned—most of the time it is two parties—can get on with their jobs. They can resolve their dispute and go back to concentrating on their core business. I understand that last year there were 2 438 dispute-related inquiries to the Small Business Development Corporation, with a total of 428 cases referred to alternative dispute resolution for intensive case management. Case management involves a dedicated casemanager for each particular case. There was about an 88 per cent success rate in resolving disputes. I will ask the commissioner to provide some further information.

Mr D. Eaton: That is correct. The other key statistic is that about one-third of those cases are related to retail tenancy disputes. In the Victorian experience initially, that was around 90 per cent. When we started, about

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50 per cent related to commercial tenancy matters. That has now dropped to around 30 to 35 per cent, but everything else the minister said is correct; it has been very successful and demand has exceeded expectations.

The CHAIRMAN: Members have two minutes for each question and answer if they want to make it in time.

Ms M.M. QUIRK: I refer the minister to the first bullet point on page 498 dealing with the Commercial Tenancy (Retail Shops) Agreements Act. At what stage is the lease register proposal?

Mr J.M. FRANCIS: The very, very quick answer is it is still being evaluated. As I am advised, it may not necessarily be the best thing. If the initiative is to put downward pressure on retail rental rates, disclosing that kind of information about what essentially competitive businesses in certain circumstances may be paying in rent may also put upward pressure on rates. I understand the Department of Commerce is reviewing this, but it may actually turn out that going down that path will put upward pressure, rather than downward pressure, on rental tenancy prices. It is being reviewed.

Mr G.M. CASTRILLI: The member for Maylands talked about royalties for regions. I refer to “Royalties for Regions Fund” line item on page 500. I assume it is about helping small business in Western Australia secure local work. What is the government doing to assist small businesses tendering for government work?

Mr J.M. FRANCIS: We are doing a lot. In 2012–13, \$500 000 was provided from the royalties for regions program for the pilot Buy Local program delivered in the nine SuperTowns—Manjimup, Margaret River, Katanning, Boddington, Collie, Jurien Bay, Morawa, Esperance and Northam. It is being increased to \$1 million in this budget. That includes \$321 000 for regional small business centres as part of annual operation funding. It increases to \$3 million in each of the three out years. It is about a \$10 million program in total. This will go a long way to assist small business in regional areas successfully tendering for government work.

Ms L.L. BAKER: I refer the minister to the second dot point on page 498 commencing —

During 2013–14, a review will be undertaken into the delivery of business advisory services through the Small Business Centre Program to ensure the program’s ongoing ...

Could the minister please tell me when the review of the small business program will start and who will do it?

Mr J.M. FRANCIS: It started two weeks ago. It is being done by an independent consultant.

Ms L.L. BAKER: Can I ask who?

Mr J.M. FRANCIS: Quantum Consulting Australia.

Mr S.K. L'ESTRANGE: I refer the minister to the sixth line on page 501 of volume 2 of budget paper No 2. In reference to the item “Small Business Centres—Operational Grants”, can the minister please advise the success of this program and the nature of government investment?

Mr J.M. FRANCIS: Certainly. As I said before, there are 25 small business centres across Western Australia. Six are located in the metropolitan area and 19 in regional Western Australia. They are funded through core grants provided through the Small Business Development Corporation. They secure funding from other sources; much of it is corporate business sponsorship from the towns and communities they service. They do a lot of good work. They do a lot of work in the area of providing information on start-ups and the entire life cycle of the business from when it starts, as it grows, and as it manages its continual market expansion and service delivery right through to unfortunate circumstances when they have to wind up as well. Funding for the program in 2012–13 was \$3.68 million. The government has increased funding to the small business centre program, as reflected in this year’s budget, to \$15.443 million over the four years to 2016–17, in line with our election commitment to ensure that it continues to provide advice and support to small businesses both in the metropolitan area and across regional Western Australia. It is a very, very important program. It is something that the government is committed to maintain. It provides an outstanding service to people who may just have an idea and want to know how to turn it into a profitable small business. It is also for people who may want advice on how to grow their current business, whether a subcontractor or a sole operator, through to small to medium-sized enterprises. It is a brilliant program. They do an awesome job providing information to people who want to go out and have a good old crack at running their own small business. I commend all 25 of them.

Ms M.M. QUIRK: I have a further question about commercial tenancies. Does the minister see his role as Minister for Small Business as being appropriate to advocate for extended trading hours?

Mr J.M. FRANCIS: My job as the Minister for Small Business is to help small business become big business. Although some small businesses may have a different view, there are many small businesses that agree with my particular views on it. I do not think we should put limitations on any business as to how it can reach its potential. I think we should encourage small businesses to become big businesses and be given every opportunity to do so.

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The appropriation was recommended.

Meeting suspended from 5.59 to 7.00 pm