

**Division 17: Small Business Development Corporation —**

Mr P. Lilburne, Chair.

Mr D.T. Punch, Minister for Regional Development representing the Minister for Small Business.

Mr D. Eaton, Chief Executive Officer.

Mr A. Panzich, Director, Corporate Services.

Mr J. Healy, Executive Director, Strategy, Corporate and Statewide Services.

Mr T. Palmer, Chief of Staff, Minister for Regional Development.

Mr A. Buck, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard and the daily proof will be available online as soon as possible within two business days. The chair 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 those details. Some divisions are the responsibility of more than one minister. Ministers shall be examined only 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 noon on Friday, 31 May 2024. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

I give the call to the member for Roe.

**Mr P.J. RUNDLE:** I refer to page 262 of budget paper No 2, volume 1, and the significant issues impacting the agency. Paragraph 2 states —

The primary role of the Corporation is to facilitate and assist small businesses in Western Australia ...

I refer to the impact that losing power for several days in January this year had on hundreds of small and medium businesses in the Perth hills, wheatbelt and goldfields, and the calls from many, including the Kalgoorlie–Boulder Chamber of Commerce and Industry and business owners, for fairer compensation. What investigation and advocacy did the Small Business Development Corporation undertake on this significant impact on small businesses across the state?

**Mr D.T. PUNCH:** The SBDC received minimal calls for assistance from small business during that period. The issue was sufficiently high profile that those matters were dealt with by the Minister for Energy as part of his energy portfolio responsibilities.

**Mr P.J. RUNDLE:** It is my understanding that the corporation's role is to advocate with regard to activities that have an unfair impact on small businesses across the state. Is the minister confirming that the Small Business Development Corporation had absolutely no role in what happened in not only Kalgoorlie, but also the Perth hills and the wheatbelt and just washed its hands of it altogether? Is that what the minister is saying?

**Mr D.T. PUNCH:** No, that is not what I am saying, member.

**Mr P.J. RUNDLE:** Did the Small Business Development Corporation have any interest in those businesses throughout the goldfields, hills and wheatbelt?

**Mr D.T. PUNCH:** The SBDC advocates for small business on a wide range on issues. Small businesses did not raise these particular matters with the SBDC; rather, they raised them directly with Western Power and the Minister for Energy.

**Mr P.J. RUNDLE:** My information is that the Kalgoorlie–Boulder Chamber of Commerce and Industry raised this issue.

**Mr D.T. PUNCH:** Individual peak bodies like the CCI in Kalgoorlie contacted the SBDC. It would have raised the matter through the Minister for Small Business, who would have liaised with the Minister for Energy.

**Mr P.J. RUNDLE:** Can the minister repeat that?

**Mr D.T. PUNCH:** I understand that the Kalgoorlie CCI, as a peak body for local business in that area, contacted the SBDC, and it would have raised the matter with the minister, who would have raised it with the Minister for Energy.

**Mr P.J. RUNDLE:** Is the minister confirming that there was absolutely contact between SBDC and the Kalgoorlie, Perth hills and wheatbelt communities about the events that took place?

**Mr D.T. PUNCH:** No, member, that is not what I said. I said that there was minimal contact from small business on those matters. I have confirmed that there was contact with CCI Kalgoorlie, which the member for Roe mentioned in particular. As I understand it, the matter was referred to the minister, who raised it with the Minister for Energy, who was dealing with those matters. In response to that, the advocacy role of the SBDC was fulfilled. Advocacy can occur within government at a minister-to-minister level; not everything needs to be on the front page of *The West Australian*, member.

**Mr P.J. RUNDLE:** I fully understand that. My take is that in these situations, a combination of various agencies is needed to liaise minister to minister and department to department. I am trying to get a sense of whether the SBDC undertook any advocacy in relation to this.

**Mr D.T. PUNCH:** The member can draw whatever conclusions he likes or take away whatever view he has. That is not the role of this division. The member asked me about advocacy; the SBDC fulfilled its advocacy role. Those matters were dealt with by the Minister for Energy.

**Mr P.J. RUNDLE:** Once again, I refer to page 262 and the second significant issue, which reads —

The Corporation also offers dispute resolution services, delivers skills development workshops and investigates and advocates in regard to activities that have an unfair impact on small businesses across the State.

How many business workshops and the like has the corporation held over the last 12 months to assist businesses around the state as they deal with activities that have had an unfair impact on them?

[2.10 pm]

**Mr D.T. PUNCH:** Can I clarify the question? Is the member asking how many activities or workshops have been held?

**Mr P.J. RUNDLE:** Yes. How many workshops or activities have been held?

**Mr D.T. PUNCH:** What would the member define as a workshop? Is it more than one person?

**Mr P.J. RUNDLE:** Yes, one or more clients or customers, if you like.

**Mr D.T. PUNCH:** So, essentially, the number of contacts?

**Mr P.J. RUNDLE:** Yes.

**Mr D.T. PUNCH:** I am advised that there have been over 60 000 engagements. These are set out in the annual report. I suggest that the member look at last year's annual report and await this year's annual report to get full-year comparative figures. It is generally over 60 000 engagements a year.

**Mr P.J. RUNDLE:** How many small businesses have become insolvent in the past 12 months?

**Mr D.T. PUNCH:** It is useful to think in terms of pre-COVID and currently. Pre-COVID, it was sitting at around 843; currently, for the 2023–24 year to date, it is 578. That is a far lower figure than that of some of our colleague states. The figure has relatively flatlined for the last three financial years.

**Mr P.J. RUNDLE:** Can the minister provide me with the figures for the last three financial years?

**Mr D.T. PUNCH:** It is 578 for this year to date; 556 in 2023–24; and 372 in 2021–22. The figure for 2021–22 would have been distorted by the impact of COVID. They are very unusual figures, but we had a general trend over the last two financial years.

**Mr P.J. RUNDLE:** That is what I was going to ask. What did the minister put that down to? The figure for 2021–22 is quite different.

**Mr D.T. PUNCH:** There are probably a couple of figures in there. One is the subsidies that were made available to small businesses by the state and federal governments and also the ATO's suspension of the pursuit of debt. Both of those would have had a dampening effect in terms of insolvency.

**Dr D.J. HONEY:** In terms of the inquiries that the minister receives relating to the Small Business Development Corporation, what are the predominant or top three concerns that small businesses inquire about?

**Mr D.T. PUNCH:** I will ask Mr Eaton to respond to that.

**Mr D. Eaton:** I suppose I would like to separate that question into two areas. The SBDC provides a broad range of services. The largest volume of inquiries are around advice and information to do with pre-startup and early stage small businesses, which result in them being channelled to information that we provide through our digital channels, almost like a self-help mechanism; business advisers who will advise them on anything from business planning to financial issues; and then those more dispute-related inquiries that result in me intervening and looking into those sorts of matters.

Across the years that I have been in the role, issues relating to financial literacy and finance are consistently in the top three, as are things relating to commercial tenancy, because that is one of the cornerstones of the services we provide, and then, more recently, there are matters to do with contract government law, government regulation and digital literacy as the digital channel evolves. There is no doubt that as we came out of the end of COVID and so forth, advice and information on finance-related matters were high, but that is a broad category of inquiries that can relate to business planning and better use of resources through to restructuring loans. As the minister mentioned, inquiries to do with the ATO's pursuit of debt with small businesses were somewhat suspended and dampened and then, as we came out of COVID, it pursued tax debt more rigorously.

**Dr D.J. HONEY:** In relation to the pre-startup inquiries and the early help, I heard from people on two sides of the fence on this issue. The call I have heard from some small businesses is that they feel they struggle to understand the scope of what they have to do. Someone starting a small business typically has a skill, so they are good at that bit, but there are other bits. Equally, I have a colleague who worked in the corporation's environment who said that small businesses are given lots of help around that and perhaps they do not listen. Is there a better way to put an arm around those small businesses at the start or does the minister think that good services are available and it is up to those businesses to better avail themselves of the services?

**Mr D.T. PUNCH:** I will ask Mr Eaton to respond to that.

**Mr D. Eaton:** The regulatory environment is certainly a complex area. We have three tiers of government. A foundational reason for the SBDC's establishment, which remains so today, is assisting them to first of all understand their regulatory responsibilities at all tiers of government. The SBDC still has a service that provides that information. Secondly, we assist them to understand their responsibilities and how to navigate our network of support services throughout the region. Thirdly, in my role as Small Business Commissioner, I have worked extensively in the last few years, with some additional funding from the government, to streamline regulation. We have had a lot of success working with regulators to simplify their engagement and simplify the information that is given to small businesses so that it is simpler for them to understand what they need to do to comply. My hope is that over the coming years, the greater use of digital technology will further simplify that and make it easier for small businesses to meet their obligations without it being a significant burden.

**Dr D.J. HONEY:** In relation to the early stage, I am not trying to oversimplify it, but is there a paint-by-numbers checklist for those starting a small business? Obviously, there is simple stuff about registering, getting numbers and so on, so effectively a small business person can go down a list. They will know that they will not go to jail at least because of noncompliance.

**Mr P.C. TINLEY:** A good tip.

**Mr D.T. PUNCH:** I am happy for Mr Eaton to respond.

**Mr D. Eaton:** That absolutely aligns with one of the SBDC's key principles. When we are looking at regulatory and legislative requirements, we quite often translate them into the very sorts of checklist resources that assist businesses to simplify what they need to know and what they need to do. More and more, we see through our website and digital channels that small businesses are very self-reliant. They get those checklists and go through that. We then contact our advisers to double-check their understanding. I absolutely agree with the member. We continue to focus on how we can simplify what is an inherently complex environment for them.

[2.20 pm]

**Dr D.J. HONEY:** Mr Eaton mentioned the impact of government legislation. One area I note that was a significant concern, particularly in farming communities and generally in small business, was the introduction of the industrial manslaughter laws and the dramatically increased liability for company directors and the like, and especially small businesses that may not typically think that they fall under that category, but they often structure themselves as a company for taxation and other purposes. I am interested in whether that concern has been raised with those businesses. More particularly, if there is noncompliance with safety generally, there is a higher risk in small businesses and particularly family businesses. I wonder what part that plays in the work or issues that the minister sees. Specifically, did the minister hear a lot of concerns about that, or was that something that business took on and dealt with?

**Mr D.T. PUNCH:** I think the member would agree with me that the most important thing is that workers come home safe. Nobody wants a family member, a friend, a husband or a wife to go out and come back injured or deceased. It is a seriously important issue. The legislation itself is seriously important legislation to make sure that we provide the best possible environment for that to happen. At the time, my impression was that there was certainly a lot of misinformation put out that confused the principles of the legislation. The Small Business Development Corporation did much to clarify those principles, and they were dealt with at that time. I am advised that it has not been a significant issue at this point in time. The most fundamental principle—I have not met a small business owner who wants an injury to occur in the workplace—is certainly that we do not want to lose people, but too

often we do. That is why these laws were put in place. The SBDC will assist all employers in the small business sector to understand their obligations in relation to that legislation.

**Dr D.J. HONEY:** I am in complete concurrence with the minister on the importance of those laws. There are two areas. One is that I had feedback from small businesses, particularly small farming businesses, around that, and the other is the extent of assistance provided to small businesses so that they understand their obligations. When I sit in the chamber in the other place and I look at laws, one aspect I always look at is things that make criminals of people who are trying to do the right thing or, through ignorance, do the wrong thing, if the minister knows what I mean. I inquire about the extent to which that information is promulgated to the small business community? Did the Small Business Development Corporation have a role in sharing that information so that businesses are absolutely aware of their obligations?

**Mr D.T. PUNCH:** With the introduction of any legislation, there is always a need to explain and build understanding of what the legislation is about. The SBDC has a role in assisting small businesses understand the regulatory and legislative environment. Yes, small businesses can seek advice from the SBDC, and the SBDC will provide that advice. As the CEO indicated, there have been over 60 000 engagements across a whole raft of issues associated with small business. This is an important area, and we all need to collectively do what we can to make sure that people return home safe at night.

**Dr D.J. HONEY:** The Western Australian Farmers Federation was a very strong supporter of that legislation and made a big effort to inform the farming community through the media and directly about those new laws and that they were serious. People would go to jail and lose their farms if there were serious incidents that breached those laws. It was a threat to their own liberty and to their business as well if they did that. I appreciate that the Small Business Development Corporation is there to help. I know many laws are passed, but I think this legislation has liberty-ending and business-ending potential if people fail to comply with those laws and there is a serious accident. I wonder whether there was specific effort to inform small business of the changes to law?

**Mr D.T. PUNCH:** Sorry, member. I understand the penalties clearly. Losing your life in the workplace is a pretty significant endpoint. We do not want to see that happen. As I have indicated, the SBDC assists with explaining any legislation, including this legislation. It also works within government and with agencies responsible for the legislation to provide advice on how to disseminate that information effectively.

**Mr P.J. RUNDLE:** On page 261 of budget paper No 2, volume 1, the top line item is “Administration of the Builders’ Support Facility”. Firstly, could the minister explain what the SBDC does to support that facility?

**Mr D.T. PUNCH:** The SBDC assists with the administration of the application process for the builders’ support facility. Loan payments and repayments are facilitated by the Department of Jobs, Tourism, Science and Innovation. It is a role in assisting with applications.

**Mr P.J. RUNDLE:** Is it just for builders and the like who apply to the corporation directly, or is there some sort of advertising program or interaction with the corporation and builders in general or some sort of mail-out to all registered builders and that type of thing?

**Mr D.T. PUNCH:** The process itself was widely informed through the media at the time it was announced. The SBDC has an information page on its website that details the application process. I understand it is an online application process.

**Mr P.J. RUNDLE:** Can the minister enlighten me as to who set the date for the loan applications to open on 18 March and close on 30 April 2024?

**Mr D.T. PUNCH:** That was a decision of government.

**The CHAIR:** Can the minister repeat his answer for the member?

**Mr D.T. PUNCH:** Yes, sorry. That would have been a decision of government. I was just a bit taken aback by the simplicity of the question.

[2.30 pm]

**Mr P.J. RUNDLE:** That was a decision of government. Does the minister think it is appropriate that it was such a finite window of just six weeks?

**Mr D.T. PUNCH:** Do I think it was appropriate?

**Mr P.J. RUNDLE:** Yes.

**Mr D.T. PUNCH:** I think that is a matter for the minister responsible for this program.

**Mr P.J. RUNDLE:** Would the minister be able to update us on the number of applications that were received and provide the total value?

**Mr D.T. PUNCH:** Yes. There were 46 applications received requesting a total of \$8.66 million to support the completion of 153 properties.

**Mr P.J. RUNDLE:** There were 153 properties. Were any other applications received after 30 April, and will they be considered?

**Mr D.T. PUNCH:** I am advised that there were not.

**Ms M.J. DAVIES:** The fifth paragraph on page 262 is about business advisory services. I think that is the Business Local program. I note that the delivery program is to be refreshed this year. Can the minister advise what the review was, what the refreshed model will look like and what changes have been made to the existing program?

**Mr D.T. PUNCH:** I ask Mr Eaton to provide an overview of the refresh.

**Mr D. Eaton:** As members understand, WA is a large state geographically, with various high and low-density populations with different economic drivers. We undertook a review, and the feedback was that the service was highly valued and continued to be valued but that there were opportunities in the way the service engages with small businesses because that has evolved with the greater use of digital technology, which continues to be complemented with face-to-face group workshops and one-on-one discussions. There is a greater connectivity with our specialist advisers in Perth on some of the subject matters that we would not expect a general business adviser to know. We are currently finalising the negotiations with the new providers, and part of that will include enhancements to the delivery model.

**Ms M.J. DAVIES:** Has the number of contracts been changed or have changes been contemplated to the footprint of the contracts?

**Mr D.T. PUNCH:** I will ask Mr Eaton to provide an answer.

**Mr D. Eaton:** The service delivery regions that we utilise are the nine that align with the regional development commissions, and that was done purposefully. Therefore, I would expect the final number of service providers to be similar to the number of regions.

**Ms M.J. DAVIES:** The Wheatbelt Development Commission is in my area and so is the Peel Development Commission, which is at the bottom of my electorate. I understand that one contract is with RSM Business Local, which covers the entirety of the region. Is that just one person?

**Mr D.T. PUNCH:** The answer is yes, apparently.

**Ms M.J. DAVIES:** I am interested in the refresh, particularly when I hear the words “digital delivery”, because in my part of the world, face-to-face meetings are important. Small communities have different business ecosystems. It is very easy to service areas like Northam, York and Toodyay, but it is harder to service communities like Mukinbudin, Nungarin and smaller places where small business is the driving force for employment in those communities. What confidence can the minister provide that the refreshed model will accommodate those communities and ensure that they will have the level of engagement that they deserve and that the refreshed model will not focus just on the bigger regional centres?

**Mr D.T. PUNCH:** Digital platforms are not the only way of connecting. There is a balance to be struck in how we build accessibility. There certainly is value in the sorts of activities that the CEO mentioned, such as group activities as well as individual support. I will ask the CEO to give the member the SBDC’s view about what the research informed the SBDC of and how that research has informed the refresh.

**Mr D. Eaton:** I certainly understand the point of the question. We keep tweaking the use of digital channels to strike a balance between digital delivery and face-to-face and person-to-person opportunities. The member’s point about accessibility is absolutely top of mind. From the research, we were informed that a shift came out of COVID, and that is that small businesses that did not want to use the digital channels at all are far more used to what I would call face-to-face meetings using the digital medium of Teams and Zoom. We have all those digital channels on the table for the delivery of services and we will continue to monitor all those regional customers to make sure that we are delivering it in the way they need it.

**Ms M.J. DAVIES:** Are KPIs built into that kind of service delivery? Is there a requirement for the providers to visit every community in the district and undertake proactive work that they engage in when individual businesses contact them?

**Mr D.T. PUNCH:** The open tender process is almost like a co-design process whereby the proponents came forward and identified how they would provide a service to a region or locality. That will translate into the contracts of the successful proponents and the key performance indicators for the contracts. It will be done on a region-by-region basis. There will be a comparative basis between performance and also individualised components will reflect the nature of the region. I am very happy for Mr Eaton to provide some additional information.

**Mr D. Eaton:** I think the minister covered it quite well. We deliberately asked the tenderers to tell us how they would service the regions so that we could get a diversity of tenders. It was quite a competitive process. We can build in our general KPIs and their KPIs for how they would service a particular region.

**Ms M.J. DAVIES:** Would it strike the minister as unusual if a proponent put in a proposal to cover an entire region, including visits, as opposed to one that was concentrated on those regional centres as part of the proposal, and the one that had the more restrictive footprint was successful?

[2.40 pm]

**Mr D.T. PUNCH:** The success of the tender will be based on the criteria associated with it, and that will include value for money. It will also include how the proponent intended to service that area, and there may be other criteria associated with the tender process. The balance of accessibility versus value for money and outcomes to be achieved would have been assessed in the tender process based on each individual proponent's proposals. Someone could, for example, put a proposal forward to visit every single community three times a year, and the costs for that may well be out of proportion to the likely benefits to be achieved. That has been a matter for the assessing panel of the tender to consider, and it is based on the criteria associated with what came out of the research prior to the tender proposals going out.

**Dr D.J. HONEY:** I turn to the top of page 261 and "Amount Authorised by Other Statutes—Salaries and Allowances Act 1975". The 2023–24 estimated actual jumps from \$284 000 to \$329 000 in the 2024–25 budget year. What is that caused by?

**Mr D.T. PUNCH:** This has come out of a review of the operating model for the Small Business Development Corporation. It reflects additional resources provided to the SBDC and this government's commitment to small business support.

**Dr D.J. HONEY:** I am sure the minister knows what this question is going to be: what additional resources are being provided?

**The CHAIR:** I beg your pardon, minister. Could you just please repeat that? The microphone was off at the time.

**Mr D.T. PUNCH:** There are additional resources in the areas of strategic policy, investigations and dispute services.

**Dr D.J. HONEY:** Is this an allocation of costs incurred by other government agencies or departments providing that service to the Small Business Development Corporation or is the Small Business Development Corporation accessing those services directly?

**Mr D.T. PUNCH:** No. It is not provided by other organisations. It is SBDC.

**The appropriation was recommended.**