

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

BUDGET STATEMENTS

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 29 JULY 2009**

SESSION TWO

Members

**Hon Giz Watson (Chair)
Hon Philip Gardiner (Deputy Chair)
Hon Liz Behjat
Hon Ken Travers
Hon Ljiljanna Ravlich**

Hearing commenced at 11.14 am**BUTTSWORTH, MR RAY****Director, Corporate Services, Small Business Development Corporation,
sworn and examined:**

The CHAIR: On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, Mr Buttsworth, I would like to welcome you to the hearing this morning. Before we begin, I am required to ask you to take an oath or an affirmation, whichever you prefer.

[Witness took the oath.]

The CHAIR: You will have signed a document entitled “Information for Witnesses”. Have you read and understood this document?

Mr Buttsworth: I have.

The CHAIR: These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, could you please quote the full title of any document you might refer to during the course of the hearing, and please be aware of the microphone and try to speak directly into it. I remind you that your transcript will become a matter for the public record. If for some reason you wish to give a confidential statement during today’s proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public or media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. I advise you that premature publication or disclosure of the uncorrected transcript may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

Members, I remind you to preface your questions by reference to a particular budget statement volume, page number, item and program, et cetera.

[11.15 am]

Hon PHILIP GARDINER: Madam Chair, I declare an interest, even though I think my interest has been declared to the Parliament; I will put it like this: I am a farmer and I have an interest in a small business in the city.

The CHAIR: Thank you.

Mr Buttsworth, I think earlier you had indicated that someone wanted to convey an apology for not being able to attend. Did you want to put that on the record?

Mr Buttsworth: Correct. The CEO, Stephen Moir, would like to convey his apologies on the basis that he is unable to attend because he is in a ministerial council briefing in Darwin.

The CHAIR: Thank you very much.

Hon LJILJANNA RAVLICH: Thanks very much, Madam Chair. Mr Buttsworth, I refer to page 531 in relation to major policy decisions, and there is a part there about small business resilience programs. I am really trying to, I guess, understand why the government made the decision it made, which I understand was made at the departmental level because the minister’s office has sort of wiped its hands of this. It is the decision to withdraw the \$96 000 in state funding to the small business centre in Belmont. I am wondering whether you could provide me with the reasons why that happened.

Mr Buttsworth: In general, the reasons were that there were significant financial pressures, particularly in regional areas. It was felt that the Belmont centre was in receipt of certainly adequate funding from the federal government through the business enterprise centre program. It was also felt that a lot of the services that were coming out of Belmont could best be delivered through the Small Business Development Corporation itself, but also via the Midland BEC and also the one in Gosnells. I guess the decision was around the best delivery of services to the sector, and also that Belmont was certainly receiving significant funding under the business enterprise centre program from the federal government.

Hon LJILJANNA RAVLICH: In terms of the operations of the state funding contribution to small business centres, are you saying that those that are successful in securing commonwealth government funding are actually now going to be penalised by a reduction in the state allocation?

Mr Buttsworth: Not at all. I think Belmont's was a unique situation, in that because of its proximity to the city and to the other centres, there was certainly an opportunity to deliver the services through the corporation. Whilst the commonwealth funding was certainly a mitigating factor in it, I think the main circumstance was the fact that the services could best be delivered using a better model with the SBDC being the pre-eminent organisation to do that.

Hon LJILJANNA RAVLICH: Did the Small Business Development Corporation see itself as a competitor then to the Belmont centre.

Mr Buttsworth: Not at all.

Hon LJILJANNA RAVLICH: Not at all? In view of that, can I put to you that Balcatta is only 11 kilometres from the CBD, Belmont is nine kilometres, and the Midland centre is only 16 kilometres, so is this a new criteria for funding cutbacks?

Mr Buttsworth: Not at all.

Hon LJILJANNA RAVLICH: Can you tell me what the difference is then, given what I have just outlined—two kilometres being the difference between Balcatta and Belmont—that makes Belmont gets its funding cut and Balcatta does not?

Mr Buttsworth: It is about the best use of the available funding, and it does take into account other sources of funding. It is a decision whereby the increasing pressures on funding across the small business centre network were such that we felt that a reallocation was necessary.

Hon LJILJANNA RAVLICH: Can I just put to you that the Belmont centre has received funding from all other programs from the Small Business Development Corporation; in other words, it had that grant allocation withdrawn, but the government, in its operational grants, actually increased its allocation by \$50 000, from \$297 400 in 2008-09, to \$300 000 in 2009-10, and, to all intents and purposes, basically every other category of funding to them from the Small Business Development Corporation has been upheld, apart from that \$96 000. I cannot understand why you have maintained the level of funding to them in all other aspects, apart from that \$96 000.

Mr Buttsworth: I guess the increase that you talk about is actually a general cost escalation that is built in as part of the budget process by the Department of Treasury and Finance. I guess any change of funding structure needs to recognise that the sorts of pressures that are felt by small business centres particularly in the Pilbara and the Kimberley and in the Gascoyne are fairly unique, and some of the funding requirements need to be addressed in doing that.

In doing that, we felt the best option for us was to look at standardising our services, and Belmont was—we felt we were able to deliver those services in a better way.

[11.20 am]

Hon LJILJANNA RAVLICH: The agency said at the time that the funds would be redistributed to regional centres. Can you provide this committee with the schedule of which regional business

centres received a part of the \$96 000 saving that was made from the cut to the Belmont business centre? Can you provide that information to us?

Mr Buttsworth: I can certainly do that by way of supplementary information.

[Supplementary Information No B1.]

Hon LJILJANNA RAVLICH: Can you give me an undertaking that there will be a reconsideration of this one isolated case in the next round of funding for business centres?

Mr Buttsworth: I am sorry; I am unable to give that undertaking.

Hon LJILJANNA RAVLICH: Fair enough. I understand that the delivery of services, et cetera, at Belmont is cost effective, compared with a whole range of indicators. I think there is some argument for reconsideration of the decision that has been made. I do not think that you are in a position to give me the sort of undertaking that perhaps the director general or the minister may have been able to give. In view of that, Madam Chair, I do not think it is fair on Mr Buttsworth to be put in a position in which I am asking a range of questions to which he is limited in his capacity to respond. I have other questions in other areas.

Hon LIZ BEHJAT: I draw your attention to the outcomes and key effectiveness indicators on page 533 of the *Budget Statements*. The first outcome on the page is the development of new and existing small businesses in Western Australia. The comment reads —

A random sample of clients was asked to rate the usefulness of the information/guidance provided to them by the Small Business Development Corporation:

Could you expand on what the sample population was, and the period of time over which the survey was undertaken? I just require a bit more detail. It is stated that 90 per cent found the information very useful or somewhat useful, but that could have been two people who were asked.

Mr Buttsworth: We contract our customer satisfaction surveys out to marketing companies; in this case, it is Advantage Marketing and Communications. We conduct two waves of surveys—one in January and one in May—and each of those waves of surveys looks specifically at 300 clients out of a target group of some 4 000. The results of those surveys are based around 13 questions that look at everything from customer service to the effect on the decision to buy a business. It also looks at demographic data and those filter into the usefulness of the services. In the second round of surveys, we also surveyed 200 small business centre clients and those are also reported as part of the efficiency indicators.

Hon LIZ BEHJAT: Are the details of those 13 questions you asked contained in the annual report, or are they available to us?

Mr Buttsworth: They are certainly available, and I can provide them by way of supplementary information.

[Supplementary Information No B2.]

Hon LIZ BEHJAT: My next question relates to the significant issues impacting on the agency, listed on page 532. The first dot point on that page relates to BIZfit. I have a couple of questions on that. I am not sure whether you are able to answer this or not, but if not you can take it on notice. How was the BIZfit program actually developed? Did it result from feedback from clients of the SBDC, or in some other way? I suppose this next point is anecdotal, or I might have read it in the newspaper, because if I did then it is true. The federal fair work industrial relations legislation has resulted in a lot of people now needing help in relation to approaches from unions coming into business premises. I am just wondering whether BIZfit sees part of its job as advising on new issues in relation to trade unions and the federal Fair Work Act?

Mr Buttsworth: I would not say specifically. BIZfit is about building resilience into small businesses, particularly in view of the current economic climate and the downturn. We are looking at making sure that those businesses are able to survive. It is a four-stage program.

Hon LIZ BEHJAT: Would that include survival under the new regime of the Fair Work Act?

Mr Buttsworth: In terms of small businesses, probably not. It is more about surviving the current economic climate and the global downturn. The data we are getting is that that is coming to an end in Australia, and we are making sure that businesses are able to survive the impacts that are there now.

Hon LIZ BEHJAT: How was BIZfit developed?

Mr Buttsworth: It is being developed at the moment. It is a new initiative for 2009-10. We are developing it in conjunction with the Chamber of Commerce and Industry of Western Australia. We are liaising with other peak industry bodies and their membership. We are also talking with Curtin University about putting in place some scholarship programs for small businesses to undertake. It is delivering it out to small business. It is going to be part of our suite of SBDC services. It is a two-year limited program.

[11.30 am]

Hon LIZ BEHJAT: Would you be able to provide information as to the other peak industry bodies apart from CCI that are involved in that?

Mr Buttsworth: Sure. At this point, no, I am unable to, but will take it as a supplementary.

[Supplementary Information No B3.]

Hon ALYSSA HAYDEN: I have a couple of questions and I am not sure how you want to do this, so I will just do a few and share around.

The CHAIR: Yes, that would be good.

Hon ALYSSA HAYDEN: The first one: I just want to refer to Hon Ljiljanna Ravlich's earlier question in regards to the Belmont BEC, or small business centre as they are called now—is that right?

Mr Buttsworth: They were formerly a small business centre. They refer back to a business enterprise centre in the federal —

Hon ALYSSA HAYDEN: Okay, great, just confuse us all! In 2006, are you aware, or am I correct in saying, that the Belmont BEC went away from their core business as in assisting and helping new and existing businesses and maybe went across to an area that was not really required for that area, such as footwear and textile trading and so forth?

Mr Buttsworth: We are certainly aware that Belmont has taken on that specific, I guess, industry group. But they were certainly still delivering small business services —

Hon ALYSSA HAYDEN: So it did not have an impact on their core business of supplying information and advising new and existing businesses?

Mr Buttsworth: There was—obviously, given that they had tailored their services specifically to those industry groups, I think it goes without saying that there would have been some impacts.

Hon ALYSSA HAYDEN: And do you think that that would have had any influence on the decision of shutting —

Mr Buttsworth: No; the decision really was about the best delivery of services and the best mix of delivering those services.

Hon ALYSSA HAYDEN: All right; thank you. Another one that I have got is—and I refer to page 533 of the budget, under “Services and Key Efficiency Indicators”. You have got there client

contact costs. Can you actually tell me how you have measured your client contact costs and are the measures the same as the small business centres or the BECs; and, if not why not?

Mr Buttsworth: Yes, the client contact or the direct client contact costs are certainly—well, for the SBDC they include all of our face-to-face client contacts, but, more so in recent times, our website contacts. That is obviously our main marketing tool now. Where individuals visit our website for more than four minutes, we believe that they are seeking information that would normally be given to them face-to-face. I guess, over a period of time, our number of client contacts has increased. But in terms of the formula, yes, it is based around how many clients we deal with and liaise with as a divider of our budget. So their funding from SBDC is divided by the number of direct client contacts similar to what the SBDCs is.

Hon ALYSSA HAYDEN: Okay, so yours is a face-to-face—

Mr Buttsworth: Face-to-face, plus —

Hon ALYSSA HAYDEN: Four minutes on the website?

Mr Buttsworth: Yes.

Hon ALYSSA HAYDEN: Telephone?

Mr Buttsworth: Yes, telephone.

Hon ALYSSA HAYDEN: Walk-ins at the shop?

Mr Buttsworth: Walk-ins at the shop.

Hon ALYSSA HAYDEN: Okay. And?

Mr Buttsworth: Workshops.

Hon ALYSSA HAYDEN: Workshops. And what about for the BECs? What is their one? I believe —

Mr Buttsworth: Face-to-face.

Hon ALYSSA HAYDEN: Face-to-face, yes.

Mr Buttsworth: Generally, the BECs —

Hon ALYSSA HAYDEN: Do they have the same? Do they have exactly the same?

Mr Buttsworth: Well, we do not include their website. A number of BECs do not have websites. We do not include those sorts of targets.

Hon ALYSSA HAYDEN: Okay.

Mr Buttsworth: Generally, it is the face-to-face contact.

Hon ALYSSA HAYDEN: And you do not think, if you are not including the website contact for them—your website contact, has that increased your client contact dramatically?

Mr Buttsworth: It has increased it, yes, significantly. Yes, probably by a third over a period.

Hon ALYSSA HAYDEN: So the BECs not having that as a contact—is that not a bit unfair for them to be measured the same way as you are measured?

Mr Buttsworth: As you will be able to see from the figures there, the cost per client contact of a BEC is significantly higher than the cost per client contact of SBDC, and we recognise that. We recognise that a lot of the metropolitan clients will access our services directly. Individual BECs are targeting a much smaller group, so we are certainly not penalising them for their changes or their difference in client contacts as against us.

Hon ALYSSA HAYDEN: Thank you.

Mr Buttsworth: And that is part of their funding agreement: that they do report those contacts.

Hon ALYSSA HAYDEN: All right. Yes, I think that I will follow that up further a bit later on. I do not think that the BECs are happy with the way that they are being measured—in the same way as you guys—and having their website not included does, I think, hinder them—not having that included in the measure.

Mr Buttsworth: And that is certainly something that we can take up. We have an annual state conference with the small business centre network, and those are the sorts of issues that I think should be brought to the table at that point.

Hon ALYSSA HAYDEN: Sure. Before I go on, I do not know if I should have declared that I actually used to work at SBDC a few years ago. I thought I should put that on the table since another member did.

The CHAIR: Sure.

Hon ALYSSA HAYDEN: The other question with the face-to-face—if I could just lead into your migration centre. I have got a constituent that has actually come to me and is currently using your services at the moment. She has had a lot of problem trying to get access to a face-to-face or one-on-one interview. She has been told to just refer to the website or to refer to a telephone call. With migrants, generally their first language is not English, so this is obviously going to cause problems. Can you step me through your actual procedures that are in place that an immigration adviser is meant to take on when an immigrant or a new client comes to them seeking information?

Mr Buttsworth: I am certainly surprised to hear that there is that sort of difficulty. We do actually have an interpreter service available should clients not have English as their first language. We would certainly be encouraging people to take advantage of that. Our advisers are available. If the constituent wishes to take that further, then I am happy to speak to that person. Again, it is very much a surprise that that would be happening.

Hon ALYSSA HAYDEN: Just coming back to my question: if someone does come in and say I want to see someone, what is the procedure taken by your advisers? How many advisers have you got? For starters, you are not going to be able to see them all at once. I understand that.

Mr Buttsworth: Sure.

Hon ALYSSA HAYDEN: So what is the procedure that you have got in place?

Mr Buttsworth: Walk-ins are generally asked to fill out a form stating the nature of their business and the advisers will see them.

Hon ALYSSA HAYDEN: Instantly?

Mr Buttsworth: Within—yes, instantly; generally for walk-ins.

Hon ALYSSA HAYDEN: Okay. And what is the time allocated for them to be —

Mr Buttsworth: There is no specific time allocated. Obviously, different issues need a different level of activity.

Hon ALYSSA HAYDEN: Okay. So the difficulties that this lady is having should not be there.

Mr Buttsworth: Should not be there—definitely not.

Hon ALYSSA HAYDEN: Okay. She has been dealing with you for over a month and every time she has rung she has been referred to the website.

Mr Buttsworth: I cannot comment on an individual case.

Hon ALYSSA HAYDEN: Yes, okay.

The CHAIR: Member, perhaps we are going into a little bit much detail for a budget hearing.

Hon ALYSSA HAYDEN: Yes, sorry.

The CHAIR: I have given you a little bit of leeway there but I think we might have to —

Hon ALYSSA HAYDEN: I have got a couple of others, but I do not know if you want to share around.

The CHAIR: I might just go to Hon Philip Gardiner, as he has not had a question yet. We will come back to that.

Hon PHILIP GARDINER: Thank you, Madam Chair. It is in relation to the same page, page 533, “Services and Key Efficiency Indicators”, and the table at the bottom, “Cost per unit of policy advice”. Based on the budget there, it suggests that there are probably about eight submissions or issues of policy advice, as defined by the footnote (f), made during the course of the financial year. Am I roughly interpreting—and I have got a follow-up to proceed—but am I roughly right in interpreting it in that way?

Mr Buttsworth: No; not necessarily. Obviously, we respond to a variety of policy submissions across government. I guess it is very difficult and we found a great deal of difficulty in measuring the effectiveness of policy. I think every other agency is in the same boat. We have tried to go down the path of strategic and tactical advice and it just has not worked for us. So we have essentially used policy as a catch-all for all of those policy submissions to government and the ministerial correspondence that we effect. So, certainly, to tie it down to a number is not possible at this point. As I said, we respond to a vast number of policy submissions to government.

Hon PHILIP GARDINER: Yes, fair enough.

Mr Buttsworth: So it is all inclusive of —

Hon PHILIP GARDINER: Yes. My number of eight is really dividing the \$1.4 million into the total cost of the service.

Mr Buttsworth: Oh, okay.

Hon PHILIP GARDINER: So you could have three big ones and a whole lot of small ones and that kind of thing; so that is okay. The point that I was really getting to is: can you tell me out of those—there must have been some significant policy submissions and so on, as we find in footnote (f)—which you have adopted and how many you have not adopted?

Mr Buttsworth: When you say adopted, we provide a response on behalf of the small business sector based on our knowledge and we respond to a policy submission on that basis. When you say successful, I am not sure that I understand the —
[11.40 am]

Hon PHILIP GARDINER: I am still not clear about the cost per unit of policy advice. That is external parties’ rather than internal parties’ policy advice, is it?

Mr Buttsworth: No, we have a discrete policy section within the organisation that is responsible for commenting on policies that impact the small business sector. We provide submissions to government. For instance, we undertook a franchising inquiry 12 months ago. Those are the sorts of issues that our policy unit deals with. What we are looking here is essentially the full cost of supporting that policy unit in providing those submissions to government and responding to ministerial questions and responding to advocacy issues from the public sector and advocating on their behalf. It is really is a catch-all for the cost of that policy unit within the corporation.

Hon PHILIP GARDINER: Fair enough. Can you give me a just a list of a couple of those that have been really successful, if that is public knowledge? I am trying to measure the effectiveness under the term “Services and Key Efficiency Indicators”.

Mr Buttsworth: I guess the small business impact statements that we require now of all government agencies to accompany any suggested changes to legislation and to government policy would be one. Off the top of my head, I am really at a loss to understand that one or to respond to that.

Hon PHILIP GARDINER: Can I just come back to the government goal for the Small Business Development Corporation. It is responsibly managing the state's resources for the efficient delivery of services. That is there for every department. It is encouraging economic activity and reducing regulatory burdens on the private sector. What I would be interested in is a measure, if there is any embedded in the key effectiveness indicators, of the success of reducing the regulatory burdens on the private sector.

Mr Buttsworth: There is no key one specifically for that. As I mentioned previously, we tried to go down the path of measuring tactical and strategic-type advice. That, I guess, to some extent would have clarified some of those issues around the success of reducing the regulatory burden and that type of thing. It is very difficult to be able to keep that consistent from one year to the next in terms of measuring the effectiveness of it. For that reason, we went down the path of the effectiveness and the cost of that policy advice in general. I can certainly provide to the member a list of the submissions that we have put forward in the last 12 months that have supported the small business sector, if that would suit.

Hon PHILIP GARDINER: Information on that in relation to the regulatory burdens.

Mr Buttsworth: We are working closely with Treasury, for instance, in red-tape reduction, and we have been doing that for the last six months. We are working with the federal government in trying to reduce the amount of red tape that is affecting small business. With the business licence information system, which is a cross-jurisdictional system, we are in the process of dealing with the commonwealth and the other states to standardise that across the jurisdictions, so that it does reduce the burden on small business, particularly in licensing areas. There are certainly opportunities there for us to do that. Particularly through the advocacy role as well, we are advocating on behalf of small business where they are perhaps dealing with government agencies and the compliance costs of dealing with those government agencies. We are advocating on their behalf. We are certainly doing the work there, but off the top of my head I do not have the specifics as to what submissions were made.

Hon PHILIP GARDINER: I would be interested in a list of them. I do not want to interfere with the work you are doing with the current committee looking at red tape and so on, but up to that point, I would be interested how you are going.

The CHAIR: Just for clarity it is a list of —

Mr Buttsworth: Submissions —

Hon PHILIP GARDINER: Submissions and successes, really, of where the regulatory burden on the private sector has been reduced.

The CHAIR: So any outcomes.

Hon PHILIP GARDINER: Yes, especially outcomes, but also submissions.

[Supplementary Information No B4.]

Hon LJILJANNA RAVLICH: Just to follow on from that, I am quite keen to find out where the work of the red-tape reduction group is at. I know that the submissions were to be received by 30 May, and now we are a few months down the track. Have we got close to the report at the moment?

Mr Buttsworth: Again, we are working in a cohort with Department of Treasury and Finance. I am not in a position, I am afraid—sorry—to respond as to exactly where we are at with the submission. Certainly, Treasury and Finance are the lead agency in that, and they are the coordinating group for a number of government departments that are filtering into the red-tape reduction.

Hon LJILJANNA RAVLICH: I have gone onto your website, and, of course, there is information in relation to it on your website. I guess the question for me is then: what parts of this are you as an agency directly responsible for? What is your role in it?

Mr Buttsworth: Obviously, it is supporting the interests —

Hon LJILJANNA RAVLICH: It is not obvious, because I have no idea, I am telling you. Go on.

Mr Buttsworth: It is ensuring that small business is getting the best possible result in terms of their regulation burden. That is look at it both from a federal level and state level in particular. We are providing submissions on their behalf. Without getting down to specifics, our role is to protect the interests of small business.

Hon LJILJANNA RAVLICH: Can we get a schedule of the meetings that have been undertaken by the red-tape reduction group and where those meetings were?

Mr Buttsworth: Yes.

Hon LJILJANNA RAVLICH: The word on the street, so to speak, is that many of those meetings have been fairly poorly attended. At one that comes to mind there were fewer than half a dozen people. I am sure that is not an isolated case. Do you keep a record of the number of people who attend these strategy group community meetings?

Mr Buttsworth: I would assume, and again it can only be an assumption at this point, that minutes are kept of the meetings. They are meetings that are cross-jurisdictional and one would assume the normal meeting procedures would apply.

Hon LJILJANNA RAVLICH: So you can provide us with the meetings, where they were held, the number of people and perhaps some of the practical measures that have been recommended?

Mr Buttsworth: I am not sure that I am able to provide all of that detail, but as much as the corporation is able to, yes.

Hon LJILJANNA RAVLICH: Can we take that on notice?

[Supplementary Information No B5.]

Hon KEN TRAVERS: I just want to turn to page 531 of the budget papers and the transfer of funding for the Aboriginal economic development program from the Department of Commerce of \$300 000. What will SBDC be using that money for?

Mr Buttsworth: The corporation is developing a specific Indigenous small business development program. The member may be aware that we conducted a pilot in the Kimberley, and we will be using the empirical data that comes out of that pilot to inform a new program. We certainly acknowledge that Indigenous small business may have some unique challenges, particularly in the area of financial literacy and general business literacy, but we feel our mainstream services can be tailored to suit Indigenous small business. The \$300 000 will be going towards the development of that program, using the data that is coming out of the pilot in the Kimberley. At this point we are intending to put a further \$300 000 in the initial year towards development of the actual program. We are in the process now of appointing two staff, and their role will be to review the results of the pilot and get out to the communities and find out what sort of issues they are facing.

[11.50 am]

Within the budget papers, we did mention Fitzroy Crossing and Halls Creek. We are looking at making sure that not only Indigenous small business but business in general in those areas are able to make best use of the opportunities—the sorts of opportunities that may open up with the gas hub and other developments that are occurring in those areas. So they are pretty exciting times ahead for us. We have not in the past targeted Indigenous small business specifically, and we feel this is a good opportunity to tailor those services now.

Hon KEN TRAVERS: How much did you spend on the pilot program?

Mr Buttsworth: The pilot program over a two-year period was in the order of \$200 000.

Hon KEN TRAVERS: When do you expect to have a decision made on exactly what you are going to do in terms of Aboriginal economic development for small business for Indigenous people?

Mr Buttsworth: I think it is going to be an evolving process, as we need to tailor those services to suit. As I indicated, we are looking at appointing two staff—one in the next week, and that person's role will be to commence looking at the results of the pilot and looking at the individual needs of Indigenous small business. We expect the actual program to evolve over a period of time. Given that we are putting the extra \$300 000 in this year, we would expect that it is probably going to take in the vicinity of six months to get the program really put into shape so that we can start delivering on the ground.

Hon KEN TRAVERS: Do you intend to pick up any of the activities that were previously provided by the Office of Aboriginal Economic Development when it was in the Department of Commerce?

Mr Buttsworth: Not specifically. We believe that the way that we deliver our services would be totally different from the AED's. We are about mainstream small business services, and we believe we are the peak body for that. AED, I understand, were providing some grant funding, or seed funding, to Indigenous small business. We are about providing advice and guidance, as we have done for the last 25 years, direct to those individual small businesses, albeit tailored around their needs.

Hon KEN TRAVERS: The previous Aboriginal Economic Development Unit had a number of successful programs, including seed funding for the Clontarf football academy, Ngarda Civil and Mining and their arts commercialisation project. Do you intend to pick up any of the work of the arts commercialisation? In particular I am interested in the arts commercialisation project, which I think is seen as one of its success stories. Is there any intention to pick up any of the work that was previously done by that program?

Mr Buttsworth: Specifically, no.

Hon KEN TRAVERS: So basically it is going to be a completely new program developed based on this pilot.

Mr Buttsworth: Based on individual or Indigenous needs.

Hon KEN TRAVERS: Can I quickly then turn to page 534, which is the only other question I have? Under "Furniture and Office Equipment Replacement", it would appear that, with the exception of 2006-07, you are getting an allocation of \$200 000 per annum. Can you explain to me what is covered under that in there?

Mr Buttsworth: Generally our computing equipment, photocopiers and general office equipment. We have a staff of 60 people over two floors and, obviously, the computing needs for staff of 60 people is quite significant. So \$200 000 is essentially an asset replacement program where each three years we roll over a third of our computers and other office equipment.

Hon KEN TRAVERS: So that is predominantly for IT equipment.

Mr Buttsworth: Predominantly for IT equipment. We have very few other assets.

Hon KEN TRAVERS: Does the Department of Treasury and Finance issue any instructions on how you should identify matters within the asset investment program? The reason I ask that is because I get very confused. When you look at every different agency, they seem to have a different way of recording the same thing; but in other agencies they record it as an ICT replacement program. Is there a standardised format that is provided to you by the Department of Treasury?

Mr Buttsworth: Certainly not by the Department of Treasury; but the Office of the Auditor General and the general auditing standards specify what should be recognised as an asset and what category of asset that should fall within. There has been a recent change to recognition thresholds for assets, with the result that you will probably find that most agencies' capital budgets have been

reduced because you no longer recognise assets under \$5 000, for instance, as assets; with the result that, obviously, there is going to be additional recurrent expense and less capital expense because you no longer recognise those assets. But in terms of your question, yes, there are certainly standards surrounding what gets recognised as an asset and under what category.

Hon KEN TRAVERS: So in that case I would have thought the majority of computers would fall under that \$5 000; would they not?

Mr Buttsworth: The majority of PCs, yes.

Hon KEN TRAVERS: So why do you still record them as an asset investment?

Mr Buttsworth: We do not. We will no longer be recording the actual office computers, except where we may purchase five as a once-off procurement, and that may come to \$20 000 or \$30 000. We are able to recognise that as a capital asset, but individual purchases, no, we can no longer recognise them. Laptop computers, obviously where they are over \$5 000, will be recognised as an asset.

Hon KEN TRAVERS: How many laptop computers would you have over \$5 000?

Mr Buttsworth: Very few now but obviously our mainstream servers are where our main costs are in terms of outcome.

Hon KEN TRAVERS: So you would have to be doing some fairly high class desktop publishing or something on a laptop to have it over \$5 000. I am using you because I think yours is probably the stark example of it, but the way agencies record it has confused me the whole way through. The Department of Commerce lists information technology infrastructure asset replacement under their works. Why would yours not have been done the same way?

Mr Buttsworth: I think it is probably around the fact that our IT infrastructure has been developed over a period of time and it basically comprises servers, which we see as computing equipment, or essentially computing and office equipment; so that is the way we have categorised it. They may have significantly larger infrastructure based on the way the business is set up and the way they deliver their online resource.

Hon ALYSSA HAYDEN: I refer to page 531 of the budget papers where you note there is an additional \$1 million allocated for this year for the small business resilience program. Bearing in mind the desired outcomes to develop new and existing advice to small business, can you explain how the program will be rolled out; how it works; and is it just to be done out of SBDC in the city or will it be going through to the BECs in the other areas?

Mr Buttsworth: The government has put \$2 million towards BIZFit over two years. Obviously, as I explained previously, we are in the process of dealing with big industry groups, particularly the Chamber of Commerce and Industry and Curtin University, in developing a program that builds on that resilience so that small businesses can, not so much survive but take advantage of the opportunities that are around at the moment. So this is a four-phase program. We will be having a business resilience workshop that looks at a broad strategic overview of business fundamentals. We will be going out and undertaking one-off business health assessments on those businesses that look at accessing the program, and that is about how fit your business is to survive. Then based on that, there will be a pocket growth program that looks at group interactions—bouncing ideas off networking opportunities for people within the program. Out of that, select businesses will be able to undertake what is called a BIZFit scholarship—tomorrow's high achiever scholarships. Again, that is the next phase that builds on a sponsorship and delivers practical business training through Curtin University.

Hon ALYSSA HAYDEN: How will the workshops be conducted? Will you be going out to certain areas or are they going to be all in the city?

Mr Buttsworth: The intention is that there will be two phases rolled out in the city and one in each of the regional areas, and that will be via the small business centres.

Hon ALYSSA HAYDEN: So the business centres will be getting some of this program.

Mr Buttsworth: They will be involved in the delivery of the program, absolutely, and as a result of that, there will be, obviously, funding considerations there as well.

Hon ALYSSA HAYDEN: Right, because obviously businesses cannot all just go into the city every five minutes.

Mr Buttsworth: No; we recognise the regional impacts. We believe that the majority, or a lot, will be in the city, and as a result we will be delivering two in the metropolitan area, but certainly each region will get one essence of the program near.

[12.00 noon]

Hon ALYSSA HAYDEN: I am piggybacking on Hon Ljiljanna Ravlich's questions. So that I can understand, are you involved in the committee on the red tape reduction group?

Mr Buttsworth: Yes.

Hon ALYSSA HAYDEN: You have an input and are putting in your concerns?

Mr Buttsworth: Representing the interests of small business.

Hon ALYSSA HAYDEN: I was a bit confused because it sounded as though you were not involved. I have one other general question, so I am happy to leave that to the end.

Hon LIZ BEHJAT: I refer to the heading "Explanation of Significant Movements" on page 533 and income on page 534 referring to the business migrant state sponsorship program. It refers to \$300 provisional business visa fees and \$500 per permanent business visa fee. I am not that familiar with it. Are they on top of any other visa fees that may be charged by the Department of Immigration in relation to visas? Is this like a fee for service similar to what the CCI has in its migration program?

Mr Buttsworth: I cannot comment on the CCI one, but certainly it is a fee for service. A significant amount of our time goes towards processing business visas. Obviously, the funding available to us is dwindling. We believe that with the normal process a fee for service is fair and reasonable. It is not a significant fee for someone who is looking to relocate to Western Australia, but it is based on the numbers we are getting through and it will certainly help us in the processing of those sponsorship applications.

Hon LIZ BEHJAT: It puts you in competition with CCI, for instance, and other migration agents.

Mr Buttsworth: I am not sure it puts us in competition because if they wish to come to Western Australia, they will need our sponsorship support.

Hon LIZ BEHJAT: Can you not get a provisional or a permanent business visa in this state unless you are sponsored by SBDC?

Mr Buttsworth: If you are looking at state sponsorship, it comes via SBDC, so the answer is yes.

Hon LJILJANNA RAVLICH: Regarding skilled migration, have any officers attended international migration expos in the past 12 months, and, if so, where and at what cost? You might want to take that on notice.

Mr Buttsworth: I will take that on notice if I may.

[*Supplementary Information No B6.*]

Hon LJILJANNA RAVLICH: Can you also provide to the committee the English language requirements for people who make applications to come here under the state migration employment program or whatever it is called?

Mr Buttsworth: I understand it currently sits at five and from 1 July it will increase to seven. I will take that on notice.

[Supplementary Information No B7.]

Hon LJILJANNA RAVLICH: Five and seven does not mean a lot to me, so what are the actual requirements?

Mr Buttsworth: I do not have a thorough understanding of the program. I believe the English requirements are increasing.

Hon LJILJANNA RAVLICH: I am very impressed that the chief financial officer has any understanding of those requirements. In terms of the estimated and actual number of migrants who arrived here during the boom through the state migration centre, I understand that in 2007-08 1 667 skilled migrants arrived. I understand also that during that same period 1 357 business migrants were sponsored by the commission. Also, I understand that the commission approved state sponsorship for 1 667 new skilled migrants to move to the state from a range of countries. In 2007-08 there were 11 457 temporary residency visa migrants here; 4 000 independent and sponsored skilled migrants; and 20 000 working holiday visa migrants. The economy has changed somewhat since 2007-08 and I would like the figures for 2008-09 for each of those categories of migrants who come here seeking employment opportunities. You will have to take that on notice.

Mr Buttsworth: Sure. I can give you the figure for the state sponsored skilled migrants. You indicated a figure for last year of 1 667. You will be interested to know that that is 3 958 for the 2008-09 financial period, so it has more than doubled.

Hon LJILJANNA RAVLICH: What do you attribute that to?

Mr Buttsworth: I am unable to answer that question. I would be surmising.

Hon LJILJANNA RAVLICH: That is interesting.

Mr Buttsworth: It is a significant increase. I will have to provide the business migration figures as supplementary information.

[Supplementary Information No B8.]

Hon LJILJANNA RAVLICH: Given you have raised this, can you wrap around a bit of an explanation from the department's point of view of why these variations have occurred? We would expect the number of 457 visas issued to go down as would independently sponsored skilled migrants and so on.

Hon PHILIP GARDINER: I refer to the service summary on page 532 and the information, guidance, referral and business development services, which is currently \$13 million. I gather that includes the \$1 million for the small business resilience program. I presume that will be in the 2009-10 budget and will continue for the 2010-11 budget, then there is a fall off of a couple of million dollars. What is the justification for the outer years having a reduced budget?

Mr Buttsworth: As you rightly point out, there is \$1 million for each of the next two years for BIZFit, but it will reduce by another \$1.4 million in 2011-12. For all intents and purposes it is the cessation of the state migration centre. The government has not committed beyond 2010-11 for that \$1.4 million per annum. I guess the government is looking at whether the skills will be an issue at that point in time and therefore is not in a position to make a decision about the ongoing funding, so it is a \$2.4 million reduction straightaway based on those two items.

Hon PHILIP GARDINER: On the same page, I refer to the Ravensthorpe nickel mine. Obviously, you played a significant role in trying to pick up the difficulty after BHP Billiton closed it. What objectives did you have and what results did you achieve?

Mr Buttsworth: The objectives were, I guess, fundamentally to make sure that small business knew that there was some support available in the area. We dealt with a total of 71 confidential

sessions with affected small businesses. We either conducted or were involved in a number of public forums that around 260 people attended. We delivered specific workshops on how to deal with the issues to 26 individual small businesses.

[12.10 pm]

We also arranged a team of legal people to go down and to provide legal advice and guidance to affected small businesses. We distributed vouchers that entitled them to get that free advice, which was funded essentially out of the Department of the Premier and Cabinet. That department set aside some funding to deal with the issue locally. We dealt with the local chamber of commerce and obviously were a coordinating body for all of the other jurisdictions, federal and state. Certainly, the intent of us being down there on the ground as quickly as possible was to ensure that the impacts were softened as much as possible. Again, take-up is really up to the individual small business. We cannot determine whether or not they are going to seek our services. There were certainly plenty of businesses that felt as if they needed someone to advocate for them.

Hon PHILIP GARDINER: I wonder whether you can measure the results of the effectiveness of the support you gave at some stage—not now, obviously—even with the effluxion of time. It will be interesting to know. You have obviously put a fair bit of effort into that.

Mr Buttsworth: We had three people on the ground within 24 hours.

Hon PHILIP GARDINER: Terrific.

Mr Buttsworth: As I said, as a coordinating body, to be able to get people to access the legal expertise was certainly well felt.

Hon PHILIP GARDINER: I have not got another question until I get an answer to the results. I would like to have an assessment of the results—say, December.

Mr Buttsworth: What businesses are still operating and how successfully?

Hon PHILIP GARDINER: And how successful the supportive strategy was.

The CHAIR: We might take that by way of comment at this stage.

Hon ALYSSA HAYDEN: I want to add one to the migration question. I want to find out whether, in the economic downturn, the increase in skilled migrants on 457 visas who are already in the country—have they come and started seeking state support; and, if so, what are the numbers? Are you able to redeploy them? Obviously, your state sponsorship is on a business sponsorship, but are these people even going to fit into that; and, if not, how many are not? It is something we need to look at.

Mr Buttsworth: If I can take that on notice?

Hon ALYSSA HAYDEN: Yes.

[*Supplementary Information No B9.*]

Hon ALYSSA HAYDEN: I have one general question. I am sure you are well aware of the 2009-10 pre-budget submission to the WA government put out by the CCI. You might not be able to answer this today, but can I get your views on the suggestion that the SBDC could be absorbed by other agencies due to the fact that there are a lot of services done by other agencies and the private sector. I want to find out—I understand you cannot answer that today—what the corporation feels on the report put out by CCI?

Mr Buttsworth: Specifically on that issue, I would like to think we have been the pre-eminent small business organisation. We are the only surviving agency of our nature in Australia. We believe that we have had fairly strong bipartisan support throughout that 25 years. We believe the proof is in the pudding in terms of our successes. We are unique. We provide our services free of

charge; I do not think that an organisation such as the CCI does—a personal opinion, I guess. To go into any further detail would probably require —

Hon ALYSSA HAYDEN: If it is appropriate, I would appreciate maybe getting something down the track on why SBDC thinks their core service is unique and should be still operating as they are.

Mr Buttsworth: Can I direct the member perhaps to the annual report. I think that spells out why we are unique. I will not say it is a criticism, but it is certainly an opinion of CCI's, or it was at that time. Whether or not that is still their opinion, I do not know. It is probably more a question that may be directed at the minister. I think our runs are on the board. We stand by our services.

Hon KEN TRAVERS: It was a pretty broad-brush submission, too, from my experience. I did not think it provided much detail as to why.

Mr Buttsworth: I believe it was almost a throwaway comment. There was not much substance to support their argument. It was just simply: these are the agencies that we believe can be rolled up into something else.

Hon LJILJANNA RAVLICH: I am looking at the annual report here. You will not have a copy of it, and you may not be able to answer this anyway. My question relates to specialist advisory services that are provided. I am looking at the commercial tenancy advisory services. Do you have specific FTEs who deal with this issue; and, if so, how many are there?

Mr Buttsworth: There is essentially one individual who is a specialist in commercial tenancy. He is actually a lawyer. He deals with the vast majority of retail tenancy issues.

Hon LJILJANNA RAVLICH: I understand in 2007-08 you had more than 2 490 clients that sought information in relation to commercial tenancy issues. I am wondering whether you could provide me, on notice, the figure for 2008-09. Also, during 2007-08, the commission assisted 67 clients to make application to the State Administrative Tribunal in relation to commercial tenancies. I am wondering whether you could also provide me with the figures for 2008-09.

[Supplementary Information No B10.]

The CHAIR: Members, I think we might have exhausted our lines of inquiry. Mr Buttsworth, thank you very much for your time. We appreciate your assistance to the committee's work.

Mr Buttsworth: Madam Chair, I wonder if I could get a list of the supplementary questions, given the extent of them!

The CHAIR: Absolutely. I can assure you that we will provide that information. When the transcript is provided to you, it will be clear, hopefully, by the number, which question it related to. I appreciate your time.

Hearing concluded at 12.17 pm