

SMALL BUSINESS POLICY — BARNETT GOVERNMENT

Motion

Resumed from 13 October on the following motion moved by Hon Ljiljanna Ravlich —

- (1) That this house condemns the Minister for Commerce for his failure to produce a small business policy and calls on the minister to outline what he will do to assist small businesses and Western Australian workers who have been adversely impacted by the global financial crisis.
- (2) That this house calls on the minister to explain —
 - (a) his government's policies to deal with the impact of the global financial crisis on small business and the thousands of workers who lose their jobs and require retraining;
 - (b) what strategies he has put in place to protect small businesses and their workers;
 - (c) what practical assistance is available to small businesses that go bust and the thousands of workers who lose their jobs; and
 - (d) why he has been asleep at the wheel whilst small businesses in Western Australia go under.

HON LJILJANNA RAVLICH (East Metropolitan) [2.05 pm]: Once again it is nice to see that no-one is away on urgent parliamentary business, and we have a full house. From my recollection of where we ended up last time —

Hon Ken Travers: They heard that Ljiljanna would be speaking!

Hon LJILJANNA RAVLICH: That is right!

I have not had an opportunity to canvass the remarks that I made last time during this debate, but I recall that we ended on a bit of a debate —

Hon Liz Behjat: A positive note!

Hon LJILJANNA RAVLICH: A very positive note!

We ended with a bit of a debate between the Leader of the House and myself about the total number of people who had lost their jobs during the global financial crisis. I made the point, in the drafted motion, that thousands of people had lost their jobs during the global financial crisis. The Leader of the House had some issue with that statement and asked that I demonstrate that this is in fact the case. I pointed to the fact that there were at least some 5 000 apprentices who had lost their jobs, but of course there are many other people who also lost their jobs as a result of the global financial crisis. I quickly refer to a speech given by Ged Kearney, who addressed the Industrial Relations Society of Western Australia Conference on 11 September 2010. She is the new Australian Council of Trade Unions president, and on the matter of the impact of the global financial crisis, she made the point that there were substantial job losses over and above the 5 000 or so apprentices who had lost their jobs. Gauging the magnitude of job losses is not an exact science; however, there is no doubt that many small, medium and large businesses were impacted as a result of the global financial crisis and there is no doubt that tens of thousands of jobs were shed during that time. There is also no doubt in my mind that the effects of the global financial crisis are not yet over. Most European countries are doing it tough at the moment. Most nations throughout the world have been negatively impacted as a result of the global financial crisis. Even within our own economy there is uncertainty and a growing lack of confidence among some sectors. ACTU President Ged Kearney stated in her address —

The mining boom has meant that the cost of living in Perth has risen faster than in any other Australian capital city. Since mid-2003, inflation for Perth has risen 26.1%, while the national CPI has risen only 21.8%. Since mid-2003, the cost of housing in Perth has risen 54.6%, the cost of health care has risen 42.1% and the cost of education has risen 55.1%, according to the ABS.

And workers in WA have the same simple and often unfulfilled, aspirations as workers I meet everywhere else in Australia: a safe, secure and decent job that allows them to properly balance work and family life, to be treated fairly and equally, to be respected.

For them the mining boom is something going on in the background, and as far as they are concerned, WA is no different to the rest of Australia. WA is not an island.

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

I was also intrigued by a recent article by the economics writer for *The West Australian*, where he identified a growing threat that key parts of the economy, and people employed in those sectors, could be left behind by the current mining boom. He reported that while the mining boom continued unabated, the winding down of the economic stimulus program and higher interest rates were putting strain on other parts of the economy. House prices and new home sales have flattened and retail sales have dropped off — “If not for all the cash flowing through the mining sector these figures would suggest the WA economy was not travelling well,” ...

Ms Kearney goes on to say —

It’s also wise to show a bit of caution. WA’s unemployment rate is currently below the national average, but during the GFC it was the same as the mining industry shed 15% of its workforce in just six months last year.

She refers to 15 per cent, and there are hundreds of thousands of people working in the mining sector. I would suggest that 15 per cent of hundreds of thousands of people is thousands and thousands; it might even be tens of thousands. There is no question of the integrity of the motion that stands before us today and that we are currently debating. I do not understand where the Leader of the House got this notion that making reference to thousands of job losses was in some way a hypothetical figure based on some inaccurate statement.

Hon Norman Moore: You had to go away and find out.

Hon LJILJANNA RAVLICH: The Leader of the House asked me to come back to this place and to demonstrate this to him; that is exactly what I am doing—not that I needed to! I am only doing it to satisfy myself.

Hon Simon O’Brien: Three weeks to do your homework, and you have done nothing! You are pulling figures out of the air.

Hon Ken Travers: I would have thought you would be the last person to talk about not doing their homework!

The PRESIDENT: Order! People’s work ethic has nothing to do with government small business policy, and I think we need to concentrate on what is relevant.

Hon LJILJANNA RAVLICH: The point is that the mining industry alone apparently shed some 15 per cent of its workforce. That does not take into consideration all the other industry sectors, and I have already mentioned the adverse impact on the tourism industry. But it is not limited to any particular industry; it is all industries. Ms Kearney continues —

Remember Ravensthorpe? That was the town BHP Billiton killed with a single decision made in an office tower thousands of kilometres away. About 1800 jobs were lost when BHP Billiton decided to close its nickel mine in January last year.

That is another example of a decision made during the global financial crisis. The price of ore drops and, consequently, the viability of the mining operation comes into question. We need only a drop in confidence to lead to a substantial drop in the price of the shares of certain companies, and consequently they become unviable, as in this case.

The motion, while it may have been drafted in March this year, still stands.

I want to go back quickly to refer to the Small Business Development Corporation, because the more I look at this issue, the more concerned I am about the lack of action by government. In Western Australia small businesses are doing it tough, and they did it particularly tough during the GFC period. What sort of response have we seen by this government, the previous minister and the new minister? In fact, very little! Looking at the 2009–10 budget papers for the Small Business Development Corporation gives me some cause for concern. We see a reduction across the total appropriations for this agency. If I look at the total appropriation provided to deliver services, we go from \$1.03 million in 2008–09 to a sum of \$12.4 million in 2009–10. That is a drop of over \$500 000. Then we see a further reduction in 2010–11 to \$12.1 million, and over the forward estimates we see a decline in 2011–12 to \$10.7 million; and then it picks up slightly in 2012–13 to \$11.03 million, and in 2013–14 to \$11.33 million. The excuse given by the agency for this decline in funding to deliver the services of the Small Business Development Corporation is that there has been a transfer of the migration program to the Department of Training and Workforce Development at a cost of \$800 000 or \$0.8 million. However, if one factors that \$0.8 million back into those figures, it is still a reduction over the forward estimates. If we look at 2010–11, we have \$12.1 million. If we factor in for 2011–12 the \$800 000 that has been transferred, it is only \$11.2 million, and for 2012–13, \$11.8 million, and for 2013–14, \$12.1 million. Clearly this government is not committed to small business.

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

When we look at those figures, we also have to look at what is happening on the demand side; in other words, what is happening in the demand for services that are provided by that organisation to the small business community in Western Australia. The Small Business Development Corporation appeared before the Standing Committee on Estimates and Financial Operations on Friday, 16 July 2010, and my very learned friend Hon Ken Travers asked a very good question —

Hon Simon O'Brien interjected.

Hon LJILJANNA RAVLICH: He is a very capable and learned man, and he asked a very highly intelligent and most appropriate question.

Hon Simon O'Brien: That is worthy of mention, if he did that!

Hon LJILJANNA RAVLICH: I will be very interested to hear the minister's response to this. Hon Ken Travers asked the chief executive officer of that agency for information on client contact statistics for the past five years, including the details of trends in the nature and type of inquiries received. The answer that he got back was none other than —

The number of people accessing SBDC's services has increased by more than 50% over the last five years.

It had increased by 50 per cent over the past five years! It continues —

This has been largely due to strong growth in people accessing our services online, the launch of the State Migration Centre and the Go West Now campaign.

At a time when the budget to this organisation is being cut, we have continued growth in the number of people who are accessing the service. Once again, it is a clear case of the government asking departments to do more with less. The only people who are not doing more with less are the Premier and his ministers, because they do more only if they can get more! We have had that debate on the way they have fluffed up their own ministerial offices, the way that resources have been gouged out of government agencies and put into their ministerial offices to perform political roles, whilst at the same time reducing funding to agencies like the Small Business Development Corporation, which has a very important role to play to assist small businesses to get on with the job of providing goods and services. In addition to providing goods and services, they provide a key part of this state's economic base. The Small Business Development Corporation is a major employer of people right across the state, so if small businesses are doing badly, we can bet that unemployment will be on the rise. It is very concerning that we have this trend.

As a part of this inquiry, I asked for the number of inquiries during 2009–10 in respect of franchising and commercial tenancy, which is an issue that is of great concern to many small business operators in this state. The answer that I received was that in 2009–10, 2 223 clients sought information from the Small Business Development Corporation about commercial tenancy issues. During the same period, the Small Business Development Corporation assisted 121 clients to make applications to the State Administrative Tribunal in relation to commercial tenancies. The Small Business Development Corporation also dealt with 305 franchising inquiries in 2009–10. This is a major issue and indeed a very critical issue, together with the question of payroll tax. We can see that any deductions in payroll tax that have been given to small business have basically been chewed up by increased utility prices that they have to pay. From memory, when I looked across the schedule of what the percentage increase for small businesses in this state was over the forward estimates, they will have had an increase of over 40 per cent in power costs. Any payroll tax advantage given by this government to small businesses in the state will be, without question, eroded by the fact that they will have a power cost increase of over 40 per cent over the forward estimates. If we add to that the additional levies applied to them with water rate increases, then quite clearly this government has delivered absolutely nothing to them.

I just want to quickly touch on an issue that has been brought to my attention. Once again, it goes to how this government provides so little support to small businesses. It relates to the area of franchising, because this government has done nothing on the issue of franchising. The other day a constituent came to my office. Her name is Teresa Ritchie. The matter concerns her and a company called Gelatino Pty Ltd. In relation to the practical assistance given to her by the Small Business Development Corporation, I am not sure whether in fact she approached the Small Business Development Corporation, but she certainly did approach my office about her business. She has a small local business at Lakeside Joondalup shopping centre. She has a franchise for Gelatino Pty Ltd under a lease agreement, with the lease being held by the franchisor, which happens to be Gelatino Pty Ltd, and with Teresa and her husband as guarantors. Gelatino Pty Ltd went into liquidation and Lend Lease, the landlord, was made aware of fact that Gelatino did go into liquidation and refused to sign the lease over to her and her husband as the franchisees.

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

As a consequence of that they had to start trading under a different business name, and so they called their new business Coffee Cake n More. They were then given a short-term lease, which is due for termination on 25 October 2010. Lend Lease has refused to renew the lease after 25 October 2010. Upon querying why it would not renew the lease with her, Lend Lease said, “The reason we are unable to renew the licence is that we are currently working on a strategy for this area. At this stage we are unable to disclose details of the strategy.” I think that is absolutely shocking; in other words, “You are out and we are not going to tell you why you are out because we have a grand plan for your spot.” Lend Lease offered her a lease at a shop that is in an area with less traffic, with a handover in December 2010, meaning that she was going to move from a spot in the shopping centre where there was lots of thoroughfare traffic, which means lots of business, and she was being advised that she would have to move to an area of the centre where there is hardly any traffic and hardly any business, and that she would have a handover of December 2010, meaning nearly two months without a place to trade. Lend Lease offered no compensation for the loss of trade. Teresa and her husband are not in a position to move the whole store and Lend Lease is making no concessions for the refit of the new shop, even though Teresa Ritchie and her husband paid for the refit of the original shop in which they are now situated and for which the lease has been taken off them. I do not know the experience of other people, but certainly a good fit-out of any shop could run to \$30 000, \$40 000, \$50 000 or \$100 000, depending on what it is. I remember, for example, many of the small bars have been refitted at \$200 000. We are not talking about small sums of money; we are talking about somebody having made an investment, in this case Teresa and her husband, in a business and fitted it out at a cost of possibly \$70 000 or \$80 000, and then being told, “You are going to move on and leave your investment where it is.” That is totally, totally unfair.

Lend Lease is negotiating with a number of other people, as I understand it, for the same kiosk—the shop they were offered as a consequence of Lend Lease not renewing the lease for their current premises—offering the new premises at market rental although they have pushed her out of her current site. The matter was before the State Administrative Tribunal for mediation on 13 October 2010. There is nothing that can be done. They cannot pursue any further action after mediation, as they have had to pay for lawyers, and like so many people who undertake a franchise, they really find themselves against the wall with nowhere to go. Virtually the only option open to them is to take this matter before the Supreme Court. In order to be able to do that, it may take years and years and end up costing hundreds of thousands of dollars. This is such a sad story. It is a story that is repeated time and again. It is an issue that really needs to be dealt with.

This is only speculation, but as I understand it, Teresa has spoken to the shop owners in the area and believes that she and another shop owner are being pushed out to expand the already rather large Gloria Jean’s Coffee House, so that it may fit the standards of the stores in Melbourne. Therefore, definitely one and possibly two businesses are being removed by a larger franchise. Once again, this is a very, very common story. It is almost the case that the highest bidder succeeds, and virtually there are absolutely no protections for people who have a franchise.

This is only one of many, many sad stories and one of the many, many issues that small business faces. Having worked with the sector now for some two years, I can say that small businesses are aggrieved that the government has made so little effort to try to assist them through a particularly difficult period. I understand that Mr Peter Abetz, the honourable member —

Hon Simon O’Brien: The member for Southern River.

Hon LJILJANNA RAVLICH: The member for Southern River, I understand, has introduced franchise legislation in the other place. We will watch that with interest and we welcome the fact that he has done so. There is no doubt in my mind that the fact that I have heard these sorts of stories repeated time and again indicates that the government must be proactive on this question of franchises. The government must be very, very serious about the importance of small businesses to the state’s economy. It is not just the top end of town that drives this place; large businesses, medium businesses and small businesses all have a critical part to play, all contribute to the gross state product and, quite frankly, if small business is not doing well, then the economy is not doing well.

There is no doubt that if the Minister for Commerce really thinks that he has done something for small business during this very difficult time, he should explain what policies he has put in place to deal with the impact of the global financial crisis on small business and the thousands of workers who lost their jobs. We have not heard anything from him about what he has done in that regard. If the minister has done a great job, he should outline what strategies he put in place to protect workers in small businesses and the practical assistance that he has made available to small businesses that go bust and the thousands of workers who lose their jobs. I have never heard the minister explain what he does in those circumstances. There is no doubt in my mind that this minister

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

and the minister before him have both been asleep at the wheel while small businesses in Western Australia continue to go under.

HON NORMAN MOORE (Mining and Pastoral — Leader of the House) [2.34 pm]: I guess when we listen to the motion itself, it clearly reflects the situation that was around, perhaps, two years ago. We were concerned at that time about the global financial crisis, perhaps far more so than we are now because with the effluxion of time, we have, if we believe most commentators, come to a stage where we are coming out of the global financial crisis. Indeed, it is quite interesting that if we look at the Western Australian economy, we were probably less affected by the global financial crisis than most other parts of the world. That is a very positive thing and I think it is a significant reflection on the nature of the Western Australian economy. I must say that it is very much based upon the resources sector but if Hon Ljiljanna Ravlich does not like that, that is her business. It is a fact of life that if we have a big end of town, it actually does flow through to what some people might call the small end of town. Therefore, the work we do to encourage big business to open up major projects in Western Australia has a significant impact on small business in Western Australia.

We need to consider this motion in the context of its having been put on notice paper in March 2009. Again, I want to say that this simply reflects a very unfortunate decision by one member to clog up the notice paper for nearly two years. It actually means that every Wednesday we have to listen to “moaner” go on for two hours. I have to say that it is just getting to the stage where people are getting sick of it, including her own members, if we have a look around the chamber!

Hon Ken Travers: No, we’re not!

Hon NORMAN MOORE: So they are all outside on parliamentary business, are they?

Several members interjected.

The PRESIDENT: Order!

Hon NORMAN MOORE: This is happening every Wednesday; the same old story; the same old waste of time. We should be debating things of a contemporary nature, not something that the member put on the notice paper in March 2009, but maybe that is contemporary for her. However, the member has a serious mental block because her memory of things that happened before September 2008 is totally clogged up. She has forgotten everything that happened before that.

Point of Order

Hon LJILJANNA RAVLICH: Mr President, is there a standing order that relates to perhaps the length of time that a motion is live for? The Leader of the House keeps going on and on about the length of time that this motion has been on the notice paper and is questioning its relevance. Quite frankly, if it is not relevant, Leader of the House, and there is some sort of standing order in relation to the relevancy of motions, let us hear it; otherwise, just address the substantive motion.

The PRESIDENT: There is no point of order because motions stay on the notice paper until they are dealt with in this section. However, this is a section that is being looked at closely by the Standing Committee on Procedure and Privileges in terms of how we deal with business of this kind into the future.

Debate Resumed

Hon NORMAN MOORE: There is no question that motions stay on the notice paper until they are dealt with. However, this motion is predicated on the fact that we are going into the global financial crisis when, in fact, most people say that we are just coming out of it, which means that it is irrelevant. The member has no idea what she is talking about. However, let me just go through some of the things that the member talked about and then I will outline the government’s position on this matter.

When the member read out her motion, she talked about there being potentially thousands of workers who will lose their jobs and require retraining. I simply asked her to justify that figure and she sought to do so today. I did not say that nobody had lost their job; everybody knew that people lost their jobs as a result of the global financial crisis. I hope that the member is not blaming the state government for the global financial crisis because if she is, she would have to start remembering what happened when she was in government because that is when it started.

Hon Ken Travers: No it didn’t!

Hon Simon O’Brien: Is it our fault?

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

Hon NORMAN MOORE: The member knows and I know that that is a global issue and it has nothing to do with the state government's ability to manage its economy or not.

Hon Ken Travers: I am just saying that it happened on your watch; I didn't ascribe blame to you.

Hon Simon O'Brien: What's your point?

Hon Ken Travers: You were saying it happened under our time.

The PRESIDENT: Order!

Hon NORMAN MOORE: I said it began about that time and it has now changed. I am pleased to know that it is not the state government's fault that we had the global financial crisis. I hope that members opposite are pleased to know that we came out of it better than did most other economies around the place.

The member mentioned tourism, and I said that one of the problems with tourism at the moment is the price of the Australian dollar. That is probably the most significant factor affecting the Western Australian tourism industry across the board. Again, the member is not going to blame the state government for that, is she?

Hon Ljiljanna Ravlich: No. I blame you for doing nothing; that's what I'm blaming you for.

Hon NORMAN MOORE: I will come to that shortly.

Hon Ken Travers interjected.

The PRESIDENT: Order!

Several members interjected.

The PRESIDENT: Order! It is impossible for Hansard to pick up the comments of the member on his feet if there are five different interjections across the floor of the chamber.

Hon NORMAN MOORE: The member mentioned Ravensthorpe. The reason that that project closed is that the price of nickel went through the floor, and the company decided to close it. Most of the workers from that particular project were redeployed by BHP Billiton Ltd to other operations around the state, and I suggest that the member check that out. It has been sold and it has been reopened. First Quantum Minerals Ltd is reopening the Ravensthorpe nickel project, and we hope it has a great deal of success.

The member wanted to talk about ministerial office staff again. She wanted to have another go! We have already debated that. This is how ridiculous it has become. She regurgitated stuff that she said during debate on a previous motion weeks ago. She forgot to mention that, on a comparative basis, the number of staff in ministerial offices is significantly lower than when she was a minister. That is the way it is. That is a fact of life. On top of that, she also forgot to refer to the huge Department of the Premier and Cabinet that was full of ministerial political appointees who were to provide support to the then government. They did not earn their salary too well, did they?

The member also mentioned power charges. We all know the reason that power charges have had to go up. The previous state Labor government said that it knew best how to manage the electricity industry in Western Australia and it was going to disaggregate Western Power and create four entities; and, as a result, it would be able to reduce the price of power. We said prove it, and the Labor government said that it would not raise the price for four years. We said that if the Labor government made that commitment, we would go along with disaggregation. Of course, we all saw what happened. The price went through the roof to the point at which it was sending the state broke, and something had to be done about that. We are taking the hard decisions that the Labor government was not prepared to take, because it kidded itself that somehow creating four entities out of Western Power would make it more efficient and save money. The Labor government led everybody up the garden path, including the then opposition.

The member spoke about franchising as though this is a new issue. This was an issue when Labor was in government. I remember taking it up on behalf of a number of people when Labor was in government only to be told by its ministers that it was a federal issue. It has nothing to do with the state government at all; it is a federal issue, and that is where it should be fixed. That was the response of the then Labor government to the issue of franchising.

The matter the member raised about shopping centres relates to the Commercial Tenancy (Retail Shops) Agreements Act. I agree with the member that that needs to be as strong as possible to look after the interests of small businesses, particularly small family businesses in shopping centres, because sometimes they are taken advantage of by shopping centre owners, and I have mentioned that issue before. There is no argument about that.

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

This government has been taking a significant number of proactive actions to deal with the issue of the global financial crisis and the effect it has had on small business. I will discuss my portfolio for a start, because my job as Minister for Mines and Petroleum is to get as many mines and petroleum operations going in Western Australia as possible. The more of those operations that get going, the more that small business benefits. Indeed, the other day I mentioned in this house during debate on a similar motion, because most of these debates are similar, that there are a number of small businesses developing, growing and commencing in the Hazelmere area around the Perth airport, most of which have their activities related to the mining industry. I mentioned HV/LV Transportables, a company that makes switch rooms for the resources sector. It is a relatively small business and it sees opportunities coming from the resources sector. Because it has chosen a niche market, I believe it will do very well indeed. Another company, G&G Mining Fabrication Pty Ltd, is in the business of fixing buckets for mechanical shovels and so on. It has found another niche market and employs some 40 people. It is a brand-new business. There are about four of those types of businesses that I have been involved with in the past six months. There is significant activity in the small business sector in that part of the eastern suburbs, as some of the eastern suburbs members will be aware. These small businesses are being located in that part of the state because of their proximity to the transport routes to the north and east, where most of the resources activity is taking place. Small business is going to grow by virtue of the fact that big business is going to grow. Big business is certainly growing in Western Australia to the point at which we have something like \$170 billion worth of potential projects in the pipeline in Western Australia. That will produce an enormous amount of business for small business in Western Australia, and, indeed, in Australia and internationally, because the demand will be great for the products that they provide.

My job as the Minister for Mines and Petroleum is to do something about reforming the approvals processes. We have put in train an industry working group that has provided a report to the government on how to improve the approvals processes for the mining and petroleum industries. If members want to know whether we have made any progress in this area, they should look at the Department of Mines and Petroleum's website, which has a very transparent analysis of the way in which it goes about providing approvals. That has been a significant improvement. There is no doubt that Western Australia's approvals processes have improved dramatically in relationship to those in other states. A simple example is a magazine called *ResourceStocks*, which assesses all the mining jurisdictions in the world and compares them from the point of view of their attractiveness for investment. When we became the government, Australia was third in the world and Western Australia was last of the Australian states. In 2009 Western Australia was second last; we were making some progress. In 2010 Western Australia is now second behind South Australia. Interestingly, at the same time, Australia has gone from third in the world to twenty-sixth, which is a demonstration of the stupidity of the then Rudd government and, so it seems, the Gillard government as its successor in driving international investment away from Australia. Perhaps Hon Ljiljanna Ravlich might send a note to the Prime Minister to remind her that this country depends very much on foreign investment to get industry going in this state, particularly the resources sector. We are working very hard on making sure that people get the ability to spend their money in Western Australia quickly and get proper approvals in a timely manner so that they can then spend that money on developing our resources and creating wealth and jobs not just for their employees, but also for those who work in those parts of industry that provide services and supplies to bigger companies.

We also set up the Red Tape Reduction Group. Hon Ken Travers—sorry; Hon Ken Baston. He will not talk to me again after that; it was a terrible insult! Hon Ken Baston and Liza Harvey were members of the Red Tape Reduction Group, which was established in January 2009. Its purpose was to consult with small business operators around the state to identify red-tape issues. The group has made 107 recommendations to government across some 16 areas of regulation, and the government is currently working its way through the recommendations with a view to implementing them in Western Australia. I thought that was a very sensible initiative, because one of the things that drive people nuts in this state and most places is the amount of red tape that they have to go through to get approvals to do anything. We have a fair way to go yet, as Hon Ken Baston will tell members, because it is very difficult at times to get through the administrative haze that is created by the bureaucracy in this state. We need to sort that out. People get to the point at which they just cannot be bothered anymore and the difficulty of going into business sometimes is just not worth the trouble. We need to make it easier, not harder, for people to go into business. We believe that out of the Red Tape Reduction Group will come some significant benefits.

In May 2009, the government committed \$2 million to build the capacity of the state's small business operators. That has been achieved by the Small Business Development Corporation by rolling out its BizFiT suite of programs. According to the opposition, the SBDC has been doing nothing. These programs are designed to build resilience in the small and medium-sized business sector by developing the skills of business operators to succeed regardless of the prevailing economic conditions. Since BizFiT was launched, it has been taken to every region of the state and 800 business operators have taken part in the program so far. The program includes

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

intensive training as well as business pulse checks that are undertaken on site by Small Business Centres' managers and Small Business Development Corporation advisers. The showcase of this program is a subsidised scholarship to a tailored business growth course at Curtin University's Centre for Entrepreneurship.

We have already had a debate about training. Hon Peter Collier has explained what the government has done about that.

Hon Ljiljanna Ravlich: Very little, just like small business. You can't buy much for \$11 million. You know that.

Hon NORMAN MOORE: I do not know whether the member simply does not listen or does not understand, or both. It is probably both. When a person is told something a certain number of times, most people would expect the person who heard it to remember it and not continue to revert to a preconceived notion in the back of that person's mind that appears to be stuck there ad nauseam like a broken record. The Minister for Training and Workforce Development has explained to this house and to the member on hundreds of occasions what we are doing for training. It is a significant improvement on what was happening in the past. The extra \$47.7 million that the member keeps ignoring is money spent in addition to what was previously being spent on training initiatives in Western Australia. The government has provided \$19.5 million over two years for an additional 7 600 training places in industry priority areas, including apprenticeships and traineeships. These places, combined with the National Partnership Agreement on Productivity Places Program, will set training levels at 156 000, which is an increase of 22 000 places on the 2008 figures.

Hon Peter Collier has a very positive attitude towards training. Indeed, he has the resources of government to ensure that we provide the training opportunities that people need. I was fortunate enough to be Minister for Education, Employment and Training on one occasion and created the current Vocational Education and Training Act, which created independent statutory authorities as independent colleges. That model has been very successful and means that our TAFE colleges are competitive and reflective of the needs of their particular communities and of the sorts of training that those communities need. I inherited a TAFE system that was run by a centralised bureaucracy that had no relationship whatsoever with the business world. It was unresponsive to the needs of business and was training people for yesterday's jobs. I also created the State Training Board, which was set up to provide advice to the government about the training needs of the state. That model has been very successful also. Hon Peter Collier is building on that to create an even more competitive training market so that these colleges can truly reflect the training needs of their particular communities.

On top of this, a further \$3 million over two years has been allocated to help subsidise employers who are willing to take on out-of-contract apprentices or trainees to enable them to finish their qualification. That money was spent on rebating workers' compensation premiums. Under that project, 1 692 claims have been approved for 788 employers. It is estimated by some that Western Australia will need 180 000 extra workers by 2016 to sustain our level of economic activity. That figure will not be met—if that is what we do need—by the state training system and from within Western Australia. We need a migration program from interstate and overseas to meet the state's growing needs. That assumes, of course, that the Chinese economy will continue to grow and that the buoyant economic situation we are enjoying in Western Australia will also continue.

Hon Ljiljanna Ravlich dismissed another of the government's initiatives as being of no great consequence—the payroll tax rebate in the 2009 budget. The government made a decision to put \$100 million back into the pockets of small business. It is expected that 6 500 small to medium-sized businesses will receive a rebate on their payroll tax of up to \$46 750 per employer during the last quarter of 2010. That typically applies to employers with between 11 and 46 employees. That was a direct \$100 million injection into small business. If that is not a big help, I do not know what is. When those companies get their cheque as a rebate, they say, "Thank goodness for that, because that is giving us additional cash flow."

The state government is also a big spender on capital works and infrastructure projects around the state. In the 2010 budget we allocated more than \$22 billion over three years to infrastructure and capital works projects such as roads, ports, schools, electricity and water. That included \$7.6 billion to be spent in 2010–11, which is a 31 per cent increase on the 2008 budget. Many small businesses will benefit from that expenditure. Some big contractors and some small contractors will benefit, but, as we all know, the benefits of building infrastructure flow right through the business community. By spending that sort of money, the government is providing opportunities for small businesses to benefit from the growth of Western Australia's infrastructure.

Hon Ljiljanna Ravlich would have us believe that the Western Australian economy is in dire straits, that there are unemployed people all over the place and that things are really terrible. That is not the case at all. If we compare the Western Australian economy with the other states of Australia, we can see that our economy is doing

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

extraordinarily well, and the member should be very pleased about that. I am very pleased in particular that the Chinese economy is continuing to grow. When I attended a function the other evening for the National Day of the People's Republic of China, I was reminded that the Chinese economic miracle was the result of a decision made by the Chinese government to embark on the greatest movement of people from poverty to a reasonable standard of living in the world's history. That is happening and, as a result of that decision by the Chinese government, our economy is a significant beneficiary. What is happening in China today and the mass movement of people from poverty to a reasonable standard of living is an incredible journey and an incredible achievement in a very short time, and we are the beneficiaries of that. Western Australia's resources industry is gearing up for massive growth, assuming, of course, that the Chinese economy continues to grow. There is a black cloud on the horizon in the sense that the United States economy and some of the European economies are not performing too well at all. I am pleased that Hon Ljiljanna Ravlich did not blame us for that; that is about the only thing she did not blame us for. We cannot do much about the US economy. The problem with the US and European economies is that if they do not maintain their markets for Chinese goods and services, that may well impact on the growth of the Chinese economy. That is the black cloud on the horizon.

We are very, very fortunate that Western Australia has reached the stage of economic development that it has reached. There are unemployed people in Western Australia—there is no doubt about that. However, we have the second lowest level of unemployment in Australia. We have the lowest unemployment rate of any state. The Northern Territory's unemployment rate is slightly lower than the unemployment rate in Western Australia. Seasonally adjusted employment in Western Australia rose by four per cent over the past year. Nationally it was 3.2 per cent. The overall outlook for the Western Australian economy is healthy, with a forecast of 4.45 per cent growth in 2010–11 and 4.75 per cent in 2011–12. According to the latest Chamber of Commerce and Industry of Western Australia – Commonwealth Bank survey, 76 per cent of Western Australian businesses reported that current economic conditions in the state are good for business. One or two businesses may have told Hon Ljiljanna Ravlich that they do not like what is happening, but 76 per cent have said in an independent assessment that the current economic conditions in Western Australia are good for their business.

We are fortunate indeed that the circumstances predicted by Hon Ljiljanna Ravlich when she moved the motion did not eventuate to the extent that she thought they would. Whilst there was a downturn, Western Australia did not experience the very dire circumstances that occurred in many other parts of the world. The government has been working very hard, through the Department of Commerce, the Small Business Development Corporation, the Department of Mines and Petroleum and the Department of State Development, to ensure that we continue to grow those parts of our economy that allow us to have a significant and competitive advantage. We are doing our best to ensure that small and medium businesses can hang off the growth in the resources sector. There is no question that the resources industry is the backbone of the state's economy. It is off the back of that industry that small business will flourish. Having looked at a number of small business localities in Western Australia, it is my experience that many small businesses are doing very well. Indeed, they are gearing up for significant growth in employment levels as their businesses grow. The two I mentioned a moment ago are looking at doubling their workforce from 40 workers to 80 workers. The only concern they expressed to me was whether they will be able to get the skilled workers that they need, bearing in mind that they will be competing with the resources sector. We have a bright future, but have to be careful that we make sure that our migration program is able to deliver the sorts of skilled workers we need, in addition to what our training system is delivering courtesy of the Minister for Training and Workforce Development.

Hon Ljiljanna Ravlich: That's not delivering much. That's why you have to get the skilled migration strategies.

Hon NORMAN MOORE: We have to do both. Having been a minister of the party that was in government during the last boom in Western Australia, the member would know that there was significant pressure on the Western Australian labour market during the last boom. We did not run around and say that the lack of skilled workers was the Labor government's fault. The reason that there is pressure on the labour market is that there is huge growth in some parts of our economy. Regrettably, that growth is not being experienced by all parts of our economy.

Hon Ljiljanna Ravlich: Can you explain why training figures are down?

Several members interjected.

The PRESIDENT: Order, members! Members are distracting the member on his feet.

Hon NORMAN MOORE: I have been distracted by Hon Ljiljanna Ravlich since she became a member of this place.

Hon Kate Doust: You look distracted.

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

Hon NORMAN MOORE: I am!

Hon Kate Doust: You should go and have a nap.

Hon NORMAN MOORE: That is a good idea. If I could do that every Wednesday afternoon, I would be the first to do so. If I were given the choice of being here or having a nap, I know where I would rather be.

Hon Ljiljanna Ravlich can argue with the Minister for Training and Workforce Development until the cows come home. I know who I believe when it comes to that debate. It is not Hon Ljiljanna Ravlich. The issue facing Western Australia is not an issue of unemployment; rather, it is the shortage of skilled workers to run the economy of the future. Part of the problem is that most of the demand for skills is in the same fundamental area of the resources sector. That puts pressure on other industries, such as tourism and hospitality, which require different skills. We need, just as the Labor government sought to do when it was in government, to deal with this issue as best we can. We cannot just click our fingers and say that we want another 100 000 boilermakers, another 100 000 electricians or another 100 000 carpenters. We are doing our best through the training system, but we will have to rely on the migration scheme to provide for the shortfall in the future. I hope most of the skilled workers will come from the eastern states where Labor governments are presiding over poor economies. I use New South Wales as a classic example.

The government does not support the motion. It is out of date. Things have changed since it was moved. We are moving forward in a positive way, which is in contrast to the negativity attached to the motion.

HON ED DERMER (North Metropolitan) [3.05 pm]: I am very pleased to support the motion moved by Hon Ljiljanna Ravlich. The compare and contrast situation before us is interesting. Hon Ljiljanna Ravlich's motion relates to her concern about the state government's failure to develop a tourism policy. Obviously, tourism is an important part of small business. One has only to visit Hillarys Boat Harbour in my electorate—in fact, it is close to my home—to know how much small business depends on tourism. Hon Ljiljanna Ravlich's motion provides an important and significant indication of the government's failure to develop a tourism policy and the importance of that policy to small business. I stand with a degree of shock and amazement. Hon Ljiljanna Ravlich points out the failure of the Barnett government with tourism. The response from an experienced and senior minister of the party of Sir Robert Gordon Menzies was to grope around because of the lack of a relevant small business policy and to attribute great success to the policy of the People's Republic of China. He spoke in glowing terms about its economic progress; however, he made no reference to the techniques that were used to achieve that progress. I hope that the Barnett government does not go any further in drawing policy from that particular regime.

Hon Norman Moore: Hang on! You are seriously misrepresenting what I said.

Hon ED DERMER: I do not think so. The minister should refer to the *Hansard*.

Hon Norman Moore: I said our economy is very much dependent upon the growth of the Chinese economy. If you do not know that, I don't know where you've been.

Hon ED DERMER: I concur that the economic growth of China contributes to the economic growth of Australia. There is no problem there.

Hon Norman Moore: Do you think it is bad news for China?

Hon ED DERMER: I am on my feet, Hon Norman Moore.

Hon Norman Moore: Stop misrepresenting me.

Hon ED DERMER: No. The minister should read the *Hansard*. The minister was talking about the policy success of the Chinese government in transforming its population. That success is apparent. The techniques used to achieve much of that success were appalling. I certainly would not want those techniques used in the nation in which I live. I find it disturbing that Hon Norman Moore groped around as he tried to find an answer to the policy failure of the Barnett government, as pointed out by Hon Ljiljanna Ravlich, and that he spoke in glowing terms about how things are run in the People's Republic of China. I do not believe that I have misrepresented the minister in any way, shape or form.

Hon Norman Moore: I think it's a good thing to get people out of poverty.

Hon ED DERMER: But we must look very carefully at how it has been done. One of the great strengths of the Western Australian economy is the small business sector. One of the foundations for success in small business is access to credit. Many small businesses in Western Australia access credit based on the secure right of tenure on their property. If a person has freehold ownership of property, he or she can go to the bank and borrow money to finance a small business. That is how it works. I would hope that the Leader of the House, before he starts sprouting Chinese economic miracles, has a look at the many problems that have arisen for people in China

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

because of the lack of clarity and tenure on land ownership. That is a really serious problem. A lot of people have suffered badly —

Hon Norman Moore: Is the member arguing they should go back to what they used to do?

Hon ED DERMER: No. Do not try to put words in my mouth, Leader of the House.

Hon Norman Moore: That is what you're doing to me.

Hon ED DERMER: I am drawing entirely on what the Leader of the House said.

Hon Norman Moore: I did not make any comments about that. I just told you the consequences of it.

Hon ED DERMER: If the Leader of the House sees that as a formula for economic success, I will point out to him that that is based on the abuse of people. Security of land tenure and the need for that to underline the strength of small business by way of securing credit is important to our economy. Stories about how that has failed in the People's Republic of China are regularly reported. I find it particularly offensive to hear the Leader of the House sprout that as an economic miracle, given that that is part of the cost on which China's economic growth has been established. I do not want to get too distracted; I have limited time.

Point of Order

Hon NORMAN MOORE: I do not normally do this but I want it taken on board that I am being misrepresented by the member. I did not at any time in my speech cast a view about how the Chinese government achieved its economic miracle, as I called it.

Hon Ken Travers: You've been here for 30 years; you know this is not a point of order!

The DEPUTY PRESIDENT (Hon Matt Benson-Lidholm): Order!

Hon Ken Travers: It is not a point of order.

Hon NORMAN MOORE: Oh, shut up. Just shut your big mouth!

The DEPUTY PRESIDENT: Order, members!

Hon NORMAN MOORE: Since when has the member been in the chair? He is not in the chair.

The DEPUTY PRESIDENT: Members, I am trying to listen to a point of order. I need to hear the conclusion of this point of order before I can make any statements. Keep going, please.

Hon NORMAN MOORE: Thank you, Mr Deputy President.

The Deputy President is in the chair; did the member notice—it is not him! The member does not run this place on his own. The point I was making is that he has continued to misrepresent what I said —

Hon KEN TRAVERS: Point of order, Mr Deputy President. The member is seeking to make a point of order about being misrepresented. Once he has made that point to the chair, there is no point of order. He should do that at the end of the member's speech.

Hon Norman Moore: Why don't you get in the chair some time, where you're supposed to be half the time, but you're too gutless to be there —

The DEPUTY PRESIDENT: Members, I am increasingly finding the debate rather counterproductive. I am prepared to take on board points of order as they come up. I simply say to Hon Ed Dermer at this juncture—this goes to all members—that if he made his comments through the Chair, it would certainly make debate much easier to follow. I am certainly getting confused as to exactly what particular points are being made because of the constant interjections. I note that two members have sought points of order. At this point the best advice I can give to Hon Ed Dermer is that he does exactly as I have indicated; that is, make his comments through the chair and not selectively decide to respond to particular interjections, because that simply encourages continuation of apparent disorder. I ask Hon Ed Dermer to take on board those issues and keep his comments basically to the motion in front of us.

Debate Resumed

Hon ED DERMER: Thank you, Mr Deputy President. I appreciate your advice. I am very pleased to follow that.

It is a very important point to make that the success of small business in Western Australia is very highly dependent on the very clear law that relates to property rights in our jurisdiction. That enables small businesses to obtain finance based on the value of their property, which provides the necessary capital for many small businesses in our economy. Being aware of that, and being aware of what I have read about abuses and lack of

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

security of property rights in the People's Republic of China, I found it particularly distressing to hear the reference, in glowing terms, to the policy of that government.

Hon Norman Moore: I beg your pardon!

Hon ED DERMER: If the Leader of the House wishes to say that he did not say that, I find that more comforting.

Hon Norman Moore: I did not make any comment about whether they had a good system or not. I said the end result of what they are seeking to do is good for Western Australia. If the member does not think that is a good thing, I worry about him.

Hon ED DERMER: When I heard the Leader of the House's words in his speech I understood him to indicate an approval of the policy that he was referring to in the People's Republic of China. I am aware of the problems that have occurred to people living in that country because their property rights have often been abused by officialdom. That was the point I was making. It is very interesting to hear the Leader of the House endeavour to explain his views, once the gravity of what he suggested was pointed out. Of course it is open to any person, by way of internet access to *Hansard*, to judge my words and to judge the Leader of the House's words—if they are interested enough they will—and they are very welcome to draw whatever conclusions they want. I do not think there is any need for points of order to interrupt the flow of my speech. It is unfortunate that I have only 10 minutes —

Hon Ljiljanna Ravlich: You have more; you have 37 minutes.

Hon ED DERMER: I have more, that is right. I might actually go ahead and use that. I am pleased that that is the case because there is a lot to be said.

It is extremely important that the Barnett government develop its own small business policy rather than grope around other jurisdictions and point to flawed policy that causes suffering to people. Central to having sensible small business policy is to have a minister who takes direct responsibility for small business. I am staggered that a Liberal government does not have such a minister, given the traditional support that the Liberal Party has received from small business people. The government has made a very unwise decision in not having a specified small business minister. The small business community will understand that, and the Liberal Party will lose electoral support as a consequence.

In contrast to that ill-advised decision by the Premier to not have a specified small business minister, the Leader of the Opposition, Hon Eric Ripper, has shown great wisdom in his allocation of portfolios. The allocation of portfolios to Hon Ljiljanna Ravlich is an example of the Leader of the Opposition's wisdom. Hon Ljiljanna Ravlich pursues her portfolios of commerce and small business; government accountability; tourism and training with energy and wisdom. There has been a lot of discussion about the importance of training and tourism to small business, so that is a very rational combination of portfolios that the Leader of the Opposition has very wisely allocated Hon Ljiljanna Ravlich. It is interesting to see the logical connection also with government accountability as a portfolio. We earlier had a very good explanation from Hon Ljiljanna Ravlich about the lack of commitment by this government to the Small Business Development Corporation. It is clear that public servants serving small business are working hard but with fewer and fewer resources. Hon Ljiljanna Ravlich made that very clear with her discussion of the allocation of funding for that agency, according to the forward estimates.

The Leader of the Opposition was also very wise in choosing Hon Ljiljanna Ravlich, a very capable lady with four years' experience as a director of a small business.

Hon Norman Moore: It used to be a big business!

Hon ED DERMER: Wisdom comes in many ways, from experience. The wisdom with which Hon Ljiljanna Ravlich fulfils her responsibilities to those shadow portfolios is reflective of the experience she has. In contrast, I have never had any experience in small business. I stand in awe of people who undertake small businesses. I have been fortunate, in my view, to have always worked one way or another for wages or a salary. That gives me security in knowing how I am going to pay my bills; even if they do seem to get larger and larger under the administration of Hon Colin Barnett. I do not think I would have the temperament to handle the unpredictability of small business. Basically, I do not think I would have the courage to be a person involved in a small business. I think it takes enormous courage, because the circumstances confronting small business people are in a constant state of flux. I am delighted that Hon Ljiljanna Ravlich has done her very best to look after small business people operating in my constituency, and I am sorry there was not a happier outcome for the family the member referred to working hard to make a living in the Joondalup shopping centre, but I am very pleased the member was there to take it on.

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

Hon Ljiljanna Ravlich: We are not finished with that yet.

Hon ED DERMER: I am very pleased to hear Hon Ljiljanna Ravlich say that. I imagine that the member has the sort of character to fight that through in support of that family to the very last possibility that she can. I am sure Hon Ken Travers agrees with me that we are in good hands in that regard.

It is interesting that Hon Ljiljanna Ravlich placed these notices of motion on the notice paper a long time ago, and they still retain their relevance some time later. I know that Mr Deputy President (Hon Matt Benson-Lidholm) is listening carefully to me, as he was to Hon Ljiljanna Ravlich earlier, and I am just noticing the great concentration of my colleagues in the chamber, our acting leader in the chamber, Hon Kate Doust, Hon Ken Travers—who like me shares the appreciation for the good work the shadow minister is doing on behalf of that hardworking family in Joondalup—Hon Helen Bullock, Hon Linda Savage, Hon Jon Ford, all of us, are intently listening and taking an interest in these motions that are put together with such skill that they retain their relevance despite whatever time may pass.

Hon Ljiljanna Ravlich: Timeless motions we call them.

Hon ED DERMER: I think so. There is a policy failing on small business. It was interesting to listen to the Leader of the House talk at great length about his mining industry portfolio. It is interesting that if one knows anything about something, one can find a way of referring to that in response to a motion, regardless of what the topic of the motion might be. It was interesting to hear the honourable Leader of the House talk about his mining portfolio. I am delighted that he is thoroughly versed in that portfolio, and I suggest that he is ably assisted in that understanding of his portfolio by Hon Jon Ford, who regularly keeps him on his toes with well-selected questions. I think it is great.

Obviously, the export income that the rest of this country lives off in the largest part comes from the mining industry. I understand the second largest contributor to our export income is the agriculture industry. I had an interesting discussion the other day about whether the agricultural product of Wanneroo was strictly agriculture or horticulture. I am very proud of the fact that that part of my constituency contributes to the production of food and other grown goods, and that is terrific. It is very important that government and Parliament consider policy relevant to all parts of our economy. The mining industry is important—it might be contingent on what I think is a fairly politically tenuous situation in the People's Republic of China—but there is a necessity for the government to take its responsibilities seriously and not to neglect any part of our economy. Small business is an extremely important part of our economy.

Hon Ljiljanna Ravlich: Biggest employer!

Hon ED DERMER: That is right. The mining and the agriculture industries might be earning the export income, but once that income is here obviously it needs to circulate for the economy to work—multiplier effects and what have you—and at the end of the day the job opportunities for many Western Australians, particularly as they are starting off, often come out of small business. It does need a policy direction. A policy direction needs a minister. I think that the opposition is doing the right thing in having a very capable shadow minister. I acknowledge that amongst the ranks of the Liberal and National Parties there is not a person as capable as Hon Ljiljanna Ravlich and that might be the reason they do not have a minister for small business.

Hon Ljiljanna Ravlich: I think you are on the money.

Hon ED DERMER: They should do their best to find one, even amongst their thinner ranks.

One member of the coalition that I have enormous respect for is Hon Ken Baston; it is not just me speaking on behalf of the amalgamated whips union. One thing I was pleased to hear from Hon Norman Moore's speech was reference to the work on the reduction in red tape. I am really looking forward to hearing about progress.

Hon Ken Travers: It is bogged down in red tape.

Hon ED DERMER: I must say I have noted that we are probably about halfway through the tenure of the Barnett government—I am sure it will not go beyond the next election—but I have not heard about the progress. I know that Hon Ken Baston is a very capable member of Parliament; he does not take nonsense. I am sure that Hon Ken Baston is working really well on the Red Tape Reduction Group. I sit here and I wonder why there has not been self-evident progress. The most likely explanation is the absence of a minister for small business. Hon Ken Baston would be a good addition to the cabinet of the Barnett government, but he is not there; there is not a minister for small business. If one is doing the work on the Red Tape Reduction Group but there is not a member of the cabinet to actually follow through on that, that again indicates why the Barnett government has a problem with small business and has a problem with finding and implementing effective policy—it is the absence of a relevant minister.

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

I am delighted that small business is there. I enjoy trips into the city with my sons. Usually my wife, Sylvia, is working away in the health sector, but we often get chances to go in there and we do sensible shopping like DVDs and things like that. It is delightful to go through the city and also the suburban shopping centres with Cameron and Alexander and to enjoy these small shops. I think it is marvellous, the richness and the variety that is provided by small business. I think the world would be a much poorer place, not only in terms of economics and jobs, but also in terms of enjoying life and a sense of community in our city if these small businesses were not to thrive.

What I really admire about people in small business is how they handle so many different fluctuating variables. We talked before about the impact on them, and Hon Norman Moore raised the issue of variability of currency values and how their ups and downs have an impact on small business. One of the reasons I believe the government needs specific small business policy, rather than, as Hon Norman Moore was suggesting, looking after big business and hoping there will be a flow-on effect benefiting small business, because, as the total economic situation varies and as the fortunes of large business vary, these have flow-on effects. It is like the wash from a large ship reaching the shore. I am trying to find an analogy that does justice to small business, but I reckon a boat tossing in a storm is probably a pretty reasonable analogy. Small business people are there trying to maintain a steady course, trying to sustain their own families; they are trying to look after their customers and their staff and they are up against —

Hon Ljiljanna Ravlich: What does this word we are looking for start with, honourable member?

Hon ED DERMER: It is “B” for boat in a storm. Small business is working through and trying to navigate all these fluctuations and hazards. Dealing with difficult landlords at shopping centres would be one issue; dealing with the competition, which would be intense and aggressive I imagine, would be another; not wanting to have your place in the shopping centre or marketplace pushed away by a larger firm; and dealing with so many staff shortages. Not long ago, while enjoying a family holiday in Busselton—this is going back a couple of years—one could see small business after small business, all of which were adding to the joy of our holiday by providing ice creams or whatever else we might want; and seeing their very serious shortage of staff. It was a wash-on effect at the time from what was a particularly buoyant period in demand for resources internationally. There was a wash-on effect of the shortage of staff. There are so many variables that challenge small business. Small businesses offer so much to the richness of our community, so the least the state government can do is have a serious set of policies to support small business.

The needs of small business are going to fluctuate. We have the boat trying to navigate through the storm and work its way through the differences in the availability of labour, responding in turn to differences arising from wash-on effects and other consequences in the economy, such as the demand from the mining industry. Small businesses are dealing with often difficult landlords, which is another big variable. They are dealing with fluctuations in the overall tourism market, which is an important part for many small businesses. That in turn, of course, relates to the relative value of currencies. They need to deal with so many of these variables that we need to have sensible policy at state government level to support small business. The absence of that type of policy in the Barnett government necessitates the motion that Hon Ljiljanna Ravlich has moved. It is interesting to reflect that the inability of the Barnett government to respond to this need means that Hon Ljiljanna Ravlich could be moving the motion in March of 2009. Is that correct?

Hon Ljiljanna Ravlich: That is right.

Hon ED DERMER: The member was pointing out a need then by putting the motion on the notice paper. We have got to October 2010 and the need is still there. The message is being delivered twice, but the unfortunate thing is that the Barnett government is not listening.

Given that the needs of small business are in a constant state of flux with these variables that make life difficult for them to make progress, we need a policy that is responsive, not just at the level of a very capable Hon Ken Baston with the good work he is doing on the Red Tape Reduction Group; we need to have direction for that policy and the need to be flexible at cabinet level to meet the changing needs of small business. This is why there is an urgent need for a minister for small business in the Barnett cabinet.

Hon Ljiljanna Ravlich: They could do a lot worse than appointing Hon Ken Baston as the new small business minister.

Hon ED DERMER: I think he would have an enormous quantitative effect on their mean ability, and it would increase the average ability of the cabinet enormously if he were to join, but I do not want to give Hon Ken Baston unintended misfortune by overly emphasising this. Hon Nigel Hallett can see an aura around the Whip. And that is not just Hon Nigel Hallett wanting an extra pair, I can assure Hon Ken Baston!

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

Hon Ken Travers: Hon Nigel Hallett will be wondering why you are not suggesting him to the ministry as well.

Hon ED DERMER: Hon Nigel Hallett has given great service to the state as a footballer for an excellent team in the past, as he tells me, and he is capable of many other useful things as well. The important need is to support these people in small business to face all these uncertainties, difficulties and fluctuating fortunes. The sensible policy is there, and I would like to thank Hon Ljiljanna Ravlich for bringing this need to the attention of the Parliament. I hope that the Barnett government listens. It has been suggested by the Leader of the House that he finds this particular part of our parliamentary week boring.

Hon Kate Doust: Who said that?

Hon ED DERMER: The Leader of the House was suggesting that Hon Ljiljanna Ravlich's motions and the debate of them were boring. The Leader of the House suggested that he would rather go home for a nap than listen to the debate inspired by Hon Ljiljanna Ravlich. I take the view that I do not really believe politically in winning at all costs. I believe that we should win. I think a Labor government would do better. We would have ministers such as Hon Ljiljanna Ravlich.

Several members interjected.

Hon ED DERMER: Mr Deputy President, I am doing my best to talk to you. I understand how Parliament works. I talk to you in your role as Deputy President, and the idea is that the others eavesdrop on our conversation if they wish. I just wish that they would eavesdrop more quietly so that we can get on with our important conversation, albeit one that is a bit one way.

What I was trying to explain is that I understand that politics is competitive. Ultimately, it is a competition between competing political members, candidates and parties that gives people a choice. That choice is the underpinning of our democracy. Some people might be so tempted in that competition to want their party to do well that they wish the opposing party would do badly. I do not take that view, because I think it is very important that the people of Western Australia have a happy life between now and the next opportunity to change the government. I think that in this Parliament we have a very important role to point out to the Barnett government where it is falling down and what its needs are, not for any mean-minded political advantage that might go to my particular side, but so that the Barnett government will listen and take these suggestions seriously, and so that they will take the very wise step of appointing a minister for small business and better serve the people of Western Australia. In that way, we on this side of the house are doing our job. I think we are doing a damn sight better job than people on the other side of the house, but I do not want to become partisan. That would be unbecoming.

Hon Ljiljanna Ravlich is a great example to all of us. If the Leader of the House and his colleagues opposite were less tempted to indulge in being bored and wanting to have a nap when they should be at work here on a Wednesday afternoon, and if they actually listened to Hon Ljiljanna Ravlich with the open mind and spirit in which she offers her advice, they would take some advantage of the wisdom that she offers, take the initiative and establish a minister for small business. I have even gone to the trouble of suggesting some personnel the government might wish to consider for that purpose. Hon Alyssa Hayden, I remember your maiden speech —

Several members interjected.

The DEPUTY PRESIDENT (Hon Matt Benson-Lidholm): Order! I take it that Hansard is finding it very difficult to follow Hon Ed Dermer. I am very keen to hear what he has to say.

Hon ED DERMER: Mr Deputy President, I neglected you for a moment when I started talking to Hon Alyssa Hayden. I should not have done that.

The DEPUTY PRESIDENT: I was listening intently.

Hon ED DERMER: I am talking to you but she might be eavesdropping. I remember her maiden speech, which was based on her wisdom that derived from her experiences of small business. I know she is too much of a lady to say anything, but I am hoping that she will be listening to this and will go back to the Liberal Party room and insist that Liberal Party members take the appropriate step, that they respect small business based on well-established property rights and access to credit, and that they not be tempted by a darker, distracting policy alternatives that might be suggested. I am hoping that she ensures that they return to the spirit of Sir Robert Gordon Menzies and actually remember the importance of small business to the Liberal Party. I say that not because I wish the Liberal Party success in any way, shape and form. I am confident that we would do much better in our service to the state than it would. I am just aware that this state has to put up with this government for the next two years or thereabouts. It is very important that small business in Western Australia not be

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

neglected for a day longer, let alone two or more years. I just hope that the point is made about their properly attending to the needs of small business.

Another matter that I wanted to address is the idea of the impact of utility prices on small business, as on households. It is a very tired excuse, which we hear from across the chamber, to link the increase in electricity price to the undertakings that were given during the disaggregation of power provision. It is important to remember that at the time that came forward, both sides of the house were supporting it. I remember the excellent work of Hon George Cash in assisting the process.

Another area that I hope a member opposite will address is the components of the increase in utility prices. Sure, if we want electricity, we have to pay for its generation, and there was a need for some increase in electricity prices to make sure that Verve was sustainable. However, I would like to hear the government honestly address the other factors involved in the increase in electricity prices. It was a policy of the Carpenter government to take money from consolidated revenue and deliberately apply it to reduce utility prices, thus relieving pressure on households and small businesses in Western Australia. It is my understanding that the approach of the Barnett government is to increase the dividends taken from those utilities; it is certainly open to anyone opposite to contradict that understanding if I am wrong. I do not believe that I am.

Hon Norman Moore: You told us that disaggregation would lead to cheaper prices. It never happened, and you know it. You misled everybody; it would have sent us broke.

Hon ED DERMER: Mr Deputy President (Hon Matt Benson-Lidholm), the eavesdroppers are interrupting again! This is interesting, because in a sense I am notionally talking to you, Mr Deputy President, but through the internet, I am actually talking to anyone who might be listening throughout the world; that is quite fascinating, but people outside the chamber are less likely to interrupt, so in that sense they are more welcome to listen.

Hon Peter Collier: That's because they're not listening.

Hon ED DERMER: Is that not fascinating? Yes, I am concerned that members across the chamber are not listening. It is amazing how often they can interrupt without listening. I suppose it is the adage about which organ one chooses to use, and we are ultimately much better off using our ears more and our mouths less; I would recommend that to members across the chamber. As Hon Kate Doust says, active listening.

At the time the disaggregation decision was made with the support of both major parties, I found the argument convincing that greater opportunities would arise for further participation in the provision of those services, and that there would be a reduction in costs. The other variables remain. Whereas the Carpenter government made an active decision to contribute state money to keep utilities bills down, the Barnett government, as I understand it, has done quite the opposite. It is open to any member opposite to point out any error in what I am saying. I do not think there are any errors, but it is open to them to point them out if there are; that is how parliamentary democracy should work.

Hon Peter Collier: There are significant errors, but I cannot address them through interjection.

Hon ED DERMER: The honourable Minister for Energy is very welcome to take the floor when I have finished my discussion with the Deputy President, but I would warn the honourable Minister for Energy, through you, Mr Deputy President, that Hon Kate Doust is listening. She is a deft and skilled shadow minister in the same tradition as Hon Ljiljanna Ravlich. Hon Kate Doust certainly concurs with what I have suggested, and she will be ready —

Hon Peter Collier: How much would you be prepared to bail out Verve to the tune of? How much? Try \$8 billion, because that's what your system would have cost the state—\$8 billion by 2020. That's every primary school, every high school and three Fiona Stanleys. That's how much—it's true.

Several members interjected.

The DEPUTY PRESIDENT (Hon Matt Benson-Lidholm): Order, members! I am listening, Hon Ed Dermer.

Hon ED DERMER: Thank you, Mr Deputy President; I am very pleased to have your attention!

Hon Kate Doust is a lady of particular forensic analytical skill, and I am looking forward to listening to the exchange of thoughts between her and the Minister for Energy on the cost of providing energy in Western Australia. I will learn enormously from that debate across the chamber. I suspect that I will learn more from Hon Kate Doust than I will from the Minister for Energy, but I will not anticipate the outcome of the debate; I will just listen with interest!

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

Clearly, utility costs are very important to small businesses, and are one of the hurdles that they need to leap to sustain themselves in these difficult economic times. I think if one is navigating the boat of small business through the variables of changes in exchange rates, the availability of labour, demand and the amount of tourism coming through—all those difficulties that small business people courageously face—one of the last things that one would expect to have to do would be to overcome this tidal wave of utility charges that have increased so massively under the Barnett government. The fact that small businesses are facing that challenge, along with all their other challenges, highlights the urgent need for sensible small business policy and a dedicated small business minister in the Barnett government, and I am sorry, but the Barnett government cannot borrow Hon Ljiljanna Ravlich! However, I am sure that it can find someone who is capable of taking on that important responsibility and leading policy in the direction of finding a way to assist small business in negotiating difficult waters and the many challenges that must be confronted for them to add so much to our community and our economy. Mr Deputy President, I thank you for your attention during this conversation, and I look forward to our next opportunity!

HON MIA DAVIES (Agricultural) [3.46 pm]: I welcome the opportunity to speak on small business in this house, particularly from a regional perspective. The National Party will not support this motion because there are many practical examples of the support this government provides to small business, and I would like to touch on a few of them. The National Party in government has taken very practical and proactive steps towards driving investment into the regions. Obviously royalties for regions is one such program; it has played a significant role in the agricultural sector and the region that I represent. I will discuss the government's pilot drought program, which is run in collaboration with the commonwealth government. I would also like to talk about the Wheatbelt Aviation Strategy Ministerial Taskforce and the Buy Local committee initiatives that were kick-started by the Minister for Regional Development.

I will start by saying that I understand that the small business sector is critical to regional Western Australia. Soon after I was elected, I accompanied the Chamber of Commerce and Industry of Western Australia on a tour through the Wheatbelt. It was seeking to better understand some of the challenges faced by small businesses when operating in a regional area. It was an opportunity for me, as a new member, to sit in on some of these meetings and meet with my constituents. I have to say that I do not always see eye to eye with the CCI; some of its philosophies do not always equate to the reality on the ground in regional Western Australia, but I found the experience worthwhile, and it was wonderful that the CCI took the opportunity to actually get out there and look at some of the challenges that some of these business owners face.

We met with small business owners in Merredin, Hyden, Corrigin, Wagin and Narrogin to get a better understanding of their businesses and some of their pressures. For me it was a very valuable experience and I would like to do it again. I touch base with business owners on a regular basis as I travel around my electorate, but I found value in that particular tour, just as I found value in accompanying Hon Norman Moore and some other members of Parliament on a tour organised by the Chamber of Minerals and Energy a couple of weeks ago. We got out there and saw things on the ground; things that one would not necessarily ordinarily see. We went out and visited some of the mine sites and talked about some of the investments they are making, and the businesses that they are kick-starting and operating in collaboration with some of the small businesses, particularly in the Mid West. I am a member of the Mid West Chamber of Commerce and Industry, and the Avon Community Development Foundation; I suspect that other members in the Agricultural Region are also participants in such organisations. I make it my business to understand the issues facing these people and their communities, and to keep myself informed about and involved with the organisations that support the small business sector.

I appreciate that many small businesses have experienced difficulties in light of the global financial crisis. Earlier speakers noted that the economic context has altered considerably since the notice of motion was lodged back in March 2009, and I think that Western Australia has weathered the GFC storm comparatively well.

Hon Ljiljanna Ravlich interjected.

Hon MIA DAVIES: We are coping better than other states and other countries. This extends to small businesses in Western Australia. Although they are facing difficulties, we did not see widespread losses or thousands of businesses shutting up shop. This was no doubt due to actions by the state government and the policies it has put in place. Resilience in business registrations during this period actually reflect this effective action. There were 25 400 new business names registered in Western Australia through the Department for Communities in 2007–08, and the figure remained steady at 25 410 in 2008–09. That indicates to me that the global financial crisis did not seem to significantly affect business start-up confidence. New small businesses undoubtedly faced challenges, but it has not dented them too much.

Hon Jon Ford: How many collapsed?

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

Hon MIA DAVIES: I have limited time and a lot of things to talk about today. Those are the figures I have with me. I am happy to go through that part. Hon Jon Ford can tell me when he gets on his feet.

I would like to talk about the practical things being done by this government. The Nationals have always been committed to supporting the needs of small businesses, particularly in regional WA. We understand the important role that small business plays in the regions and in the local economies of regional communities. The royalties for regions program has been highly effective in creating opportunities for small business and stimulating the local small business sector and, by extension, the local community. The program provides investment into the regions, which translates into investment in, or opportunities for, regional small business. I receive regular feedback about the positive impact that even relatively small amounts of funding provided through this program can have on creating jobs and boosting the bottom line for small business.

I have spoken before in this house about the Shire of Wongan-Ballidu, which provided \$709 000 from the country local government fund towards the construction of a \$1.6 million medical centre in Wongan Hills. I have been told that some of the flow-on effects of this construction project in the local community were that 56 per cent of the investment went to 22 local businesses, including building, hardware and steel supplies, plumbing, electricians and telecommunications businesses.

Hon Kate Doust: What about those plastic cows, those fibreglass cows? Were they made by a local business as well?

Hon MIA DAVIES: I can talk about that because that is stimulating tourism.

Hon Kate Doust: Was that a small business that made those fibreglass and plastic cows?

Hon MIA DAVIES: I do not have that information with me, Hon Kate Doust.

Hon Kate Doust interjected.

Hon MIA DAVIES: Nevertheless, the project has triggered tourism opportunities in the South West, which Hon Colin Holt and others have spoken about many times. I am happy to defend the plastic cows; they are a fantastic initiative.

I go back to Wongan Hills. On top of the 56 per cent of the investment that went into the 22 local businesses in Wongan Hills, another 10 per cent went to regional businesses outside the immediate community, and this construction project alone employed nine local building staff. The project has translated to opportunities for small business in the immediate region that I represent and much further throughout the rest of the region.

Wongan Hills boasts quite a young population, which probably flies in the face of many of the towns in the Agricultural Region. We always hear that these towns have declining and ageing populations. However, these guys are investing in local businesses, and that attracts people to live in these towns. It is a sign that people are staying in, or moving back to, Wongan Hills in particular. I have been told that 26 per cent of the town's population is aged under 14 years and about 33 per cent is aged between 25 and 44 years. That is a great outcome for a small town in the Wheatbelt. The shire president tells me that the demand for housing in the shire is anticipated to increase. I have been out there and looked at the projects being run—not all with royalties for regions funding, but certainly with the support of the state government—and some fantastic things are happening on the ground.

The purpose behind the royalties for regions fund is to improve the amenity and social and physical infrastructure of these towns and regions and make the towns more attractive. Therefore, people can attract workers into their towns and businesses can retain their workers. It represents four per cent of the budget, and it is having a huge impact.

I will talk about the Pilbara Cities initiative. We recognise that affordable housing for people in the retail, tourism and general service sectors is critical. I go back to a media statement that was released last November when the Pilbara Cities blueprint was launched by the Premier and the Minister for Regional Development. The Premier stated —

Critical to this will be enticing people and businesses not involved in the mining, oil and gas sectors to the region.

That refers to the service workers who make it nice to live in a town; people can go to the hairdresser or the butcher and buy shoes for their kids at the local mall—all those sorts of things. It has been impossible for many people to do that because they have been living in caravans. There have been no houses, and teachers were unable to be retained; it is very expensive. The media statement further stated —

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

In an effort to further address the affordability issue, the government has embarked on a program of private sector opportunities within the rental market.

Royalties for regions funding of \$3.4 million has been provided —

... for the construction of a village for service workers in Karratha comprising 100 homes to be built by National Lifestyle Villages.

In a town currently achieving rentals of \$2 000 per week for a four-bedroom home, the village would offer rental accommodation at an anticipated \$350 to \$450 per week for employees in the retail, tourism and general service sectors.

“Workers in these businesses and services are crucial if we are to offer the lifestyle opportunities that keep people in the region, attract new residents and make our towns desirable places to live, work and socialise.”

That is a practical example of how the government has recognised that small business relies on good housing, particularly in the regions. We recognise it is an issue. A concerted push has been made by the Minister for Regional Development and other ministers to address this issue.

The state government has also recognised that the regional development commissions undertake a really important role in attracting and retaining businesses and identifying opportunities for small businesses. Unlike the opposition, which would have seen the funding dry up completely, the government has invested a considerable amount of money into these nine development commissions and handed that money to local communities to make decisions on behalf of their own communities. The Regional Development Commissions Act states that the function of the commissions are to —

- (a) Maximize job creation and improve career opportunities in the region;
- (b) develop and broaden the economic base of the region;
- (c) identify infrastructure services to promote economic and social development within the region;
- (d) provide information and advice to promote business development within the region;

That would include small business. Small business is by far the largest employer in regional Western Australia. The commissions’ reason for being is to improve all the outcomes for people who move out to the regions and start their own businesses—give them the opportunity to have a fair go. Under this government the development commissions are now the go-to people, with people on the ground who can give small businesses the advice they need. Advice is given in consultation with the Small Business Development Corporation and the small business centres—they work together. Additionally, people can go to community resource centres, previously known as telecentres, and utilise business facilities.

Hon Helen Bullock: You changed the name!

Hon MIA DAVIES: We did. I said that —

Hon Helen Bullock: You spent half a million dollars to change the name; I think you should be using the new name instead of the old name!

Hon MIA DAVIES: If the member listened to me, I said CRCs, otherwise known as the telecentres. The member can settle down a bit, I think! I did clarify it for members who were not familiar with the change in name. I would like to go back to housing.

Hon Ljiljanna Ravlich interjected.

Hon MIA DAVIES: The government has done much more than that, Hon Ljiljanna Ravlich.

Hon Ljiljanna Ravlich: No, you have not! This is a badging government! All you do is badge things!

Hon MIA DAVIES: I want to go back to housing. This is not badging. The government has invested a significant amount of money into new houses in the regions, and it has been a particular focus of the royalties for regions program. I would like to talk about Pinelock Homes, which is based in Albany and is an example of a small business that has seized the opportunity created by royalties for regions. Pinelock secured the contract to build 19 homes as part of the royalties for regions-funded essential workers housing program. There were 400 houses funded under this program and Pinelock was one of the contractors that secured a contract to build these houses. Last November there was an article about this on page 170 of *Farm Weekly*. I would like to read a bit of it because it articulates exactly what that program is about —

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

Royalties for Regions funds for 400 new regional houses in the next two years for government workers is providing a welcome boost to local businesses and providing employment opportunities in regional areas.

A recent contract was awarded to Albany-based builder Parkzone to construct a dozen new homes in several Wheatbelt and Great Southern towns including Mt Barker, Southern Cross and Goomalling.

Under the Government Regional Officers' Housing (GROH) program, Parkzone's principal contractor Pinelock will prefabricate the homes.

...

Pinelock's owner Michael Swain said the housing supply program was the biggest undertaken by his firm.

...

"I expect the contracts will create about 30 jobs in the Great Southern area. Pinelock will put on 16 employees, including four apprentices, and the rest of the jobs will be created among local trades people.

"Gaining these contracts shows that Albany and regional businesses have the skills and resources to compete against metropolitan firms.

...

Wagin —

Hon Ljiljanna Ravlich: You should tell us how many jobs Mr Palmer's going to create!

Hon MIA DAVIES: I am talking about jobs that are being created by royalties for regions investment in the regions. In the regions, Hon Ljiljanna Ravlich! These are jobs on the ground supporting small businesses with contracts. The article continued —

Wagin builder Trevor Parsons is building two homes in Wagin under the \$200 million Royalties for Regions "Housing our Workforce" funding.

When Mr Parsons started on construction last month, —

This was back in November last year —

it was the 100th home commenced under the scheme.

With chronic housing shortages, the Kimberley and Pilbara regions have received the lion's share of the funding for the first 100 homes under the scheme, with 77 new homes heading for the North West, including 14 for Newman, 12 for Broome, 11 for Derby and 10 for Karratha.

We are spreading the love around! There are houses going in right across the region, but recognising that in the North West there has been a significant shortage of housing, particularly for service workers in retail and tourism, which we have spoken about already in this debate. These are actual practical examples of how this government is investing in and supporting small businesses. That is just one of the things that we are doing under the royalties for regions program.

I have a few statistics from the Housing Industry Association. Its economics group has done research that shows for every \$1 million of construction output, tens of thousands of dollars are spent on primary materials, transport and property services. In regional Western Australia, that means small businesses, and I am sure in the metropolitan area as well. It shows that over and above the direct contribution of construction activity to the economy, the construction industry has flow-on impacts on the activities of other industries. HIA research suggests that the economic multiplier for the construction industry is more than 2.8, so there is science behind the theory of investing in houses. It is not just so that small business owners can have somewhere to put their workers; it actually creates flow-on effects. That is another practical example of why spending a little money through this program is actually delivering great outcomes and small business is prospering because of it. HIA states —

... for every \$1 million increase in construction output, there is an increase in output elsewhere in the economy of \$2.9 million.

...

The initial effect of the additional \$1 million worth of construction is 9 positions in construction-related fields, such as carpenters, brick layers, plasterers, etc.

There is plenty of evidence in that paper to suggest that this is a very reasonable and economical way of providing support throughout the economy. As construction increases, as well as benefits for the suppliers to the

Hon Ljiljanna Ravlich; Hon Norman Moore; Hon Ed Dermer; Deputy President; Hon Ken Travers; Hon Mia Davies

industry and the suppliers to the suppliers, there is an increase in wages and salaries to employees throughout this chain. The economics paper from the Housing Industry Association also states —

The spending of these wages and salaries induces a further round of consumption effects in other areas of the economy which is estimated to create an additional 21 jobs ...

Therefore, if everyone spends their money in local businesses in the town because it has businesses building houses, that is a fantastic outcome from such a small project.

I would like to touch on something slightly larger now—namely, the Ord – East Kimberley expansion project and how that is having a phenomenal impact on the Kimberley. Royalties for regions is contributing about \$220 million to this project, which aims to realise the full potential of available resources in the East Kimberley to create a vibrant and major regional centre. It will increase the size of the Ord irrigation area to about 22 000 hectares of agricultural land. It will provide major opportunities for growth and sustainability of the region's economic and social development. It is a \$415 million investment in total, comprising joint investment by the state and federal governments. The two components to the investment are the Ord irrigation expansion project, which is the expansion of the agricultural land and supporting infrastructure, and the East Kimberley development package, which is the Australian government spending \$195 million on specific projects to address social and economic disadvantage.

I am about to run out of time, but I will continue on—that is okay! I am advised that in 2010 the Ord expansion contracted works are worth \$44 million, of which approximately \$20 million has been invested in local business in the East Kimberley region. The contract for phase 2 is still under negotiation but it will be in the order of three times the 2010 contract. Broadly speaking, the regional spend will accrue proportionately. Mr Peter Stubbs, the director of the Ord expansion project, has provided these figures.

Debate adjourned, pursuant to temporary orders.