

**SMALL BUSINESS DEVELOPMENT CORPORATION
AMENDMENT (COVID-19 RESPONSE) BILL 2022**

All Stages — Standing Orders Suspension — Motion

On motion without notice by **Mr D.A. Templeman (Leader of the House)**, resolved with an absolute majority —

That so much of the standing orders be suspended as is necessary to enable the Small Business Development Corporation Amendment (COVID-19 Response) Bill 2022 to be introduced forthwith without notice and to proceed through all stages without delay between the stages.

Introduction and First Reading

Bill introduced, on motion by **Mr D.T. Punch (Minister for Small Business)**, and read a first time.

Explanatory memorandum presented by the minister.

Second Reading

MR D.T. PUNCH (Bunbury — Minister for Small Business) [4.29 pm]: I move —

That the bill be now read a second time.

Prior to the onset of the COVID-19 pandemic in early 2020, the small business sector had been critical to Western Australia's economic stability during the years following the resources investment boom. The small business sector has also been a critical part of maintaining the state's economy through COVID. Arguably, small business and the entrepreneurial spirit are now even more crucial to the state's recovery as the economy rebounds from this once-in-a-lifetime global shock. The small business sector creates and sustains employment, leads innovation and opens up trade opportunities in the global marketplace. Small businesses are also essential to the economic vitality and social fabric of every corner of this great state, providing local jobs, amenities and attractions while also driving reinvestment back into local communities. There are more than 223 000 small businesses in Western Australia. Together with medium-sized enterprises, the small to medium-sized enterprise sector contributes more than 45 per cent, or almost \$100 billion, to the state's gross value added. What is more, almost half a million Western Australians work in a small business, equating to more than two in five people in the state's private sector workforce. This government recognises the immense contribution by small and medium-sized businesses to economic growth and job creation in Western Australia.

Through considered management by the McGowan government, our state and its people have been protected from many of the worst impacts of the pandemic. Despite the prevailing strength of the Western Australian economy, necessary public health and social measures, based on health advice, put in place over the last few years to manage the spread of the virus have impacted small businesses across the state. Some closed their businesses for a period and stood down or retrenched staff, while others adapted the way in which their business operated to survive the pandemic. The McGowan government is committed to doing everything it can to not only keep the community safe, but also help protect Western Australian businesses, local jobs and the economy from the full brunt of the virus. With our world-leading vaccination rate and sensible public health measures, Western Australians can have confidence in continuing to go out safely and socialise with friends and family. Public health measures and COVID-safe practices are helping to keep people safe and businesses in business by assisting them to continue to operate safely. We know that as COVID-19 case loads continue to increase, even with safe and sensible public health and social measures in place to minimise community transmission, there will be unavoidable impacts on small business. This impact will be greater for some small businesses than for others and will lead to a decline in revenue and pressure on cash flow. That is why the government has announced a range of COVID-19 business support packages totalling \$1.7 billion since the beginning of the pandemic, including more than \$420 million of assistance since December.

As the government's primary small business agency, the Small Business Development Corporation has played a key role in progressing the state's economic response to the crisis under the \$5.8 billion WA recovery plan. In line with this, over the past two years the SBDC has helped to facilitate the delivery of financial support to scores of small businesses and various industry cohorts, including hospitality and food businesses, travel agents, international education providers and the roadhouses that are critical to intrastate trade. However, due to not having the legislative authority under its enabling legislation to provide grants directly to small businesses, the SBDC has had to partner with other government departments to distribute those much-needed funds. There is room to create greater efficiencies in this process and get government assistance payments into the hands of small businesses faster. As we navigate the next phase of the McGowan government's safe transition plan, we recognise that some small business operators require urgent financial assistance to help maintain their cash flow, pay their staff and suppliers, and support economic recovery.

The bill before the house seeks to amend the Small Business Development Corporation Act 1983 as a matter of urgency to enable the SBDC to provide financial assistance and grants directly to small businesses or in relation

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to small businesses, such as to the landlords of small retail tenants. The SBDC is best placed to expedite the rollout of the level 1 and 2 COVID-19 business assistance packages and other similar programs in an appropriate manner. With its new powers and functions, the SBDC will be in an optimal position to receive and assess applications from businesses quickly and distribute funding with increased efficiency. I am sure all in this house can agree that the small businesses adversely impacted by increasing cases and the implementation of the public health and social measures necessary to keep the community safe from the consequences of the virus deserve to have the financial support provided by the state government paid to them as efficiently as possible. Western Australia's strong budget and healthy financial position has given the state government capacity to provide immediate assistance to small businesses impacted by this phase of the pandemic. This amendment will ensure that payments through financial assistance programs administered by the SBDC can be dispersed directly by the agency, expediting the distribution of funds to the small businesses that need them most. Expediting the distribution of grants under the business assistance packages will assist small businesses and support the WA recovery plan vision of Western Australia being a thriving and innovative place in which to live and work, to visit and to do business.

I commend the bill to the house.

Appropriations

Message from the Governor received and read recommending appropriations for the purposes of the bill.

Second Reading Resumed

MR R.S. LOVE (Moore — Deputy Leader of the Opposition) [4.37 pm]: I rise to make some comments on this important bill that we have before us today, which will enable the Small Business Development Corporation to distribute funds directly to businesses. In doing so, I want to talk very briefly about the process that has been followed in the house today, with the suspension of standing orders to enable the Small Business Development Corporation Amendment (COVID-19 Response) Bill 2022 to be debated. What normally happens if a bill is urgent is that a day or so of notice is given and the bill then progress through the normal stages of Parliament. Today, we have enabled this bill to be discussed this afternoon or this evening and to then progress to the other place for debate tomorrow. It is a very short time line. I want to put on the record the fact that the opposition has supported this abbreviation of normal parliamentary processes to enable this bill to be discussed in this way, just as it did with many other bills, in the previous Parliament especially, that were labelled COVID response bills. They were put through under a temporary standing order that existed in the Parliament at that stage. That standing order no longer exists. It was not enacted in this Parliament, hence the need for the suspension of standing orders motion today. Again, I put on the record that the opposition understands the need for the bill to be progressed quickly, but we do not think that it should be done without any scrutiny, so there will be discussion and I am sure other members will want to make a contribution on this bill that was read in by the Minister for Small Business a few moments ago. That was the first opportunity, of course, we have had to hear from the minister on this matter, but the opposition was afforded a briefing last week. I thank the minister and his office for organising that briefing. The lead spokesperson for the opposition on this portfolio is a member of the other place, in Hon Dr Steve Thomas. Dr Thomas participated in that briefing as well and led the discussion. I sat in on the briefing just to take a few notes and listen to some of the reasons being given.

We heard that the purpose of this bill is to enable the Small Business Development Corporation to allow for the distribution of grants to small business that are purportedly related to the COVID response. I am a bit uncertain about that. I ask the minister to outline what other types of grants this legislation may be extended to; how it is thought that the new power to distribute money might be used by the SBDC in other areas, if indeed that is the intention and allowed under the legislation; and, furthermore, whether there is an expectation that this power will continue into the future or whether it is, indeed, just a COVID response measure. It is a COVID response bill, so I think it is fair enough to ask how long it is expected that the particular powers will continue for the distribution of much-needed resources to small business as it deals with many of the uncertainties of the current situation in Western Australia.

It is a very small bill. There are seven clauses and only six of any real note. It is not an election commitment and it has not been brought about by the need for uniformity with another matter. The minister has brought the legislation to the house for discussion because of the current situation, in an effort to streamline some of the processes in making grants available because until now, as we have heard, other agencies have had to be employed for that to occur.

I would like to discuss with and hear from the minister about the capacity within the Small Business Development Corporation to administer such a grant round. What safeguards will be put in place to ensure that appropriate mechanisms are wrapped around those grants? Who will be overseeing that process and will there be a need for extra resources? If it is a function the corporation has not carried out since 2011 or thereabouts, I believe, when that power was stripped away, perhaps the minister might outline whether this organisation is capable of administering these grants at the moment or whether it will need further resources to make that happen.

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The previous Liberal–National government as a rule was very reluctant to make grants directly to business. It preferred to look to things such as enabling the common infrastructure and environment for business to thrive in rather than directly funding small business. I imagine that was a reaction to what happened in previous years, when we saw governments picking winners during the infamous WA Inc era. The government of that era was very much behind getting directly involved in funding arrangements with business. I think it was partly a reaction to that, but I do not know. I do know that former Premier Hon Colin Barnett was not a great advocate of directly funding business as such, seeing it as potentially problematic. When I ask about matters of control and the process around how these grants will be administered, it is not just about the COVID grants; it is about any other type of grant that might come forward in the future. Members on this side of the chamber are very conscious of the problems that developed in previous Labor regimes with governments giving out money to businesses. I want to hear that some of the lessons have been learnt from those disastrous episodes in the past and that there will be appropriate checks and balances put in place. I am not in any way casting aspersions on any persons involved in the Small Business Development Corporation. Indeed, I have a great deal of respect for the CEO, who has done a fine job over many years in various governments. That is not the issue here. It is just a matter of process to make sure that we see that the grants will be given in a way that is appropriate and safe moving forward.

We know that small business has been greatly affected by some of the events that have taken place in Western Australia, for instance lockdowns in Perth, regional lockdowns or the imposition of borders. Those have all affected small business, and not all by any means have been fully compensated. There have always been programs when businesses have felt that they should have been funded but did not get funding. With that, I also wonder what the feedback loop will be from the Small Business Development Corporation to government, because we are hearing on the ground about the impacts that are not being covered and the businesses that do not feel they are being looked after, if you like, over this period. This organisation is not just a funding body; it also to promote the small business sector and ensure that it thrives. I imagine that it will have a role of reporting back to government about the efficacy of some of the funding programs and any gaps that emerge in how the funding might occur.

I looked at some of the past packages. This is not a full rundown. From 26 May 2021, a number of payments were made to businesses in Perth, Peel and Rottnest affected when the lockdowns occurred. A package of \$31.8 million in grants was made available. I believe grants of \$2 000 were made available for many small businesses impacted by the Anzac Day lockdown, but no money was made available for regional businesses outside the Peel region during that period. I know there were businesses affected because of the nature of the interaction between especially close neighbouring areas in the wheatbelt that I represent. I imagine there were impacts on some businesses in the south west that felt they were ineligible but perhaps should have been eligible for some of those grants. Again, grants were announced on 19 July 2021. There were problems around the eligibility rules for the \$3 000 one-off cash grants, with restricted access to companies that did not quite fall under the categories set out in the grant application procedures. If these sorts of things were to happen in the future, I hope that the Small Business Development Corporation will act as an advocate for other businesses that might fall through the cracks.

I will jump forward to the so-called safe transition support package announced on 10 February 2022. Initially, the amount of compensation was \$77 million for COVID-impacted businesses. We felt that was a tokenistic amount, given the expected impact on small business. It can be seen from announcements the government has since made to bolster the support that clearly that initial amount was never going to be enough. It just goes to show how some of these decisions were made ad hoc and have not been thought through a great deal. It is not until there is a strong reaction that the government accepts that it has made some errors and heads back to try to undo the damage that has been done to small businesses because of the inadequacy of its initial response. It is not just about financial responses. I will talk later about other matters that affect small business.

I will look at some of the strong responses members of the opposition have made when things have gone astray. I am looking at a media release put out in 2021 by Hon Dr Steve Thomas, who is the lead spokesperson for small business. It talks about the fact that business compensation on that occasion was still floundering despite the government's enormous boon in income. At that stage he was calling for the need for a standardised support package for small business, which he had been calling for throughout 2021. He highlighted the fact that there was a purported massive budget surplus and that the government was looking at further budget surpluses in future years. We know that the price of iron ore and other commodities such as gas, oil and other things have taken off recently. We do not see a threat to those surpluses in the near term, yet we did not see a standard compensation package being promoted at that stage, according to Dr Thomas. Back in February this year, when the announcement was made for the \$77 million transition package, he came out and slammed the government's inadequate response for compensation, calling it a tokenistic pledge that was far too little, far too late. He again highlighted the huge budget surplus the government had last year and is forecast to have this year, which I suspect is growing beyond even the expectations of a few weeks ago. This is at a time when we are facing a huge amount of uncertainty for small business, families and for the whole community with regard the strength of their income flows.

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Let us not forget that in the minister's own words, small business employs two out of five people in the economy. We support small business and the continuation of their employees, and the safety and security of their families. That is vitally important because we know that the cost of living under this government is absolutely skyrocketing. It is becoming a real pinch point. The government needs to respond in a range of ways to the pressures that businesses and community are falling under as a result of COVID and the government's reaction to COVID. Some issues have come up because of the government's failure to recognise the skills shortage and to ensure that we can have people come in to keep our businesses going. It is not just the very elite of the world, but the truck drivers and small businesses and people who operate cafes and bars et cetera like those who are often highlighted in the news in Perth. People are trying to work through the issues to make sure that their transport business, their IT business or a range of businesses have more assistance from government. That does not just mean having finance, but having a reliable transport network, reliable supply chains and available workers. I was listening to the radio while driving on the freeway this morning when I heard about the situation in Broome. Barista positions are being offered at a rate of pay of \$92 000. I am not saying that that is too much to pay for a barista—I am sure it would be very good coffee and they could well be worth a huge amount of money—but \$92 000 is a lot of money for a small business to pay to overcome the skills shortage.

It is not just about compensation packages; it is about making sure that other issues are addressed. I urge the Minister for Small Business to be an advocate for small business in cabinet instead of sitting there meekly and saying nothing and not standing up and fighting for the needs of small business. We are seeing further changes made down the track because the initial allocations of money were clearly inappropriate and not significant. We are seeing that in the current situation as we go through the so-called safe transition plan and the need for more financial support to come through that. Perhaps the minister can address some of the issues in relation to what he is doing to help address small business. It is not just about enabling grants, but also about ensuring people have access to the workforce when there is uncertainty about when restrictions might change or when they might be able to take their business out of being mothballed and start again. We know businesses can find it uneconomic to open under the current restrictions. For them, it is not just about having financial assistance; it is about making sure that an appropriate COVID response gives some level of certainty and an understanding of the need to provide certainty to businesses, especially small businesses.

I understand the pressures many of them have gone through. One small business in my electorate—a hotel that I will not name—posted on Facebook a week or so ago that it had decided to close. The owners said that it was all too hard. They have gone through the mill over two years. I think there was reference to a couple of other issues going on in that business, but, overall, they were overwhelmed by the cumulative effect of all the pressures they had gone through and all the responsibilities that had been put back on them. At the coalface, these are the people who have to ask people to show their vaccination certificate when they come into the hotel to have a meal. I know that is a really, really difficult thing for people who work in the industry to be asked to do. It is one reason they are finding it hard to keep staff. The staff are getting exhausted from having to act as police as well as hospitality workers. At a time when we are thinking about these businesses, we have to understand that they are under a range of pressures. It is not only the purely financial impact on the small business operators, but also the extraordinary psychological impact. They are a resilient lot. They are not used to asking for assistance and subsidies and the like. A business I was talking to in my electorate very recently had to cancel a week of bookings because of all the uncertainty around the restrictions. The fact is that people are not willing to travel and will not make bookings because they do not believe they will be able to carry through with their plans. In one week, a business from a small community in my electorate lost \$80 000 in turnover.

They lost \$80 000 from people who would have potentially come to enjoy the activities that they offer. Businesses have probably done economic impact studies in their communities and found that for every dollar that people spend directly with them, they spend another 50¢ in ancillary costs around the town. It may be on accommodation or it could be on food, drink and what have you. A town has probably lost \$120 000, but there is a further loss, if you like, because of—I do not know what the opposite of the multiplier effect is—maybe a divider effect. The people who work in that business, of course, are not able to spend that \$80 000 as wages in the local shops or other businesses either. There has been a significant impact from that one business being closed for a week. When I spoke to that person, I asked whether they were eligible for any grants, whether they had looked for assistance and whether they qualified as a small business, and they said, no, they had not done any of that sort of thing. I do not want to denigrate anybody by saying this, but they said they are just not people who look for handouts. They just want certainty. They want the government to understand that the level 2 restrictions that it has put in place are killing their business and making it impossible for them to continue. They want to be able to conduct their business as quickly as possible, and they want the government to start to set some guidelines. The opposition has been talking about this and about the need for trigger points going forward—for there to be certainty for small businesses so that they know where they will stand at certain case load levels.

We know of the uncertainty the other sectors had to go through because of this government's inept handling of early education with the onset of Omicron and its failure to recognise how quickly it was going to become a huge problem in schools. The government has refused to share the modelling or to talk with any degree of honesty and

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transparency with the community and the opposition. We are seeing these ad hoc decisions. They are made on the run and they have led to uncertainty in that sector. That same uncertainty is felt in the business sector today, and it is that uncertainty that is really making it hard for business. Yes, it is important to get compensation to businesses to keep them going and to recognise that they do not have other resources to fall back on oftentimes. They may have already mortgaged the family home to start the business. They may have debts. They have people relying on them. They may have other ongoing costs of looking after their children and their families. All these things are weighing on their minds, and it is so important that they get adequate and quite quick assistance. That is why we support this bill. We want to see that assistance rolled out as effectively as possible. We do not want to stand in the way of those businesses getting the support that they need and deserve. We question the adequacy of some of those measures, and we question it regularly because we see the effect on business in the electorates and portfolios that we represent—not only from the pandemic itself but also the government's handling of its restrictions on business.

Today, I think the member for Roe asked a question about the importance of the Port to Pub swim. It is very hard to understand why it was cancelled. On health advice 30 000 people can go to a stadium, but a few hundred cannot swim in the sea in small groups. That is staggering. Would it be that there is some other motive for the government in keeping the stadium going? Would there be some financial impact on the government if it was not able to keep that stadium running? I do not know.

Dr D.J. Honey: Maybe there are more football supporters than swimmers.

Mr R.S. LOVE: Maybe there are more football supporters around than swimmers competing in the Port to Pub. It is these inconsistencies, not just in business, but in the life of Western Australians, that are quite staggering for them, and they really do not understand the rationale behind them. We have seen the government walk back from some of the pronouncements it has made. It was mandatory for people to be vaccinated to go to liquor shops, and then suddenly it was quite safe for them to go to liquor shops if they were not vaccinated. We have seen these types of decisions being made. The government has not been thinking things through and that sometimes there may be unintended consequences that are really unnecessary. Since the imposition of these level 2 restrictions, we have been calling for a review, to be conducted over the next four weeks, to make sure that the impacts are appropriate, that they are not excessive and they are well targeted so that if businesses and industries clearly have a case and circumstances that demonstrate that there is an unintended or unnecessary impact on them or on the community that needs to be addressed, it can be resolved.

The 150-person capacity limit on businesses sees many struggling even more. For larger venues, it equates, basically, to an empty room. You walk in there and the room is virtually empty, and businesses cannot afford to open the venue. We have seen that happen before in other lockdowns. We want to know the basis behind some of these pronouncements with the level 2 restrictions. We want to know when they are going to be reviewed. We want to make sure that the compensation package offered to people when these types of restrictions come in are devised in advance and not based on a figure plucked from the air—that is not applied, then re-thought, and then there is a bit more and a bit more. To us, that smacks of a cavalier approach to the whole matter of trying to assess what the impact will be and then applying the right amount of money to it. We do not believe that the government has done that properly. We know that events are being cancelled all over the state—tourism events, community events, business events. Big business venues are shutting down. Many MPs will know their calendars have changed dramatically over the past few weeks and going forward for quite a few weeks. It is to be expected that there will be some level of change as we enter this phase of the pandemic, but I suspect some of the events have been cancelled because businesses really do not know that they can really maintain the struggle any longer against the uncertainty of what the next pronouncement may be. They may narrowly fit within the criteria now, but they will make the judgement call that it is going to be too hard because they suspect this government will repeat its past track record of kneejerk reactions, backflips, broken targets and broken announcements.

There is the example of the break of faith with the community over the border opening. A breach of trust occurred when the Premier had his dramatic press conference during peak TV time to really draw out the drama of the whole issue and how important it was that he had made this change. Instead of looking Churchillian, he looked like someone going back on his word. That has resonated right through the community. The community does not trust this government like it did a year ago. The government has betrayed and breached their trust. It has lost the trust of many in the community. When community members go forward, they are thinking whether they will be able to make things work in the future. Will this event they are going to stage in May be able to be held? Will they commit to all of the costs and all the work to get it to go ahead? Even though it fits very narrowly and they think it might just work, their expectation, what they are saying to themselves, is that it is not going to happen and that this government is just not going to let go of these restrictions and it could get worse for them. So many of them are saying that it is just too hard and they have to either reschedule or just cancel their event altogether. There needs to be a commonsense approach to the whole matter, especially in the hospitality industry, to make sure not only that there is very appropriate compensation but also that we are not compensating businesses that do not need to be as badly affected as they are.

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It is not a great public policy outcome to offer compensation when a change could have easily been made and then that business would not need the compensation. I do not think business is actually going to say no to assistance. I hope that those businesses entitled to the assistance will take up what is available through the Small Business Development Corporation. I have no doubt that the SBDC will do as diligent a job as it can with the resources that it has to ensure that business has its needs met. Nothing I have said today should be taken as any measure of criticism of the SBDC. We need to ensure that the appropriate checks and balances are applied to the allocation of the money, that the SBDC has appropriate resourcing to ensure that it can carry out this function and that SBDC has a feedback mechanism to government of what is actually affecting the business community—and where some packages may be inadequate, where some may be improved or where some businesses might still be missing out and not having their particular issues addressed. That is a very important role and I do not want to see that role of advocacy and support somehow lessened because the SBDC is acting as a gatekeeper for government funds.

This will lead to an interesting time for that organisation. I wish it the best in the carriage of this commitment going forward. I hope that the government takes on board some of the concerns of business around the uncertainties and some of the unnecessary restrictions, the lack of any trigger points, the lack of any review of the processes going forward and the lack of any certainty for business on what they might face in the future when trying to plan out where they might go.

I am sure that other members of the opposition will have some words to say. I hope that they will also point out to the government just how some of its previous packages have failed to hit the mark and how some of our businesses that qualify as a small business, in all sectors right across Western Australia, need assistance. They need not only financial assistance but also the government to listen, understand and take on board their concerns and their circumstances to ensure that their future business needs are met. With that, I will conclude my contribution. I think that the member for Roe would like to have a few words.

MR P.J. RUNDLE (Roe) [5.12 pm]: I certainly appreciate the opportunity to make a relatively short contribution today given the short notice that we have had. The member for Moore alluded to this earlier—it seems to be a pattern that is developing with this government—that we seem to spend half our life debating emergency legislation, one way or the other, and once again today we have had a suspension of standing orders to deal with the Small Business Development Corporation Amendment (COVID-19 Response) Bill 2022. The Attorney General, who is sitting over there, is well aware of how to bring on legislation with no notice, but we certainly understand the reasons for bringing this forward today. As the member for Moore said, we support the legislation, but I will take the opportunity to point out some of the discrepancies and disturbing developments that have happened to some small businesses in my electorate, and also some events that have happened in our electorate.

The Premier's salary turns up every fortnight without a problem. When he signs off as Premier, he will receive more money from his superannuation than he does from his salary. He does not need to worry.

Several members interjected.

The ACTING SPEAKER: Members!

Mr P.J. RUNDLE: As the member for North West Central said the other week, the now Premier was out on the steps with Alan Carpenter when it was decided to get rid of the superannuation program.

Point of Order

Mr D.T. PUNCH: This is not relevant to the bill.

The ACTING SPEAKER (Ms A.E. Kent): There is no point of order.

Debate Resumed

Mr P.J. RUNDLE: He was out on the steps with former Premier Alan Carpenter because he knew that he was elected a member in 1996 and that the Gold State Super fund applied to him, as it still does to two other members of the current government, I believe. The Premier does not have to worry because his salary will turn up every fortnight, whereas our small businesses—our hairdressers, our beauty salons, our travel agents and the like—are just trying to exist. It is very important that the small business grants are targeted very carefully towards those businesses. We are standing up on behalf of small business in our constituency. I want to remind everyone that this state government has a \$5.8 billion surplus. I note the minister's comment that we have 223 000 small businesses. I am worried that we might have only 210 000 in the next year or two. We have seen what has happened in the central business district in Perth; it is like a ghost town. As I said, it is okay for the Premier because his salary will continue to come in every fortnight. The central business district is like a ghost town, and, as the minister knows himself, being a regional member of Parliament, many of our regional towns are under pressure. It is the small businesses in the main street and the side streets that keep our small regional towns and our regional cities going. They are under a massive amount of pressure. I just wanted to point that out.

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As the member for Moore said, I certainly support the SBDC. I would be interested in comments from the minister about the SBDC's capacity and ability to oversee the whole grant program, because if other agencies have been taken out of it, that will put pressure back on the SBDC.

I also agree with the member for Moore about the cost-of-living pressures that every family is now undergoing with the cost of water, electricity, petrol and the like. This is just adding pressure onto our small businesses. For instance, last year the member for North West Central alluded to the toilet tax, which is the service charge that comes on when a lot of the hotels and motels out in the regions have not got that high an occupancy rate. They might have only a 10, 20 or 30 per cent occupancy rate, but they still get charged for every single toilet in those buildings. This needs to be worked on harder as it is certainly an issue for many of our small businesses that cannot be underestimated. The minister pointed out that almost half a million Western Australians work in small business. It is the most important sector. The government and the Premier have bent over backwards to help out the mining sector, and I understand why; they need to keep the royalties flowing in. But the small business sector needs to be looked after, and I am worried about the damage that has already been done.

If I can, I will just go through a few examples of some events in my electorate that have been affected. I asked the Minister for Health today about the COVID arrangements for the Port to Pub swim. I received the same old answer: it is due to health advice. There we are. This Saturday, we were due to have the Port to Pub swim. A lot of people have been training hard and the organisers have been working hard for months and months on end, but there we go. They had to wait for 11 days to get a final answer about why the event had to be cancelled. In question time today, the Minister for Health tried to put the blame for the cancellation of the Port to Pub swimming event back onto its organisers. My question is: what will be the compensation for those organisers, who have worked for months on end? Time after time, all we get from asking these questions is the answer: it is the Chief Health Officer; it is the health advice. We have no targeted response to organisations like that that have had the rug pulled out from under them through no fault of their own.

I recently talked to a local travel agent. Over the last couple of years, his turnover has gone from about \$2 million back to about \$100 000. He has no employees left. His turnover is down to about five per cent of what it was. Yes, he has been able to pick up a couple of \$10 000 grants, but his small business has been decimated. He is just surviving as an owner with no employees, hoping that he can go along until he can get to a point at which turnover picks back up again.

Another event in my electorate that I would like to mention is the unfortunate cancellation of the Wagin Woolorama, which is a really important event for not only my electorate, but also the whole state. It is probably one of the state's premium field day events in the regions. Around 20 000 to 25 000 people visit that event over two days. The organisers had a COVID plan in place. They have the potential for 50 per cent capacity, the same as Optus Stadium, but their venue is 200 000 square metres, which is about 10 times the size of Optus Stadium. The people of regional WA are scratching their heads about why an event such as the Woolorama, which is spread out over a large area, had to be cancelled. I am sure that the Minister for Disability Services over there went to the Woolorama back in the day when he was the CEO of the South West Development Commission. I am sure that he strayed across from Bunbury to have a look at the Wagin Woolorama. It is a massive event for not only the great southern, but also the whole state. The people of Wagin are questioning why it is that the Woolorama, spread out over an area of 200 000 square metres, with a COVID plan and the ability to run at 50 per cent capacity, with marshals on every indoor pavilion—it was all there, all planned and all ready—was no good. But it is okay, we can have 30 000 people at Optus Stadium; that is not a problem. The people of Western Australia are questioning: What is going on? Why are there these inconsistencies? All we get out of the health minister is, "Health advice; the Chief Health Officer." A lot of small businesses in Wagin were relying on the Woolorama.

The other part that really upsets me is we cannot get an answer. If someone tries to ring numbers, they get put through to the COVID update hotline. They cannot seem to break through to someone who will actually make a decision and give them some guidance. These are the frustrations that our constituents are facing. As I said, we have had the same thing over the last few days with Port to Pub. Events that have had to be cancelled include the Cranbrook Show and the Katanning Harmony Festival day. It is a massive weekend.

Dr D.J. Honey: Come on, the Cranbrook Show!

Mr P.J. RUNDLE: I know that it is very close to the heart of the member for Cottesloe, who was brought up in Cranbrook and went to Cranbrook Primary School. He is a bit of a celebrity in the local area of Cranbrook! That is another event that has had to be cancelled. The Katanning Harmony Festival, in my home town, is a big event. We have over 40 nationalities in Katanning. It is a fantastic event. The Minister for Citizenship and Multicultural Interests was going to come down for that. That is a real disappointment. The Pingrup races, which is in its ninetieth year, is another one. I went to the Esperance Cup meeting the Sunday before last. Normally, we have thousands of people there. Once again, it was spread out over a massive area, but it could have only 500 people. That is a massive event for that particular turf club. It was left to try to mop up the loose ends, I suppose we could say. The organisers

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are left wondering how they are going to be able to compensate people and how it will work over the months ahead, because that is their big event for the year. I am sure that the member for Kalgoorlie has been to the Esperance races at some stage or other.

The ACTING SPEAKER (Ms A.E. Kent): That is just a rumour, member!

Mr P.J. RUNDLE: It is a fantastic event. It was great to see the Esperance Bay Turf Club hosting the Norseman Cup this weekend on behalf of the town of Norseman. These are the sorts of events that are being cancelled, and our local communities are really suffering. Occasionally, organisers can run an event at a capacity of 10, 15 or 20 per cent, but then it is a matter of the response from this government about how they will be compensated. Through no fault of their own, they have lost their major event of the year. How is that going to work? I express my frustration about that.

I refer to the education portfolio and our camp schools. I am the shadow Minister for Education and Training. The member for Moore mentioned education and some of the grief that is happening in that area. We have seen a change of mindset this year. We were told that schools will be the first to open and the last to close. On the first day of school, 55 teachers were sent off to complete a 14-day quarantine, and years 3 and 4 were all sent off for quarantine. That has totally flipped and changed over the last few weeks. These are the challenges faced by our principals, staff and families. I think that this government is underestimating the amount of pressure that our principals and staff are under and the load that has been put on them. They have to undertake COVID tracing and try to supply different online and hard copy packages, and that has been a real challenge.

As I have said several times in this Parliament, we have had thought bubbles from the Minister for Education and Training, and school camps were a classic example. She said, “We’re going to cancel school camps.” She did not talk to any of the school camp providers, who have upwards of 20 employees all trained, all vaccinated, ready to go. She did not talk to them; she just said, “No school camps this term.” Then we had to push back. The camp operators had to go to the media to tell the minister how it all works. They have employees who are vaccinated and ready to go. If they lose those employees, we may end up with a situation like that in the eastern states, where the governments of Victoria and New South Wales had to put up over \$100 million to try to compensate the camp schools, which still could not get those employees back because they had gone. Once again, the thought bubble has happened. I will say, to the credit of the Minister for Education and Training, once the opposition and the camp school operators pushed back—went to the media, did all that stuff—the minister came out with her package of the full amount for weeks 2 to 4; 70 per cent for weeks 5 to 7; and 50 per cent for weeks 8 to 10. That is a package of some description. Now we need to know what is going to happen in term 2, of course. We understand the situation with COVID, but we also understand that we have schools, camp school operators and the like, and they need to be able to plan forward as well.

That is just an example of some of the small businesses that have been affected in my electorate and in other electorates. The shadow Minister for Tourism, the member for North West Central, has been pointing out over the last few months, and the last year or two, how many tourism businesses in his electorate have not been looked after properly. They have not had the targeted relief.

[Member’s time extended.]

Mr P.J. RUNDLE: Hon Dr Steve Thomas in the other place, as the shadow Treasury spokesperson, made a comment that I think sums it up pretty well. He said, in Western Australia —

“The inequity in determining eligibility for lockdown grants to small business, and the random classification of who is and who isn’t an eligible small business, is symptomatic of a government and a Minister with a serious disconnect to the harsh economic reality of small business survival.

I think that sums it up. As I said earlier, it is hairdressing and beauty salons and travel agents that have really suffered. Some of these businesses have disappeared off the face of the map not only in regional towns and regional cities; go for a walk down Hay Street Mall, Murray Street or William Street. Many of our small businesses are suffering. As I pointed out earlier, it is no problem for the Premier. His salary comes in every fortnight. That is not a problem. He is not running a small business. He does not understand the challenges.

I think I will wrap it up there. I know the opposition will be supporting this legislation. We understand that it is an opportunity to distribute grants from one particular location. We look forward to the minister explaining the capacity of the Small Business Development Corporation—that is, whether it will be able to handle this new arrangement. In the general context of small businesses, we look forward to not only the SBDC putting the grants out in a proper way, but also this government focusing more strongly on targeted grants for the small businesses right around the state that have suffered hardship over the last two years.

DR D.J. HONEY (Cottesloe — Leader of the Liberal Party) [5.34 pm]: I also rise to make a contribution to the Small Business Development Corporation Amendment (COVID-19 Response) Bill 2022. As has been indicated by previous speakers on this side, we will be supporting the bill, but I think this is an opportunity to discuss some issues

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around this compensation package and the impact that particularly the phase 2 restrictions have had on our community and our business community in particular. Obviously, the purpose behind the bill is to allow the Small Business Development Corporation to distribute small business assistance packages. Previously, the Small Business Development Corporation has had to partner with other agencies to distribute funds—primarily the Department of Local Government, Sport and Cultural Industries—along the way. This bill will expand the corporation's powers and functions by inserting a new section 11AA to provide direct financial support and grants to small businesses and other persons for the purposes of benefiting small businesses in this state. Obviously, we support the intent of that and believe it is a worthwhile thing to do, but I think there are some points worth discussing in this bill.

First and foremost, why has it taken over two years since COVID has impacted this state for this legislation to come along? The Western Australian government has provided the lowest level of support for business all along. What we have seen typically is that the qualification criteria for packages is such that many businesses are not eligible, or otherwise businesses find it so complex—as was mentioned by the previous speaker—that they just give up trying to qualify for them.

I will talk about this package. We have seen other packages. We had packages to support school camp providers, the safe transition industry support package, the small business assistance grant and the events industry program for festivals and events. I will not dwell on those, but a lot of businesses found they were not eligible for the latter, despite the fact that their events were cancelled.

For this package, my first point is the amount of money that is available. New South Wales had significant restrictions at the start of the year. It provided a support package of well over \$500 million. Proportionately, this package should be in the order of \$150 million or \$200 million if it were to maintain that level of support. Much more than that, the eligibility criteria for this package is such that many businesses that are on their knees and losing their money, which is only going to be exacerbated by the level 2 restrictions, will go broke. We have heard the examples mentioned. Not that it will have such a major impact on business, but I am shattered to hear about the Cranbrook Show being cancelled. If we look at the qualification criteria for this legislation, we see that businesses have to show a 50 per cent reduction in turnover on the same period last year. If members go to the Perth CBD, not that they would want to, they will see that they could fire a metaphoric gun down the malls on many days without fear of hitting any person. There are no people there. In fact, metropolitan Perth has seen over a 40 per cent reduction in vehicle traffic into the city. Of course, there is a corresponding reduction—I suspect a greater reduction—in people catching public transport. There has been a massive depopulation of the Perth CBD. Many businesses have taken the preventive action of getting their staff to work from home, partly in response to the government's phase 2 restrictions and the complexities of that. It is also a preventive action so that their businesses do not suffer collapse if they get COVID in the office and all staff are infected. There are many businesses in the CBD. Compare that with the New South Wales package, which was related to the shutdowns earlier this year. To qualify for it, businesses had to show only a 40 per cent reduction in turnover, but, critically importantly, it was against either their January 2021 turnover or January 2020 turnover—before COVID impacted the community. That is a sensible metric. As I have said, many businesses that had a substantially reduced turnover in 2020 are now looking at a 50 per cent reduction in turnover. They are facing a hurdle.

We know that some businesses have benefited from the COVID pandemic, although that is waning in some areas at the moment. Local camping businesses that do not rely on interstate tourists and so on have boomed. Some communities, not all, have done reasonably well out of that. We might say that those businesses have benefited. Many businesses, particularly those that rely on interstate and overseas tourists and businesses in major areas, have suffered. I have received quite a deal of correspondence from a cafeteria in Osborne Park, which is where the office of *The West Australian* is located. Most of the staff from *The West Australian* are working from home. Only critical staff are in that building. Any members who have been up there will know that very few people are there; only key personnel are in the building. The little businesses in that area that relied on the foot traffic associated with the businesses based in Osborne Park have seen a massive drop in turnover. That is true right across metropolitan Perth. We are not talking about a handful of businesses or only businesses that are in the CBD; we are talking about cafes, cafeterias and the like in business parks all over metropolitan Perth, such as in Welshpool and the like. As I said, any business that has relied on interstate or overseas tourists is really suffering.

I am sure that members get similar solicitations to me, which indicate that these businesses are really doing it hard. The government is setting a hurdle for businesses to show a 50 per cent reduction in turnover compared with last year. This will see businesses go to the wall. Typically, we are not talking about the big corporates. They have done quite well out of the pandemic. The supermarkets have seen a significant increase in turnover and the mining companies are obviously enjoying an unparalleled minerals boom, which has been accelerated dramatically by the conflict of Russia invading Ukraine. Those other little businesses are really suffering. We will see those businesses go to the wall. They are typically family businesses.

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There was a bit of byplay earlier, with the member for Bunbury talking about superannuation and the like and the payments. As the member would know, the only savings that a lot of businesses have—their superannuation—is the goodwill in their business. At the moment, there is zero goodwill for many of those businesses. If those businesses shut down, those people will lose everything. They will not just lose their business. That is what they were going to retire on. Typically, they do not have personal superannuation. Their superannuation is in the goodwill of the firm itself. The government needs to look at that. It needs to look at the qualification criteria. That needs to be amended. It also needs to look at the quantum for this. This is a grossly inadequate package, something that we have seen along the way.

None of the packages that we have seen along the way have been well thought out. As was pointed out, we have seen these ad hoc kneejerk reactions. We saw the government effectively shut down the school camp industry, placing restrictions on school camps. After the event—once there was an outcry over the devastating impact that would have on small communities and small businesses—the government came forward with a package that many saw as inadequate. At least the government came forward with a package, which was good, but that was only after the event.

Two years on, with all the issues, the government knew it did not have a good mechanism for getting grants out. The Small Business Development Corporation had to work with other agencies, and a lot of complexities came with that. Now we have seen the introduction of this bill. We support the bill, but we need a more structured approach from the government. We need qualification criteria that actually reflect the reality of what businesses are seeing on the ground. Most businesses will not qualify for assistance because they are not doing it tough. There are still many thousands of small businesses that have not just done it tough because of the phase 2 restrictions; they were doing it tough last year. They are doing it even tougher right now because of these additional restrictions.

I think there is a degree of comfort in government because we have a royalties revenue stream that is unparalleled in the history of the state. I think the government will end up with an accumulated surplus of around \$15 billion over the forward estimates, including the past year. The government has a phenomenal amount of money at its disposal. When we come out of this pandemic and the price of iron ore, gas, nickel and other commodities drop and those commodities come back, which we know will happen, we want all those little family businesses still running. There is a cruelty here for many of these small business owners. These are prudential sensible people. Through no fault of their own, some people have lost everything—a lifetime's work. Appropriate government support will help those businesses to be running in a couple of years. Let us stop seeing this ad hoc response. This support should be codified. We all know that the COVID pandemic is not over. We all know that things are likely to come along over the next year or so. Let us have a much more codified approach so that businesses have certainty. One of the biggest frustrations that has been expressed to me by small businesses is that there is no certainty. They are basically waiting to see the Premier's Facebook page before they have any idea of what is coming in terms of support. They cannot plan. As I said, announcements are made very suddenly; they are very reactive. Changes are made when there is an outcry. I ask the government to please consult with industries before decisions are made, not after, so that appropriate measures are implemented right at the start rather than a confusion of changes once an outcry occurs. With those few comments, I commend the bill to the house.

MR D.T. PUNCH (Bunbury — Minister for Small Business) [5.46 pm] — in reply: I thank members for their contributions. I thank members opposite for their support of the Small Business Development Corporation Amendment (COVID-19 Response) Bill 2022. I want to begin by acknowledging and thanking all the businesses of Western Australia for the work that they have done in contributing to our state, contributing to our management of the pandemic and contributing to a set of circumstances that back in 2019 nobody in this house or in Western Australia would have foreseen in terms of its impacts.

I want to address as many of the questions that members asked as possible. I will start with the member for Cottesloe's question: why has this bill come forward now? We would not be in this situation if the Liberal and National Parties had not taken this power away from the Small Business Development Corporation in 2011. After reading *Hansard*, I see that that amendment went through without a murmur. I refer to all the inefficiency that has come out of the SBDC, being a principal small business agency having to negotiate with third-party departments to deliver financial assistance when it is required, and that financial assistance might be in circumstances of disaster relief or dealing with other emergencies that have an unforeseen impact on small business. The reason we are here today is that the opposition, the then government, removed this power back in 2011 for some unknown reason.

One of the first questions that the member for Moore asked was: what types of grants may be part of this amendment bill and will the powers be continued? In my view, they are sensible. The feedback that I have had from the SBDC board is that it is sensible for this power to continue. I understand it is a welcomed power because it will improve efficiency in those unforeseen circumstances such as emergencies that impact on small business and which require a government that is a great supporter of small business. I recall the SBDC came out of that great advocate, Hon Mal Bryce, who originally put the act together for the SBDC. I see this power continuing and I see it being used judiciously in support of small business. I certainly reject any notion that it will be there just to be used on a whim to provide money to the small business sector. Everything that I have observed, and certainly my reading of the

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history of the Small Business Development Corporation, indicates that it is a very well considered organisation. I have enormous respect for the board and the frameworks and policies that it has established to support small business in the state.

The member for Moore raised the issue of the capacity within the SBDC to administer the financial delivery. That is what we are talking about. It already has capacity for assessment, but this is about the delivery of money directly to businesses. There is no doubt in my mind that these assistance packages are going to be well utilised by the sector. Certainly, they were very well received in discussions we had with the peak bodies leading up to the establishment of the assistance packages. I anticipate that there will be a lot of interest in applying for support, because we know that it has been a tough period, and the small business sector has expressed that to me directly. Notwithstanding that, the issue of safeguards is important. There are opportunities for totally unscrupulous people, or maybe even foreign actors, to try to take advantage of the support that we want to provide to hardworking small business operators. One of the safeguards will clearly be the use of myGovID to make sure that we know whom we are dealing with. There will be a requirement for documentation to support the operation of the business within Western Australia. That is not going to be onerous, because we want a balance between good accountability and simplicity in accessing funds and getting funds out efficiently. Again, I have had discussions with the commissioner and I am very assured by the steps that have been put in place to address the issue of fraud, which is a very real concern when dealing with large amounts of money.

We intend to increase resources. There will be increased resources for assessment; that is where the bulk of the additional workload will be in dealing with the volume of applications that we anticipate. The SBDC already has very good fraud detection capability within its existing staffing. The board has established a new audit and risk committee. I have written to the board and the board has replied to me that it feels confident about the additional responsibilities that will come with the amendment made by this bill. I have every confidence in the board and the staff. They are receiving additional resources in recognition of the volume of work that is likely to come through.

The member for Moore also talked about consultation and feedback. Since I became Minister for Small Business in December, I have taken the opportunity to meet with small businesses as often as possible. I have held a number of round tables with small businesses in regional WA, as has my parliamentary secretary, and I intend to continue to hold them. I have also had a number of small business round tables within the metropolitan area. Certainly, while I am the minister, one of the hallmarks will be continual engagement with the sector so that I can hear directly from it. I am aware of some of the issues that the member has raised. Skill shortages and some of the pressures on small businesses are common. They are not being addressed by this legislation, but I am very well aware of those and we will work through those with small businesses.

Prior to my becoming the minister in December, Hon Reece Whitby consulted with key representative bodies to look at the information about how we live with COVID in WA and what the future might be as the response to the COVID pandemic unfolds, and that incorporated Emily Roper, the director general of the Department of the Premier and Cabinet. In January 2022, Hon Roger Cook met with representatives of the tourism and travel industries to hear firsthand from those sectors. On 18 February 2022, Hon Roger Cook and I hosted a virtual industry round table to discuss the impact of COVID-19 on businesses and the operations of members of the sectors and how they are tracking now and will track into the future.

My view is that a lot of consultation has been undertaken to understand the needs of small business and what the impacts might be in the medium and longer term future. I note that we have undertaken that consultation in an environment in which broadly—I certainly take on board the points that the member for Roe and the member for Cottesloe made about individual businesses—the key financial indicators for the state are very positive. In my view, that is a reflection of the very hard work that has gone into how we manage not only the safe transition support policy and the move towards opening our borders, but also the overall Western Australian state recovery plan. An amount of \$1.7 billion has been spent through the safe transition support program since the beginning of the pandemic. That is a significant amount of money. There has been \$420 million of business assistance since December and the overall WA recovery plan had \$5.8 billion. When members talk in throwaway terms about the state's surplus, they need to remember that this government is not only investing significantly in state infrastructure that builds a future and a platform for recovery, but also directly supporting small businesses. Many small businesses in this state have benefited from that, and I am sure that those in the member's electorate have done so. I certainly get feedback in my electorate that that is the case, and I have had that feedback in other regional centres that I have visited.

The member for Moore spoke about the losses that have been felt by small businesses, and I certainly do not take away from that. But I remind members that we are living in a pandemic situation and the kinds of impacts that we have had are going to have a profound impact on the way that we live, our economy and the way that we work, which we have seen very transparently in working from home and working from an office location. Imagine if we lost control of the virus in the state. Imagine if we had the experience that we have seen in the eastern states collectively, with significantly longer lockdowns and significantly harsher restrictions. They have been profound

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impacts, and they are still being felt in the eastern states. Despite what we hear, people in the eastern states are still very reluctant to engage in going out and supporting the economy. Despite the requirement to wear a mask being removed in New South Wales, people are voting with their own masks and are continuing to wear them in the light of growing COVID numbers. This is a pandemic that we cannot afford to lose control of.

A number of comments were made about the uncertainties that small businesses face. If I could remove uncertainty and provide certainty overnight, I would. But we cannot do that in a pandemic; we have to be nimble and we have to react, and we have to do that with well-considered health advice. That is how this government has managed the impact of those losses on Western Australia. It has worked hard to provide the best climate for small businesses to survive and, in some cases, grow, and we are seeing that in our economic performance indicators for the state. The government also recognises the profound social impact. I recognise—I have heard this from small businesses—that they are tired and fatigued, that the issue of skill shortages has had a profound impact on some businesses' ability to continue to operate, and that the uncertainties cause stress. What we are doing with the assistance packages and this amendment bill is addressing one very small part of the overall response strategy. That one small part is to right the wrong from 2011 and give the SBDC the power to assess and to provide financial assistance. This will create an efficient climate so that small businesses that are doing it tough have an accountable but straightforward assessment process. There will be a streamlined process for the administration of funds so that businesses receive those funds in a timely manner and can meet their obligations.

We are working hard. We are at the pointy end of this phase of the pandemic. The Chief Health Officer and the modelling are forecasting a peak over the next week or two, and then we will see some potential increases in hospitalisations a couple of weeks after that. That is what the modelling is telling us and we have based our assistance packages on how we maintain that model and how we maintain control of the virus to try to create the best outcomes for small businesses and the families that run them. That can be a difficult challenge. I have heard lots of criticism about this notion of health advice.

Sitting suspended from 6.00 to 7.00 pm

Mr D.T. PUNCH: I want to conclude my remarks. Before the dinner break, I was commenting that all the work that has been happening around the small business response has been predicated on the advice of the Chief Health Officer. All too often in this place that advice has been trivialised, yet I know that the Chief Health Officer has excellent qualifications; he is eminently qualified. The science behind the management of the COVID pandemic has brought this state to a point at which the outcomes have been far more preferable to the outcomes of those that we have seen nationally or, in my view, globally. We have a great deal to thank the Chief Health Officer for and we should not be trivialising the advice he provides.

My last comments are for the member for Roe. The member for Roe seems to be preoccupied by toilets; it frequently comes up in his contributions. He frequently references “thought bubbles”. From my understanding of what he says, it is his view that everything that comes out of government is the subject of a thought bubble. Nothing could be further from the truth. All the way through there has been a carefully considered strategy that has responded to changing circumstances, and that has brought us to this point and the amendment bill that we are dealing with now. As I said at the beginning, we would not be here had it not been for a lack of foresight by the Liberal–National government in 2011. This amendment bill puts an amendment into the Small Business Development Corporation Act that will deliver better outcomes in terms of efficiencies and how we respond to the needs of small business throughout this pandemic period and into the future when we deal with other disasters.

I thank members opposite for their contributions. I understand that we are going to go into consideration in detail.

Question put and passed.

Bill read a second time.

Consideration in Detail

Clause 1: Short title —

Mr R.S. LOVE: I welcome the advisers. I hope they enjoyed some dinner provided by the minister. It is lovely to have them here tonight.

The short title of the bill is the “Small Business Development Corporation Amendment (COVID-19 Response) Act 2022”. Why was that name chosen? I understand that the bill will not be required only while there is a response to COVID-19, so why was this title chosen, given that its operation is not limited to the COVID-19 response period?

Mr D.T. PUNCH: Essentially, it is because of the urgency of the bill and wanting to make sure that we are as expedient as possible in getting a response and financial assistance out to small businesses.

Mr R.S. LOVE: To be clear, it is not intended that the bill will operate simply during the COVID-19 response period; it is intended to remain as a standing power of the corporation going forward.

Mr D.T. PUNCH: Yes.

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Clause put and passed.

Clause 2: Commencement —

Mr R.S. LOVE: Clause 2 deals with the commencement. It states at clause 2(a) that sections 1 and 2 will commence “on the day on which this Act receives the Royal Assent” and clause 2(b) states “the rest of the Act — on the day after that day.”

I turn now to the publication of the guidelines in clause 6. We can talk more about this when we get to clause 6, but I want to ask when will the guidelines that are found at proposed sections 11AA(3), (4) and (5) come into operation? When will they be required to be published?

Mr D.T. PUNCH: It will be from the date on which the act is assented to; but, of course, grant programs can change over time and guidelines will be reissued as grant programs change.

Mr R.S. LOVE: When is the first lot of guidelines expected to be published? Will it be published immediately upon the act being assented to?

Mr D.T. PUNCH: Yes.

Clause put and passed.

Clause 3 put and passed.

Clause 4: Long title replaced —

Mr R.S. LOVE: Clause 4 will delete the long title, which is quite a lengthy title for the act. The third dot point states —
to enhance a competitive and fair operating environment for small business in the State; and

The fourth dot point states —

to empower the Corporation to give financial assistance, grants and operational funding in relation to small businesses ...

In terms of enabling the corporation to make competitive and fair operating environments for small business in this state, how does the minister anticipate these grants will function in a non-COVID environment? Obviously, we are now talking about two measures. There is the measure of responding to the current situation and then there is the longer term measure that we are introducing—a change—that will continue forever. Therefore, how does the minister anticipate that this legislation will create a competitive and fair operating environment for small business? Does this bill mean that the minister is guaranteeing not to pick winners amongst small business? As I see it, this bill will move us away from a situation that the previous government felt was important in enabling the right conditions for small business rather than picking individual small businesses for funding. We will now move to a situation in which, post-COVID, potentially there will be small businesses that may be funded and others that may not. How will the minister ensure that it is a competitive and fair operating environment for all small businesses rather than just those that may qualify for a grant program or some allocation of funding?

Mr D.T. PUNCH: The function that relates to the competitive and fair operating environment is implicit in all the operations of the corporation; it relates to its dispute resolution processes or its advisory processes. There is no sense of picking winners, and, certainly, the whole operating ethos of the board and the way the functions are read there would preclude against picking winners.

The next dot point below provides the capacity to improve the efficiency of services to that targeted group of businesses, instead of having to partner with a third-party agency to deliver financial assistance in the circumstances of an emergency such as a bushfire, cyclone or the like. Therefore, it is certainly not a case of picking winners; it is a case of efficiency.

Mr R.S. LOVE: That is an interesting response, minister. That is very interesting for me as a member representing an area where there was the very significant natural disaster of cyclone Seroja throughout much of my electorate. Is the minister saying that in future there might be an opportunity for the corporation to be involved—like the Department of Primary Industries and Regional Development has been in the past, for instance—in farmers, communities and individuals receiving grants, and it may be involved in directly assisting in the distribution of funding from allocations under a state of emergency? Normally, we expect a state of emergency to be a bushfire, flood or cyclone et cetera.

Mr D.T. PUNCH: Yes. When the SBDC might be allocated a role for assessment for a particular purpose or a particular incident, the bill will empower it to provide the direct financial assistance on the back of that assessment. Therefore, it is an efficiency measure.

Clause put and passed.

Clause 5: Section 11 amended —

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Mr R.S. LOVE: There are not many clauses left! I will read from the explanatory memorandum under “Part 2 — Small Business Development Corporation”. The second paragraph states —

Clause 5(2) inserts proposed subsection 11(3)(c) to clarify that the Corporation has the power to enter into contracts or other arrangements in the performance of its functions.

Can the minister explain to me what the need is for the corporation to be able to enter into contracts? What might those contracts mean in terms of specific matters expected to be carried out by businesses, what expectation is on the corporation, and what might those contracts involve?

Mr D.T. PUNCH: This clause makes it very explicit that the SBDC can enter into contracts for the provision of services, such as the small business advisory services that operate around the state. It was implicit in the act previously, but in taking this amendment through, we will make it quite clear what the function is and what the powers are of the SBDC.

Mr R.S. LOVE: That is interesting, minister. I had not realised that there was a problem in funding those contracts, which have been in existence for many, many years. The Small Business Development Corporation funds entities to provide those services in different districts throughout the state. Is the minister saying that there is some sort of question mark around its current ability to carry that out?

Mr D.T. PUNCH: No; I am not. What I am saying is that the bill will make it absolutely crystal clear that it is there so that there can be no question about it. However, the operations to date, as far as I understand, have been within the principles of the act.

Mr R.S. LOVE: Therefore, the only contracts that we are talking about in these circumstances are those contracts for the provision of that service that has historical significance, or are there other contracts that the minister envisages that may be entered into and can he give me some examples of what they might be?

Mr D.T. PUNCH: This contract provision has to be considered in the context of the functions of the act. The SBDC has an obligation to fulfil those functions, and the board is entitled to choose a range of options in how it fulfils those functions. This contract provision will make it transparent when the board is actually engaging in contracts and for what purpose, but it will have to be related back to the functions of the SBDC.

Mr R.S. LOVE: Turning to the provisions of clause 5(2), proposed section 11(3)(c) refers to entering into contracts or other arrangements. Can the minister elaborate a little on what those other arrangements might be other than contracts that he is seeking to have the corporation enter into?

Mr D.T. PUNCH: It refers to any of the functions listed under section 11(2).

Clause put and passed.

Clause 6: Section 11AA inserted —

Mr R.S. LOVE: Clause 6 is quite a lengthy clause considering the size of the bill. The explanatory memorandum states —

This provision extends the Corporation’s functions to provide financial assistance and grants in relation to small businesses and makes provision for guidelines to be made and ...

To be introduced.

In terms of the guidelines that will be introduced immediately, will they relate specifically to COVID-related circumstances or will they be more general and wider than simply that?

Mr D.T. PUNCH: The guidelines are already there for level 1 assistance and will come into being with the act. In relation to other programs that may be established from time to time, maybe in response to a disaster situation, there will be specific guidelines and they will have to be published. It really makes provision for transparency in the development and publication of guidelines on programs now and into the future.

Mr R.S. LOVE: Sorry; the minister had his mask on and I am not sure exactly what he said in the first little bit. Is the minister saying that these guidelines are COVID-specific and they are the ones being written and other ones will be developed later? I am trying to gain understanding.

Mr D.T. PUNCH: The current guidelines published for level 1 are COVID-specific. The immediate requirement is for COVID-specific guidelines. At some future date, there may well be guidelines published for a specific purpose associated with a particular task.

Mr R.S. LOVE: Moving further through the explanatory memorandum—I am relying upon this because this is the explanation that has been provided to us about what it all means—on the next page in the fourth paragraph under this clause, it states —

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... enables the Corporation to give financial assistance and grants to persons who are not small businesses for the purposes of financially benefiting small businesses, in accordance with the guidelines that must be made under subsection 11AA(3).

Given that those guidelines have already been written for COVID-related circumstances, are there other entities that, in this particular circumstance, the government is seeking to provide grants to or through, and could the minister outline some examples of what those groups might be?

Mr D.T. PUNCH: An example is probably the best way. For example, that covers the issue of assistance to landlords in relation to retail tenants. The assistance is actually being paid directly to the landlord rather than through the retail tenant. There are separate provisions for retail tenancy support. That is the sort of example.

Mr R.S. LOVE: Just to confirm, have those guidelines already been written?

Mr D.T. PUNCH: Yes, that is my understanding.

Mr R.S. LOVE: If we are talking about the corporation having the ability to distribute other funds—the minister has mentioned a number of circumstances in which there might be emergencies and other things—is the intention also to change the business nature of the corporation to provide grants to persons outside the realm of emergency response? Is that going to be the business of the corporation going forward; and, if so, has a budget been assigned to that purpose?

Mr D.T. PUNCH: No, that is not the intent. This is really an amendment for business as usual for the Small Business Development Corporation. The functions remain the same apart from that inclusion of the power to distribute funds to small business.

Mr R.S. LOVE: Talking more specifically about the guidelines that have already been written, will they have to be provided to Parliament? Will they be disallowable or are they simply a guideline rather than a disallowable instrument?

Mr D.T. PUNCH: The guidelines will be published on the website. These amendments make provision for the guidelines.

Mr R.S. LOVE: Thank you. But what status do the guidelines themselves have, and would it be possible for a chamber of Parliament to set aside or disallow those guidelines on the basis that they do not conform to the purposes that Parliament feels are appropriate?

Mr D.T. PUNCH: The guidelines are based on decisions of government in relation to a particular task that is set for the SBDC. It will be the responsibility of the SBDC to develop those guidelines and operationalise them. That is a matter for the board. I would expect that, as minister, I would have an oversight role in relation to that.

Mr R.S. LOVE: I am not sure whether that answers the question. Would they be disallowable under the rules of the chamber?

Mr D.T. PUNCH: No, they would not be disallowable.

Mr R.S. LOVE: In the production of the guidelines—the minister mentioned before some of the audit circumstances that are being outlined—I am interested to know whether the minister has spoken to the Auditor General about this program, what level of oversight the Auditor General will have over this program and whether the Auditor General has given any advice about the construction of the guidelines and the oversight that will go with it.

Mr D.T. PUNCH: I have not spoken with the Office of the Auditor General, but the SBDC has taken advice from the OAG and the State Solicitor's Office, and the board, in relation to its government responsibilities, would seek to assure the overall operations and has established an audit and risk committee to add further to its governance of these programs.

Clause put and passed.

Clause 7: Section 19 amended —

Mr R.S. LOVE: Clause 7 in the bill is pretty non-specific about where funds might be that will pay for financial assistance grants et cetera, but the explanatory memorandum states —

The purpose of this provision is to make clear that money held in the Small Business Development Corporation Account may be applied to financial assistance, grants and operational funding in relation to small businesses.

What money is currently being held in the Small Business Development Corporation account for the purpose of providing the grants, and how much money will be allocated to that after the commencement of the provisions in this bill?

Mr D.T. PUNCH: The funds will be transferred from Treasury to the SBDC account for the particular program that is being funded. I need the member to repeat the second part of his question; I think there was a second component to it.

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Mr R.S. LOVE: My question was about what money in the Small Business Development Corporation account is available now for funding and what moneys are to be distributed into that account so that it can actually commence. Is there money in that account at the moment?

Mr D.T. PUNCH: Yes, the SBDC is currently in the assessment process and funds will be transferred as required for the program funding once this amendment has gone through.

Mr R.S. LOVE: Finally, and probably the last question, regarding reporting on the totality of the arrangements and the funding program et cetera, what level of detail will be reported by the corporation about where the grants may have gone? I assume there will be some level of confidentiality or it may try not to identify people who may or may not have received grants, but will there be some information about the sectors and the regions and what level of grants have been applied so that there is an understanding of how this program has actually been rolled out?

Mr D.T. PUNCH: That information on the overall transparency of the program will be provided at a program level in the annual report.

Clause put and passed.

Title put and passed.

Third Reading

MR D.T. PUNCH (Bunbury — Minister for Small Business) [7.30 pm]: I move —

That the bill be now read a third time.

MR R.S. LOVE (Moore — Deputy Leader of the Opposition) [7.30 pm]: I want to pick up on a couple of things that we have heard in the consideration in detail of the Small Business Development Corporation Amendment (COVID-19 Response) Bill 2022. I first want to thank the advisers for their contribution. I also reiterate the opposition's support for the bill. We understand that we need to provide support to small business. We have heard through the consideration in detail stage that this bill seems to be a genuine attempt to target that expenditure throughout the COVID pandemic and all that entails. We have heard that the Small Business Development Corporation will be given the power to continue to fund small business into the future through whatever means are seen to be appropriate and under the guidelines that it will be required to publish on its website. We have heard that those guidelines will change according to the requirements that exist at the time, whether that is responding to a particular emergency or a particular set of circumstances. I imagine that a series of guidelines will be drawn up over time and will be applied in a rather bespoke fashion to whatever the circumstances might be. I am heartened to hear that advice has been taken on the audit process and that controls will be put in place. We know that there is always a risk when an organisation is involved in providing financial support; therefore, probity must be applied. I have been given some assurance that that will be the case.

The Minister for Small Business in his response to the second reading debate took a bit of a dig at the previous government for removing this power from 2011 onwards. I will respond by saying it was quite clear that the former Premier had a very deep concern about some of the excesses that we saw under the Labor government with WA Inc. He had a deep suspicion about funding business directly given the track record of Labor during the era of Burke and other Premiers. It is, therefore, understandable that the then Premier made that decision. I do not think that was necessarily an inappropriate response to have been made by the minister 11 years later. A long time has elapsed since that decision was made, and the Small Business Development Corporation has been functioning well in the meantime, until COVID. A lot of thought will need to be given to future programs that are perhaps not related to emergency responses and what that will mean. We certainly all want business to thrive, and we want conditions to be put in place to enable business to thrive. We do not want to see the government plucking out favourites and picking winners; we have seen enough of that over the years. We want to ensure that the money goes to people who can demonstrate need so that it will be an effective method of distributing the finances that are required. I have also taken some assurance from the minister's remarks that the necessary amount of resource will be provided to that organisation to enable it to do this particular task. As I have said, I have no concerns about the personal integrity of the corporation and its officers. I have the greatest respect for them.

With that, I will conclude my remarks. I do not know whether anyone else would like to make a third reading contribution. Hopefully, this bill will go through the other place, and in the very near future small business will get the assistance that it desperately requires at this time.

Question put and passed.

Bill read a third time and transmitted to the Council.