

SMALL BUSINESS GUARANTEES REPEAL BILL 2004

Second Reading

Resumed from an earlier stage of the sitting.

MR R.C. KUCERA (Yokine - Minister for Small Business) [2.51 pm]: To conclude the second reading debate on the Small Business Guarantees Repeal Bill 2004, I thank the member for Mitchell for his comments on the Bill. This is a very small piece of legislation that simply repeals the guarantees that were listed by government in 1985. The legislation has carried on since that time. Two issues were raised by the member for Mitchell. This is not simply a matter of bank security. With the changing deregulated financial markets and the increasing competition among lending institutions, the options for small business have become more readily available, and the reason for the existence of the Act has passed on.

Furthermore, as was rightly pointed out by the member for Mitchell - I think the criticism made by the member was warranted - the banks nowadays are no longer receptive to continuing with the small business guarantees scheme and they withdrew their support for it in 1997. The scheme was phased out. Indeed, the previous Government began to phase it out. In fact, no further loan guarantee applications were accepted beyond 31 May 1997. The existing guarantees will remain until the loans are repaid. In relation to the matter raised by the member for Mitchell about the amounts of moneys that were set aside in government for that, over the period that this has been phased out, those moneys have been taken into the budget of the Small Business Development Corporation. In fact, much of the need for this guarantee process has now been superseded by SBDC practices and changes to bank deregulation. Of course, security is always an issue. However, as was highlighted by the member for Mitchell, in many instances the Small Business Development Corporation, through its practices, can deal with many of the issues within business before these loans are even sought. It is appropriate that this scheme be phased out. The moneys that have been absorbed into the Small Business Development Corporation should put aside any concerns that the member for Mitchell may have in that regard.

I agree with the member. I have not come across a bank that is philanthropic. Certainly the fact that other financial institutions have been able to enter into competition has removed many of the issues for small business. We will continue to work with small business through the Small Business Development Corporation to ensure that there is no disadvantage to any small business with the repeal of the Act. Having said that, I commend the Bill to the House.

Question put and passed.

Bill read a second time.

Leave granted to proceed forthwith to the third reading.

Third Reading

Bill read a third time, on motion by Mr R.C. Kucera (Minister for Small Business), and transmitted to the Council.