

**Division 41: Small Business Development Corporation, \$12 492 000 —**

Mr P.B. Watson, Chairman.

Mr T.R. Buswell, Minister for Commerce.

Mr S. Moir, Managing Director.

[Witness introduced.]

**The CHAIRMAN:** I call the member for Victoria Park.

**Mr B.S. WYATT:** My question follows on from our discussion earlier about the cut in funding for the Aboriginal economic development unit and the moving of \$300 000 of that funding to the Small Business Development Corporation. What is the current status of the Aboriginal economic development unit that is apparently already in place within the SBDC; how many full-time equivalents does it have; and where is it based?

**Mr T.R. BUSWELL:** I am happy for Mr Moir to provide that answer, but I gave an indication earlier that this is an area that will be developed within the Small Business Development Corporation. We were only yesterday looking at the revised structure for that unit. I will let Mr Moir provide the detail about the current status of that unit.

**Mr S. Moir:** The services of the Small Business Development Corporation are already well established across the broader small business community. Our intention is to use that \$300 000 in part to broaden those services to specifically assist Indigenous business communities. We ran a pilot last year in the West Kimberley to identify business opportunities within a number of Aboriginal communities. It was based in Derby but it extended into the Fitzroy Valley. We tried to select one business from tourism and one from general arts areas, and also one general small business operator. We have now evaluated the results of that review and are taking the intelligence that we have gained from that to build on the program. We have already started work with the Director General of Indigenous Affairs, Patrick Walker, and we had a discussion today and will be meeting again in a fortnight. As the minister said earlier, I am now sitting on the Tourism Council of Western Australia's Aboriginal tourism committee, and we have already started work with Indigenous Business Australia to dovetail our activities in with what it is doing to provide assistance to Indigenous communities.

**Mr B.S. WYATT:** Does that Aboriginal business development unit within SBDC currently exist, or will it exist when that \$300 000 arrives?

**Mr S. Moir:** It will exist when that \$300 000 arrives on 1 July. We will be developing that unit in concert with the minister, and, as I have said, the other agencies concerned.

**Mr B.S. WYATT:** With that \$300 000, what shape is it anticipated that unit will take? Will one person or two persons be based in Perth or Kununurra?

**Mr S. Moir:** We would envisage initially two persons. As I said, we are looking at supplementing that into the general operations of the corporation, bearing in mind that the corporation already provides an extensive business support service in Western Australia through the 25 small business centres that are located across the state. This is an integrated model that we will get out to the majority of communities in Western Australia.

**Mr M.P. WHITELY:** This is a fairly ambitious task, as the Minister for Commerce has said himself. I do not know whether Mr Moir was in here earlier, but the Minister for Commerce has said that the Small Business Development Corporation, with a budget of \$300 000 and two staff, will be able to achieve better outcomes than the Aboriginal Economic Development Unit was able to achieve with a budget of \$4.6 million and, I think, 23 staff in 2007-08. I am interested to know how the Minister for Commerce will be able to achieve more with fewer staff. Given that the Minister for Commerce is responsible for the Small Business Development Corporation and also for the Department of Commerce, but wearing a different hat, how can that be done about 15 times better with one-tenth of the staff?

**Mr T.R. BUSWELL:** I have been looking for the figures that I gave the member earlier, but the totality of the funding that went into wages and salaries out of the AED was around \$1.9 million per annum. Aspects of that funding have been reallocated. I am anticipating that this will develop into a meaningful component of the operations of the Small Business Development Corporation. As I have said, I am very keen to deliver on-the-ground support to Aboriginal small businesses, starting with the activities that we will be following up on in Halls Creek and Fitzroy Crossing. The member may well be right—that a higher level of coordination is required to support Aboriginal outcomes within Western Australia. That is a matter that the government is still working its way through in terms of the interplay between housing, Indigenous affairs and training and the other areas of government policy. Again, the member can have his view, and I respect that, but please do not underestimate our desire to deliver better outcomes. I understand the member's view around this particular parcel of funding, but

my focus is to deliver more positive outcomes on the ground to the sorts of people I met when I was in Fitzroy Crossing and Halls Creek and in some of the communities like Balgo. I feel a great obligation to provide some new approaches to assist those communities, and, more importantly, those individuals, to move forward. I have every confidence that out of the machinations that are currently taking place within government, I have to say under the new Director General of Indigenous Affairs, Patrick Walker, Indigenous affairs will be taking a stronger role in terms of broader policy areas. It may well be the case in due course that these broader policy issues that the member is talking about are canvassed within Indigenous Affairs. I suspect that if there is an area in which a vacuum has been created, that vacuum will be very quickly filled. I cannot say that with absolute surety, but I do know that across government there is a focus on delivering better outcomes. My focus in the short term—I think it is actually in the long term—is to use the tools that I have available to me to help the people I met when I made that trip through the Kimberley. I intend to keep going back and engaging with those communities so that we can continually test and assess the different approaches that we take. I accept the member's criticism around the financial aspects. I think the member is making that criticism not from the point of view of intent, but rather from the point of view of policy, which the member is more than entitled to do.

**Mr M.P. WHITELEY:** The Minister for Commerce has said that he is going to get better outcomes, yet the only funding that he has identified is \$300 000 out of the \$4.6 million that has been moved from the Aboriginal Economic Development Unit to the Small Business Development Corporation. With respect, all we have heard is a few motherhood statements. I would like to hear about what concrete improvements will be made. How will a unit that has a history of running three small pilots program in the West Kimberley be able to deliver, with fewer than one-tenth of the staff, better outcomes than a unit that had 23-plus staff?

[9.00 pm]

**Mr T.R. BUSWELL:** Ultimately, the opposition can hold the government to account on the outcomes. I will get Mr Moir to provide some more advice, because my understanding is that, within the existing budget of the SBDC, with some of the changes we are making—I have been discussing this on an ongoing basis with Mr Moir and Patria Jafferries, the chairman of the board—there is additional supplementary funding that will be utilised in conjunction with the money that has been provided. I will get Mr Moir to explain.

**Mr M.P. WHITELEY:** How much—\$4.3 million?

**Mr S. Moir:** Approximately another \$300 000 is available to us, but we want to wait until we have had some more detailed discussions, particularly with the Director General of the Department of Indigenous Affairs. In relation to the level of experience, I suggest that the corporation has a 25-year history of providing very solid advice in small business development. Whether a business is Aboriginal or mainstream, the fundamentals of successful small business are very much the same. I acknowledge that there are specific challenges, particularly with financial literacy and normal literacy in remote communities, but these are some of the issues we are working through. I suggest that we are in fact the only agency currently specialising in that small business development aspect within the state government, but we are looking at partnering with Indigenous Business Australia and the Department of Indigenous Affairs to deliver programs.

**Mr M.P. WHITELEY:** Can the minister tell us about some of the success that the SBDC has had in developing small businesses in Indigenous communities?

**Mr T.R. BUSWELL:** Mr Moir outlined before that the SBDC has been involved in a number of pilot programs across the west Kimberley. The experience gained in that operation, in conjunction with the partnerships that I am sure it will become engaged in right across the Kimberley, will form the foundation from which this activity will be delivered.

**Mr B.S. WYATT:** I note the minister's earlier comments about the Department of Indigenous Affairs becoming more involved in this field. I am both pleased and nervous as a result of that comment, because DIA in the past, to be perfectly frank, has had quite an abysmal history.

**Mr T.R. BUSWELL:** I do not mean to interject but, as the Minister for Housing and Works, I am as nervous as the member for Victoria Park. It is a very organic part of government. I am not trying to stop the member asking a question, but one of the factors that is making it so organic at the moment is the way that the commonwealth—I am all in favour of this—is very directly engaging with and through the states in the delivery of outcomes, particularly in more remote Aboriginal communities. It is a very dynamic area of government activity or policy. However, the one thing we cannot forget at the end of all this is that we look at boxes, and putting money into boxes, but it is the people sitting out here whom we really have to focus on, and sometimes we forget about that. I am not saying the member does this.

**Mr B.S. WYATT:** Therein lies the issues that we have had. As I said, DIA's performance in this area has historically been abysmal, but the AED unit has been particularly successful in a number of different areas, and the Minister for Commerce highlighted some of those earlier on today. Therein lies the issue with the Kimberley gas hub, and I will come back to that, but because of the Premier's comments about the various economic boons

for the Aboriginal people across the Kimberley, the AED unit was ideally placed to maximise those advantages. I note that Mr Moir has referred to Indigenous Business Australia as well. I am in the unique position of sitting on the boards of both IBA and the Small Business Centre, so I have a vague understanding of how they both operate. IBA is very good on a higher level, but not so good at ground level. It will say that itself, which is why it is always looking for state-based or local organisations to work with. If the Minister for Commerce is trying to get the people results he just referred to, he will not do so by getting rid of a very successful organisation in the AED unit. I am not confident that DIA can fill that void. Maybe Patrick Walker can prove me wrong; I hope he can, but it is simply not demonstrated by what I have seen in the past. Of the three pilot businesses that the director general referred to, one was in tourism, one was in arts and one was general. Perhaps he can give us a bit of information about the general business that he has been involved with. Through the minister, where was it in particular, and what was the nature of the business?

**Mr S. Moir:** One of the aspects we are focusing on is building sustainability in Indigenous communities. The trend historically has been to overplay the tourism and cultural aspects, as if Aboriginal people should have a natural leaning towards those areas. We are talking about building in some fundamental enterprise activities within communities, and those things go to, for instance, the running of the local store or local construction companies to get the skill sets into them and have them tendering in the areas where the communities have the greatest need. One of those examples was in running a general retail operation in the west Kimberley. We had mixed success there, but there was certainly enough indication from it about the areas where we should concentrate to achieve greater success in the future.

**Mr M.P. WHITELEY:** I am quite concerned about the comments that have been made about the role of the Small Business Development Corporation, because it all seems to be rural and remote focused. I do not have the statistics to hand, but I believe that the majority of Indigenous people live in the Perth metropolitan area. My electorate has, I would guess, probably the highest proportion in the Perth metropolitan area. There is tremendous Aboriginal disadvantage there. Many of the same problems that are endemic in the Aboriginal communities have been perpetrated by people like Robert Bropho throughout my electorate. The Aboriginal economic development unit was playing an active role, as I outlined previously, in creating opportunities for Aboriginal economic development and employment at the Pyrtton site, yet I hear nothing about the opportunities for economic development within the Perth metropolitan area. These are not people who will access the Small Business Development Corporation. The task is far more difficult than that which the corporation is set up to do. I would like to hear something that convinces me that it can do that with a fraction of the staff, and that there is a focus on the disadvantage that exists within my community.

**Mr T.R. BUSWELL:** As I said, in relation to Pyrtton in particular, the Department of Housing—which will be here soon—is the lead agency in that development, and I would expect that the issues that the member has raised—I know that the member has had conversations with the department—can be addressed via the department's capacity to leverage off the activities of either the Aboriginal business development unit that will involve in the SBDC, or through other areas of government.

**Mr M.P. WHITELEY:** By way of polite interjection—I am not always polite with the Minister for Commerce—I am a great fan of the work Homeswest does, and I am a great defender of Homeswest. It gets criticised for all sorts of things—often for not doing things that it is not set up to do. It is a housing agency of last resort. The Department of Housing is not an agency that has the task of creating successful Aboriginal enterprises.

[9.10 pm]

**Mr T.R. BUSWELL:** I advise the member that I was not saying that they would do that.

**Mr M.P. WHITELEY:** The Aboriginal economic development unit was set up for that purpose. With respect, the Small Business Development Corporation is not. The AED has been thrown out. It is Hendy Cowan's innovation; it was not an innovation of our government's.

**Mr T.R. BUSWELL:** The member has made his point.

**Mr M.P. WHITELEY:** Our government expanded it and enhanced it. This government has thrown out, without consultation with John Sanderson, the only organisation that had this broad focus and a successful track record.

**Mr T.R. BUSWELL:** I heard the member's point.

**Ms J.M. FREEMAN:** The minister is saying that he wants to do this innovatively. However, with the three per cent dividend the SBDC will lose almost all the \$300 000. This new area will be set up in the SBDC, but its efficiency dividend for this financial year is \$256 000 and a considerable amount would be lost from the forward estimates. How can Aboriginal economic development be given to the SBDC when its budget is diminishing?

**Mr T.R. BUSWELL:** The \$300 000 is not coming into the agency to top up the money that is being saved through the efficiency dividend. They are two completely different activities. The efficiency dividend, as I

recollect, was introduced by the former government and has been implemented by the current government to deliver efficiencies in the way government sector agencies operate. The SBDC has met its efficiency dividend target. I will ask Mr Moir to comment on that. I will also ask him to comment on budget movements in the out years as they relate to the cost of service of the SBDC.

**Mr S. Moir:** The three per cent efficiencies were achieved basically by reviewing a couple of smaller programs within the corporation that have not operated successfully for a number of years.

**Ms J.M. FREEMAN:** Which programs are they?

**Mr S. Moir:** One was the Innovation to Market program. There were also unused funds from exceptional circumstances funding that the corporation was not able to distribute to those areas; for example, the dry seasons funding from last year. A couple of smaller programs are redundant now and we have achieved those savings through there.

For the funding the member referred to in the out years, there is approximately a \$2 million reduction. That comes about with the cessation of the current round of funding for the State Migration Centre and also the funding that has been allocated in this budget for the business resilience program, BIZFit. The future of those programs will be determined by government at a later time.

**Mr T.R. BUSWELL:** The State Migration Centre is doing a great job in encouraging people to move to Western Australia and matching up skill sets across businesses. When I was in South Africa involved with the Square Kilometre Array bid I spoke with some South African migration agents who spoke very highly of the job of work that has been done in Western Australia to assist them in the process of moving people from South Africa to Western Australia. It is an area that we need to take a broader, more strategic approach to.

As the minister I have a strong view that this business support role of government, of which the SBDC currently provides a subset, is something we need to consolidate and do more work in. That is what Mr Moir, the chairwoman of the board and I are working very hard to achieve. I see some exciting opportunities in the way this government services business in Western Australia through the agency of the SBDC.

**Mr M.P. WHITELY:** This decision to abolish the AED is a bad decision. The minister admitted that he has not consulted with John Sanderson. Will the minister give an undertaking that he will sit down and talk to John Sanderson, in the role that he was appointed to by the government, and see that the functions of the AED are picked up elsewhere? The minister is in real danger of throwing out something that is timely and effective for the sake of a few million dollars.

**Mr T.R. BUSWELL:** I accept that there is a broader role for government to play in that area. There is an opportunity for us to assess how that transpires.

The member talked about what happens in the Kimberley. I have a strong view that the economic development model and support that is required for the people of the west Kimberley in particular as a result of the LNG precinct will be delivered as part of that process.

**Mr B.S. WYATT:** What process?

**Mr T.R. BUSWELL:** The process by which the funding materialises and the government model that sits around that funding, which is largely driven by the people in that area. The member's contention is that without the AED that will not happen. That is not my contention.

**Mr M.P. WHITELY:** A lot of corporate knowledge is being thrown away.

**Mr T.R. BUSWELL:** The member has put his view. I have a view that is not consistent with the member's.

**Mr M.P. WHITELY:** With respect, the minister does not know what John Sanderson's view is.

**Mr T.R. BUSWELL:** It is interesting that we talk about John Sanderson. He was employed formally by government to provide advice. I am not saying I rejected any of his advice.

**Mr M.P. WHITELY:** The minister does not have his advice, and that is my point.

**Mr T.R. BUSWELL:** I will finish the facts around the provision of information by John Sanderson to government. When his advice was given last time, it was rejected and he lost his job.

**Mr B.S. WYATT:** We are free to reject his advice.

**The CHAIRMAN:** This is getting nowhere. I will allow one more question. Member for Swan Hills.

**Mr F.A. ALBAN:** I refer to "Major Policy Decisions" on page 531 of the *Budget Statements*. The last item in the first table is headed, "Other" and the line item is "Small Business Resilience Program". Can the minister please explain how this program will support small business during the economic downturn?

**The CHAIRMAN:** I ask the minister to keep his answer brief.

**Mr T.R. BUSWELL:** I have endeavoured to do that wherever possible, except when excitement overcomes me and interjections keep me going. I will answer briefly.

The government in the budget process committed \$2 million to the establishment of the BIZFit program. It is a program that is specifically designed and developed in conjunction with the Chamber of Commerce and Industry and Curtin University of Technology to provide additional skills to small business to help them through what for many small businesses is an incredibly difficult period. Most small businesses in Western Australia have never confronted the economic circumstances that Western Australia is presented with. For a lot of them it is daunting, to the point where merely keeping the doors open has become a significant challenge. My view and the government's view is that we have to help empower those businesses to get through this difficult period. By and large BIZFit is an opportunity for businesses to come together at a workshop to discuss their situation and be provided with basic advice in terms of skills to help their businesses. People will go out and work with businesses in a mentoring role to give them assistance through a difficult period.

If we can keep viable businesses that would otherwise close, when the state's economy begins to grow, which it will in the not too distant future, it will be a great base for us to build on in terms of employing people. It is easier to employ people by growing the existing small business base than having them drop off and having to encourage new businesses to start again. Although, we should always be focused on new businesses. It is an exciting initiation and has been very well received.

[9.20 pm]

**Mr B.S. WYATT:** I have a quick question that the minister will no doubt be able to clarify very quickly. I refer to note (e) on page 533, just before "Explanation of Significant Movements". It states —

A network of 26 Small Business Centres operate throughout Western Australia.

The small business centre website has the figure at 27, and the managing director said 25 a while ago. What is the number of small business centres? Which of the two centres referred to on the website have since gone the way of the dodo?

**Mr T.R. BUSWELL:** I will ask the managing director, Mr Moir, to shed some light on the different numbers.

**Mr S. Moir:** There are currently 26 small business centres. I am unsure of where the figure of 27 comes from. There are currently 26, and as of 1 July there will be 25. I was talking about the 2009-10 period.

**Mr B.S. WYATT:** Which one will go?

**Mr S. Moir:** The funding for Belmont will discontinue, but the Belmont office will continue to operate, because it is in receipt of significant funding from other sources.

**Mr B.S. WYATT:** It will still remain as a small business centre, will it not?

**Mr S. Moir:** It will get funding under the federal government's business enterprise centre program, so the brand of business enterprise centre will be retained. The small business centre brand, which is a state government brand, will be removed.

**Mr B.S. WYATT:** What is the reason for the \$93 000 being taken from Belmont?

**Mr T.R. BUSWELL:** The reason was that the Small Business Development Corporation was under extreme funding pressure in some regional areas of Western Australia and a decision was made by the organisation, which I endorsed, to redirect the funding that is currently going to Belmont on the understanding that Belmont will continue, albeit under a different guise. The funding will be reallocated to a number of regional areas ranging from Port Hedland in the north to Manjimup in the south. Small Business Development Corporation coverage of the south eastern part of Perth will be provided from the city, from the business centre in Midland and from the business centre in Gosnells.

**Mr B.S. WYATT:** Why was Belmont chosen?

**Mr T.R. BUSWELL:** Belmont was recommended to me by the agency. The view was that the alternate funding streams flowing into Belmont meant that it could continue, albeit under a different guise, without state government funding.

**Mr B.S. WYATT:** A victim of its own success!

**The appropriation was recommended.**