

Chairman; Mr Brendon Grylls; Mr Clive Brown; Mr Paul Omodei; Mr Peter Watson; Mr Dan Barron-Sullivan;
Mr Rob Johnson; Mr Mick Murray

Division 54: Small Business Development Corporation, \$8 609 000 -

Mrs D.J. Guise, Chairman.

Mr C.M. Brown, Minister for Small Business.

Mr G. Etrelezis, Managing Director.

Mr R.H. Buttsworth, Acting Director, Corporate Services.

The CHAIRMAN (Mrs D.J. Guise): This Estimates Committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow. Members should not raise questions about matters of general concern that do not have an item of expenditure in the consolidated fund. The Estimates Committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed. We are dealing with estimates of expenditure and that should be the prime focus of this committee. Although there is scope for members to examine many matters, questions need to be clearly related to matters of expenditure. For example, members are free to pursue performance indicators that are included in the *Budget Statements* while there remains a clear link between the questions and the estimates. It will assist in the committee's examination if questions and answers are kept brief, without unnecessarily omitting material information. It is the intention of the Chairman to ensure that as many questions as possible are asked and answered, and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee, rather than ask that the question be put on notice for the next sitting week. For the purpose of following up the provision of this information, I ask the minister to clearly indicate to the committee which supplementary information he/she agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by 6 June 2003, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available.

Details in relation to supplementary information have been provided to both members and advisers and, accordingly, I ask the minister to cooperate with those requirements. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information that the minister agrees to provide will be sought by 6 June 2003.

It will also greatly assist Hansard staff if, when referring to the program statements, volumes or the consolidated fund estimates, members give the page number, item, program, and amount in preface to their question.

Mr B.J. GRYLLS: I refer to the major initiative for 2003-04 at page 892 of the *Budget Statements* that refers to extending and highlighting the activities of the State Government's advocacy service. Did the Small Business Development Corporation draft a submission on retail trading hours; and, if so, what was the cost of the submission?

Mr C.M. BROWN: The small business advocacy service is operated by the Small Business Development Corporation. It receives complaints from small businesses about government departments and agencies. It then takes up the complaints with the relevant departments and agencies and seeks to find a resolution. It is very much directed towards taking up issues with government. Since we launched it the service has had a number of successes. The number of contacts total 222. Issues have been raised concerning procurement, planning approval, local government licensing, state government licensing, government competition, land release, Telstra, the Australian Competition and Consumer Commission, public liability insurance and Western Power. Various inquiries and referrals have been made by the SBDC. It is a very good service that is working well. It is well received by the small business community. The SBDC, not the advocacy service, has provided a submission on retail trading hours.

Mr B.J. GRYLLS: Is it available?

Mr C.M. BROWN: Not at the moment.

Mr B.J. GRYLLS: Is there a time line on it?

Mr C.M. BROWN: It has not been released at the moment. A decision is yet to be made when it will be released.

Mr P.D. OMODEI: Why is it not available?

Mr C.M. BROWN: The timing of the release is under consideration.

Mr P.D. OMODEI: Nothing to do with Iraq is it?

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Mr C.M. BROWN: I do not know. What do they do about trading hours in Iraq?

Mr P.B. WATSON: The sixth dot point at page 892 of the *Budget Statements* refers to increasing the level of take-up of e-commerce by small business. What role does the Small Business Development Corporation play in this regard?

Mr C.M. BROWN: I will speak generally and then ask Mr Etrelezis to provide more detail. An election commitment was made by the Government to try to make small business become more familiar with e-commerce. The Government proposed the First Steps Online program. It has been implemented gradually by the Small Business Development Corporation in conjunction with TAFE in some instances. A range of packages have been provided. I must say that we have received some very complimentary advice from people who are well known and well skilled in the information and communication technology sector about the quality of the web sites constructed by the SBDC. Essentially it is designed to encourage the take-up, as it says, of e-marketing and e-trade.

[8.40 pm]

Mr ETRELEZIS: This is in line with the Government's commitment to increase the take-up of e-commerce by small business. The reasons from a small business perspective for taking up e-commerce are reasonably obvious, but essentially they come down to three things. Two of the reasons are that there is a saving in time and cost, and the third and major reason is that they can be paid a lot more quickly. We find also that those businesses that take up e-commerce are able to introduce better bookkeeping skills into their businesses. Therefore, we work very hard to look at the dual aspect of encouraging small businesses to take up e-commerce. We now have an e-commerce entry point, which is an online service available for small businesses at which they can receive a self-scheduled e-start program. That program was developed in conjunction with Central TAFE, and it has become very effective, so much so that the Australian Capital Territory Government recently requested permission to load it onto its site; and it is quite advanced in the information technology area. Along with that e-start product there are also two new products - e-marketing and e-trade. We also have a specialist who will assist small businesses one-on-one with making the right decisions with regard to e-commerce. The intention for 2003-04, given the success and the trialling of the e-start, e-marketing and e-trade software, is to use those programs as the basis for workshops that we will run throughout the State, including in regional areas.

Mr D.F. BARRON-SULLIVAN: I refer to the third dot point under significant issues and trends on page 888. Although the fifth word in that dot point should not have an apostrophe, it states -

Western Australia has maintained its standing as a preferred destination for business migrants coming to Australia. Changes to the business skills visa arrangements which came into effect on 1 March 2003, and in particular, those which enhance arrangements relating to State sponsorship of business migrants, offer Western Australia the potential to attract a greater share of business migrants.

What are those changes that will enhance arrangements relating to state sponsorship? What are the changes to the eligibility criteria for the business migrant incentive program?

Mr C.M. BROWN: The Small Business Development Corporation is very active in encouraging business migrants into Western Australia.

Mr D.F. BARRON-SULLIVAN: Is it a priority program?

Mr C.M. BROWN: It is a significant program. The SBDC participates in what was this year Immigrate 2003 and what was last year Immigrate 2002. That is a significant fair that is run in the United Kingdom over three days, and business people - mainly small business people, but not necessarily - who are considering immigration pay £7 for the pleasure of getting into that fair. They then pay some more money for the pleasure of receiving a talk. The managing director of the SBDC, Mr Etrelezis, and another staff member go to that fair, normally accompanied by a number of Western Australian business people, such as immigration agents, people from the banking industry and so on.

Mr D.F. BARRON-SULLIVAN: What are the changes to the visa arrangements that have enhanced arrangements relating to state sponsorship of business migrants? I am trying to come to terms with what that means.

Mr C.M. BROWN: Western Australia is the second most popular State for business migrants. That is very significant in terms of economic growth.

Mr R.F. JOHNSON: From the United Kingdom?

Mr C.M. BROWN: I think overall. I will ask Mr Etrelezis to outline the nature of the changes.

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Mr ETRELEZIS: There are several details for each visa category, and it would be impossible to relate them here, but we can certainly provide that as supplementary information. Essentially the difference with regard to the sponsorship is that the Commonwealth has now decided to place a great deal of onus on the States to sponsor various categories of business migrants; and, if the States do so, those migrants receive a concession, initially for what the Commonwealth now terms a provisional visa. Most business migrants can now come in only provisionally, except for those who come in under what is called a business talent visa, which attracts those migrants with at least \$1.5 million. They are the only migrants now who can come in outright at the start under a residency visa. The balance of the migrant approvals, if they attract state sponsorship, get generous concessions with regard to either the turnover of the business that qualifies them, or the amount of capital they bring into the State. At the end of the provisional period, which can be after two years and must be no later than four years, to demonstrate that they have met the criteria for residency they can also apply for state sponsorship, and they then get concessions with regard to the number of employees they have employed, the turnover of the business or the amount of capital they have invested in the State. That is why the word “enhanced” is there, because there is now a greater responsibility on the States to lend their weight to the business migrant approvals.

The CHAIRMAN: Will the minister clarify what he has agreed to provide by way of supplementary information?

Mr C.M. BROWN: We will provide as supplementary information the information that we have from the Commonwealth about the criteria for each category of business migrants.

[Supplementary Information No A39.]

Mr D.F. BARRON-SULLIVAN: The key thing that leads on from that is my understanding that the changes enhance our potential for business migration in this State. That program has been very successful. The minister just said it is very significant in terms of economic growth in this State. However, page 896 indicates that between 2002-03 and 2003-04 the budget for the business migrant incentive program has been slashed by 65 per cent from \$130 000 to \$45 000. If we have had some changes at the federal level that enhance the potential of this program in this State - a program which the minister has just said is very significant in terms of economic growth - I would think the minister would want to leave a significant chunk of money in the budget to promote that program, or he might even want to increase it.

Mr C.M. BROWN: I will ask Mr Etrelezis to give the explanation for that.

Mr ETRELEZIS: The item on page 896 is the business migrant incentive program. However, that is not the total cost of the business migration program. There was an initiative to encourage better business proposals to the State, and we provided funding of up to \$15 000 to qualify migrants to get a business proposal done professionally to accompany their business visa. The change for 2003-04 is that with the change in sponsorship arrangements, those proposals for the incentive program are now required only outside the metropolitan area. In fact there is a 50-kilometre radius with the sponsorship proposal. That means that a great deal fewer migrants will move to outside a 50-kilometre radius of Perth, and they are the only ones who will qualify for that business migrant incentive program, hence the reduced funding.

Mr D.F. BARRON-SULLIVAN: Why was that decision made?

Mr ETRELEZIS: The migrants who are within the Perth metropolitan area do not get the sponsorship concession that the migrants who are outside the Perth metropolitan area get. The Commonwealth is seriously trying to encourage business migrants into regional areas. Each State must come up with a method of providing additional incentives to migrants to move to regional areas.

[8.50 pm]

Mr D.F. BARRON-SULLIVAN: The point I am trying to make is that business migration as a whole is successful. The Government has the opportunity to expand the program, and I appreciate that the new criteria under the business migrant incentive program will limit the availability of funding to beyond the metropolitan area, but the fact is that funding in this area has been cut. In addition to cutting the small business improvement program, I look at this budget and wonder why the Government is even putting anything into this budget. I cannot understand why the Government did not keep that money in there to foster a healthy migrant program. The notes on page 892 say that the Government will maintain the State's standing as a preferred destination for business migrants under the revised business visa requirements, yet funding has been cut in this area.

Mr C.M. BROWN: I do not know whether the member has understood what Mr Etrelezis was saying, but the requirements under the previous scheme where this sort of package was necessary are no longer required for people who migrate to the metropolitan area.

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Mr ETRELEZIS: They are still required to submit proposals, but they need not go to the cost of preparing such a proposal to attract state sponsorship. We have kept the provision in there for regional areas to allow for a consultant to travel to a regional area. That will virtually meet the travel cost so that people have some incentive to look at regional opportunities as part of their migrant proposal.

Mr D.F. BARRON-SULLIVAN: Is that amount of \$45 000 principally for travel costs for consultants to go to regional areas?

Mr ETRELEZIS: It is not directly for travel costs. It goes to the applicants for paying their consultants, but we anticipate that for the consultants to do their job properly they will have to go on site to look at the business opportunity.

Mr D.F. BARRON-SULLIVAN: Why would the department not want to assist people who go to a consultant with their application and so on in the metropolitan area?

Mr ETRELEZIS: We are finding that there is no need to provide that incentive under the sponsorship program. There are very generous concessions under the revised arrangements, meaning they have no trouble meeting the proposal criteria. We are anticipating that the \$45 000 will be the maximum required for the 40 or 45 applications we will receive in the ensuing year for regional areas.

Mr D.F. BARRON-SULLIVAN: The changed guidelines enhanced the program's potential, so why was that money not put into making the business migrant program more active? Why did the minister not say to the SBDC, "This is great stuff; you can save a bit of money in the way you are doing the BMIP, so you can have the other \$85 000 to get out there and knock their socks off and get some more business migration under way", because it is very significant in terms of economic growth?

Mr C.M. BROWN: A continuing effort is being made by the corporation to attract business migrants. Those funds that the member has focused on are there for a particular reason and do not take account of these other activities that are being carried out by the SBDC to attract business migrants. For example, we have recently provided a web site in simplified Chinese. While the member can point to this one area where an adjustment has been made for logical reasons because of the change in the arrangements under the federal program, that does not mean that the SBDC has not focused on broadening its scope of work to attract business migrants. Mr Etrelezis reminds me that some additional promotion is planned for the new year. The SBDC's business migration efforts have not dropped off; it is just that in that particular program - because of the change - we do not need to provide the money. Frankly, if we do not need to provide the money in an area, we can reallocate it.

Mr R.F. JOHNSON: The business migrant program is very good; I came over on that myself 15 years ago. The SBDC gave me a tremendous amount of help two years before I arrived here. The minister said that if a person comes with \$1.5 million he must have a business plan, proven business experience or a proven business in the United Kingdom, America or wherever in order to get permanent residency. What is the required amount for those people who come here and can achieve only temporary residency for that four-year period? I know they must prove they have opened a business or they have employed two to four people, whatever it might be, and are making a profit and a contribution to society. Who monitors them to ensure that after four years they have met their obligations? Does the SBDC play a role, or is it purely the federal Department of Immigration and Multicultural and Indigenous Affairs?

Mr ETRELEZIS: The member is correct. Under the new system different categories of business migrants come up provisionally, other than those in the business talent area, and they must meet certain criteria after an initial two-year period, but it can be four years and in some cases they get an extension to six years. Depending on whether they come out in what is called a business owner category or a senior executive category, and depending on their age and business criteria and the amount of capital they bring in, there are various criteria involved. It is the role of the federal Department of Immigration to monitor whether they qualify for residency after at least two years, and on average four years. The department looks very carefully at the application for residency approval. A residency visa application must be lodged once they meet the criteria, and that is when it is vetted.

Mr R.F. JOHNSON: What part does the SBDC play? When business migrants arrive here, they are given the nod if they have the right amount of money; they may have only a provisional visa or they may be in another category. Does the corporation take any other action to monitor the business in any way until they apply for permanent residency?

Mr ETRELEZIS: Officially we do not have a role to do that, but we have undertaken to do it as part of a business building process. We take a keen interest in those migrants we have sponsored. We are now maintaining a database and keeping in regular contact, mainly to alert them to the services available through the Small Business Development Corporation. The next time we come in contact with them is when they lodge an

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application for residency. In most cases they will come back to the SBDC to qualify again for sponsorship of their residency visa, and then we get a chance to re-assess their business, look at how they have progressed and ensure they have met the criteria before we give them a tick.

Mr B.J. GRYLLS: The last dot point on page 891 refers to the small business smart business program and states that a total of \$1.3 million was distributed to small businesses in the form of training vouchers valued at \$200 each. If I read this correctly, \$1.3 million is 14 per cent of the SBDC's budget. How many businesses took part and received the training voucher, and what were some of the training programs that these vouchers were spent on?

Mr C.M. BROWN: The money is from the Department of Education and Training; it is not out of this budget. My understanding is that approximately 6 000 businesses took up the vouchers.

Mr ETRELEZIS: There is also a bit of money for associated audit costs and accounting.

[9.00 pm]

Mr C.M. BROWN: It is not a lot of money. However, one of the key issues for small business is to try to encourage some form of training. If a training measure is available that can be utilised, the voucher can be used to offset the cost of that training. It may well be the difference between a small business person getting some training or not getting it. It may well encourage the small business person to access some training. Small business people have a choice of the training they will undertake under that scheme.

Mr P.D. OMODEI: I refer to the output and appropriation summary on page 889. Under output 1, the figure for 2003-04 is \$9.451 million. Below that, figures are shown against "Less Operating revenues" and "Adjustments". The residual amount is \$8.512 million, which is a reduction of \$415 000-odd. From which program in the budget has that \$415 000 been cut?

Mr C.M. BROWN: Predominantly, it is the small business improvement program, which was discontinued.

Mr P.D. OMODEI: That is an amount of \$581 000; I can see that at the top of the page. There is a reduction in the out years of \$300 000-odd. The figures just do not add up. The small business improvement program has disappeared. Therefore, it seems that there will be a further reduction of \$581 000 in the out years, if one adds up the figures.

Mr C.M. BROWN: It is a bit complicated. I will ask Mr Etrelezis to go through it and explain the detail.

Mr ETRELEZIS: As a point of clarification, is the member suggesting that the \$581 000 is not reflected in the out years as a reduction?

Mr P.D. OMODEI: Yes.

Mr ETRELEZIS: There are other balancing items. Some money has been allocated for the business enterprise centre network.

Mr P.D. OMODEI: I see that has been reduced as well.

Mr ETRELEZIS: No, that has been increased.

Mr P.D. OMODEI: I do not think so. The BEC operational grant goes down from \$2.68 million to \$2.28 million in the out years. There is a double whammy. There is a reduction in that grant and also in the one I mentioned previously, the small business improvement program, which the review task force recommended be discontinued. I am sure that all those business enterprise centres around Western Australia will not be happy about a reduction of \$400 000 on top of the disappearance of that program.

Mr C.M. BROWN: No, it is not a reduction of \$400 000; it is an increase of \$400 000. A one-off increase of \$400 000 - not a decrease - has been provided for the business enterprise centres.

Mr P.D. OMODEI: Page 896 does not indicate that. At the bottom of the page, under details of controlled grants and subsidies, a reduction of \$400 000 is shown, no matter where one looks. There is a \$200 000 increase this year, and then a \$400 000 reduction in the out years. Those centres play a very important role and should be supported.

Mr C.M. BROWN: We can go through the detail; however, the situation is that currently the business enterprise centres receive a contribution of \$60 000, apart from some centres in the regional areas that receive \$70 000. The intention is that those that receive \$60 000 will receive \$60 000 in the next financial year, and the ones that receive \$70 000 will receive \$70 000 in the next financial year. They will receive those amounts in the following financial year as well. Therefore, there will be no reduction for the BECs. However, this year additional money will be made available to the BECs.

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Mr P.D. OMODEI: Can we have some details of that?

Mr C.M. BROWN: I can provide the details now. Currently, the BECs get \$60 000 a year, apart from those that are north of the twenty-sixth parallel, which get \$70 000. In 2003-04, it is intended that they will get the same amount as they get now, plus an additional amount. That additional amount has yet to be worked through. However, we have an allocation of \$400 000. The reason that I cannot provide the precise figure is that we are currently undertaking a review of the business enterprise centre network. However, an additional \$400 000 has been allocated this year for the business enterprise centres, and that will be distributed after we have undertaken the review of the business enterprise centres. In 2004-05, the ones that now receive \$60 000 will receive \$60 000, and the ones that now receive \$70 000 will receive \$70 000; and there may also be some additional funding over and above that figure. They will not go below their base figure now, but they will get additional money in 2003-04, and they may get further additional money in 2004-05.

Mr P.D. OMODEI: I will have to take the minister's word for it, because the budget papers do not show that.

Mr C.M. BROWN: I think they do. However, those figures are constructed in various ways. Does the member want an explanation of this? If so, we will provide it.

Mr P.D. OMODEI: Yes, that would be helpful.

Mr ETRELEZIS: There is a reason that the 2002-03 estimated figure is \$2.428 million and the figure for the out years is \$2.28 million. An amount is allocated to the BECs after year end, based on a quarantining of the amount that we use to administer the BECs. It does not affect their core grant, which is \$60 000 or \$70 000, as the minister has indicated. However, at the end of the year when we find that we have made savings through reduced travel costs of the BECs, reduced induction costs of their managers or reduced administration costs, we tally that up and then allocate it to the business enterprise centres. Last year, for example, it amounted to \$4 000 for each centre. Previously, it was \$5 000 for each centre. We call that supplementary funding. We cannot show that in the out years, because it is not guaranteed in any one year; we commit only to the core funding. While the 2003-04 budget estimate does not reflect the full \$400 000 that will be allocated, it is built into it, without the supplementary funding added at this stage. We will not know that figure until year end.

Mr D.F. BARRON-SULLIVAN: My colleague started off by asking the minister about the budget figures on page 889. Flowing on from what he said, I believe that there is only one output, and that is covered in the table on that page. The total cost of outputs measures the priority that this Government attaches to this area for small business. However one reads it, over this year there has been a reduction in real terms of slightly over 14 per cent in the value of outputs; in other words, in the priority given to this portfolio. That is a reduction of over \$1.2 million. The small business improvement program has been cut. The Government is not prepared to reallocate money from the business migration program. As a matter of policy, how does the Government justify a 14 per cent cut in the value of outputs; and in the forward years there will be further significant cuts as well?

Mr C.M. BROWN: First, I do not accept the underlying theme of the member's question or allegation. Secondly, an amount of \$484 000 was a carryover fund from the previous year.

[9.10 pm]

Mr D.F. BARRON-SULLIVAN: Sorry, from 2002-03?

Mr C.M. BROWN: From 2001-02 to 2002-03. That was a carryover amount.

Mr D.F. BARRON-SULLIVAN: Sorry, so the figure of \$9.451 million includes \$484 000 from 2002-03?

Mr C.M. BROWN: No, from the previous year; the \$10.692 million.

Mr D.F. BARRON-SULLIVAN: It is \$10.149 million.

Mr C.M. BROWN: The estimated actual figure is \$10.692 million for 2002-03.

Mr D.F. BARRON-SULLIVAN: It is still a huge reduction, no matter how one looks at it. The corporation will spend a lot less this year than last year, and a lot less than the year before. Next year it will spend even less. It really demonstrates the lack of commitment this Government has to small business.

Mr C.M. BROWN: The member can misinterpret the figures all he likes. The fact is that we made it clear that we would end the small business improvement program. We did not shy away from that. We also made it clear that next year we will put more money into business enterprise centres, which will be well received. Under the previous Government, business enterprise centres did not get an increase for a long, long time. The reality is that some things change.

Mr D.F. BARRON-SULLIVAN: The minister should just be honest and say that he has cut the budget. The cut to the small business improvement program of \$581 000 each year is outlined in the forward estimates; that is

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constant. Even when that is factored out, the rest of the budget is still being cut. It is that simple. The budget is being reduced by 14 per cent this year.

Mr C.M. BROWN: That is the way the member interprets it.

Mr D.F. BARRON-SULLIVAN: I am looking at the budget papers.

Mr C.M. BROWN: I appreciate the way the member is interpreting the figures. Yes, \$581 000 will be removed from the small business improvement program and an additional \$400 000 has come in for the business enterprise centres.

Mr D.F. BARRON-SULLIVAN: What programs have been cut? That program has been increased, but which others have been cut to the value of \$1.2 million?

Mr C.M. BROWN: I will get Mr Etrelezis to explain why that figure is like that.

Mr ETRELEZIS: The 2002-03 estimates figure of \$10.692 million incorporates a carry forward of some \$484 000 from the previous year. The reason these funds are being carried forward is that they are associated with programs that were either being developed but were not completed, or were not quite finished in terms of delivery. They included programs that have now come to completion, or for which the item has been finalised. For example, a lot of the development work was for the e-commerce online work, the standardisation of local government licence application form feasibility study, and the business licence audit. That was a sum of \$484 000. Accompanying that was a decrease in the capital user charge of \$64 000 in 2003-04, which will not occur, and a decrease of \$57 000 related to the cessation of the small business improvement program, offset across general salary incremental movements.

Mr P.D. OMODEI: You are down to \$10 000 George.

Mr ETRELEZIS: That is reflected in the finalisation of programs in the previous year, the balancing of the \$581 000 for the small business improvement program, and a few minor items relating to capital user charges.

Mr D.F. BARRON-SULLIVAN: Even if 2002-03 is skipped -

The CHAIRMAN: Does the member have a further question? If not, I will move on and give preference to members who have not yet asked questions.

Mr D.F. BARRON-SULLIVAN: I have a final further question. I know that I have dwelt on this point. I will not go into 2002-03, but even if the amount of \$484 000 is factored out and one looks at the figure for 2001-02, the amount today in real terms is a 9.5 per cent reduction in the budget. However one looks at the bottom line and carries it through to the forward estimates, the Government is reducing expenditure in that area. That says a lot.

Mr P.D. Omodei interjected.

Mr D.F. BARRON-SULLIVAN: The member for Warren-Blackwood is entirely correct.

Mr B.J. GRYLLS: Further to that -

The CHAIRMAN: No. Does the minister intend to respond?

Mr C.M. BROWN: The member for Mitchell is very creative. He will continue to interpret the budget in the way in which he wants to. We will look at how he interprets it and we will respond in kind. I refer to the appropriation on page 889; that is, the amount that comes from the consolidated revenue. In 2001-02 it was \$8.345 million. The amount in 2003-04 is \$8.512 million. That means that the amount going into this budget from consolidated revenue has increased.

Mr P.B. WATSON: The fifth dot point under the major achievements for 2002-03 on page 891 of the *Budget Statements* states that the Small Business Development Corporation introduced an export-ready program to encourage and assist small business to start exporting for the first time. What is the nature of that program?

Mr C.M. BROWN: I thank the member for Albany for his question. I will make a few opening comments before getting Mr Etrelezis to talk about that. As the member knows, the Commonwealth and State Governments have collectively entered into a campaign to increase the number of exporters in Australia. Of all the companies registered in Australia, only four per cent export. The desire is to double that number over five years. That is an ambitious target, which everyone recognises. Nevertheless, it is a target to strive for. The Small Business Development Corporation is playing its part in this program. Under the program it is required to work with a specified number of businesses to look at their export potential. It is a very good program. Perhaps Mr Etrelezis can provide some further details.

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Mr ETRELEZIS: The program has several components, one of which is awareness. Under the export-ready program we run workshops for those who anticipate exporting in the not too distant future. Those businesses are probably not at the stage of being ready to export at that time. We invite applications to conduct assessments of businesses' export readiness. We do that independently of the business. That entails everything from market research penetration to product identification - whether it is ready and packaged for export. Once that assessment is complete, we work with the firm to get it to export-ready status. If necessary, we pass it on to programs such as TradeStart, which is an Austrade program in which companies end up working one-to-one with Austrade in delivering the goods at the end of the day by getting their first export sale.

Mr P.B. WATSON: Are there facilities for this program in regional areas?

Mr ETRELEZIS: We intend to deliver the export-ready program by way of the business enterprise centre network through identifying businesses that will be able to be assessed for export readiness. The Small Business Development Corporation has the contract for the metropolitan area, but there are other TradeStart contracts throughout the regions.

Mr M.P. MURRAY: I refer to the second dot point under the major achievements on page 891 of the *Budget Statements*, which refers to a review of the Commercial Tenancy (Retail Shops) Agreements Act 1985. What is the nature of the review that has been carried out and what are some of its key recommendations? What is proposed to now happen with the review?

[9.20 pm]

Mr C.M. BROWN: We undertook to carry out a review of the Commercial Tenancy (Retail Shops) Agreements Act. This Act comes under the portfolio of the Minister for Consumer and Employment Protection, but we were authorised to carry out the review. The review was excellent and resulted in 61 recommendations for change. The report contains a number of recommendations, including provisions relating to unconscionable conduct being written into the Commercial Tenancy (Retail Shops) Agreements Act. As the member would know, the Australian Consumer and Competition Commission has conducted some significant cases on behalf of tenants in the Federal Court. It is fair to say that those cases have bombed. If the member reads the Farrington Fayre case, he will see that the level of protection that is provided under the Trade Practices Commission is somewhat wanting. One of the recommendations in the report is to put unconscionable conduct provisions into the Commercial Tenancy (Retail Shops) Agreements Act. There are a number of other recommendations. Some decisions of the courts have put businesses outside the reach of the Act. For example, the Act applies to small businesses. If a shop floor is more than 1 000 square metres, it falls outside the Act and a person cannot get the protection of the Act. A court case interpreted "shop floor" as meaning part of the outside area of a garage, as I recollect. Even though the inside of the garage was a small business, the Act was interpreted that way and put the person concerned outside the Act. The Act contains a number of anomalies.

We have asked for public comment on the report, which is very detailed, and that public comment is coming in at the present time. The subject raises passions, depending on where one sits in the relationship. We hope that this works out, but it is certainly my desire to introduce a Green Bill later this year for further discussion and from there move the legislation through the parliamentary process.

Some of these issues are technical; some are value judgments that deal with issues of property rights and what goodwill people such as a small business retailer might have in a business when they rent that business and are subject to the vagaries of a rental market. It is a subject that raises some passion. I believe that some further amendments to legislation are necessary in order to protect the interests of some small retail tenants. I hope that the review will result in some good changes to the legislation.

Mr M.P. MURRAY: It has certainly been a problem in my electorate because of the downturn in some areas; people have been forced into liquidation in some cases due to the Act, with no chance of a review. Will this give them some chance of having a tenant review and also a review of how the scale of turnover versus rental is worked?

Mr D.F. BARRON-SULLIVAN: It is the percentage of rental to turnover.

Mr M.P. MURRAY: Yes.

Mr C.M. BROWN: I am trying to recall off the top of my head what the recommendation was. I certainly have a view. I am not sure that this was picked up finally in the recommendations. One of the things that was brought to my attention quite some time ago was the fact that turnover figures are required when people seek to have a rental arrangement based on a percentage of turnover only after a threshold - the threshold is very high indeed - that enables turnover figures to be maintained. I have concerns about that. The existing Act contains a rent revision that was put there as one of the last lot of changes. I think it requires a single basis of rent review to be

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written into the lease. There have been questions about whether the tenant can get a review when it is based on a market rate and the market rate goes south rather than north.

Mr D.F. BARRON-SULLIVAN: It depends when they signed the lease.

Mr C.M. BROWN: Yes.

Mr ETRELEZIS: The provisions in the Act as it stands were changed to allow for only one basis of rent review. The idea was to eliminate what was referred to as ratchet rents so that market rents could go up and down. In respect of turnover, the issue is really the misuse of turnover figures rather than not using them for rental conditions. One of the recommendations in the report provided to the minister is that there should be a prohibition on the misuse of turnover figures by managing agents or landlords. They can track those turnover figures from the tenant by way of the rental exercise and then perhaps use that to gauge rents elsewhere in the centre to inflate other rents as necessary.

Mr D.F. BARRON-SULLIVAN: Why is this minister carrying out the review when the legislation falls under another portfolio? The minister has reviewed this subject, and he mentioned that the Small Business Development Corporation carried out a review on trading hours. Was a review also carried out by the SBDC on the business tax review? What other reviews have been done apart from this one? Is the minister able to provide copies of all these reviews? Earlier the minister said that he was weighing up whether he would provide the review on trading hours. Will he give a commitment to provide all copies of all the different reviews?

Mr C.M. BROWN: Copies of the commercial tenancy review are available publicly.

Mr D.F. BARRON-SULLIVAN: What about the trading hours review and the reviews the SBDC has done on tax or anything else?

Mr C.M. BROWN: We carried out the commercial tenancy review essentially because, although the matter sits in another agency, the SBDC has to answer a percentage of the inquiries.

Mr ETRELEZIS: In excess of 20 per cent, definitely.

Mr C.M. BROWN: That percentage of inquiries from small businesses goes to the SBDC to answer. The SBDC has therefore considerable expertise in this area. That is not to say that the Department of Consumer and Employment Protection does not have expertise, but a lot of the practical issues that face small businesses finish up with direct inquiries at the SBDC rather than at the Department of Consumer and Employment Protection. That being the case, I spoke to my ministerial colleague. I said that given the level of expertise and the enormous number of inquiries we get about this, it would be appropriate for us to do this review although it is still his Act. He agreed. That is the reason.

As for other inquiries, the SBDC wrote a submission on the business tax review, which has been publicly released.

Mr D.F. BARRON-SULLIVAN: The minister has said that he does not know if he will release the trading hours review yet.

Mr C.M. BROWN: I give a commitment that the trading hours review report will be released. Where the SBDC has experienced officers, it will make submissions on behalf of small businesses in relation to those areas, either directly through me or through the SBDC board.

Mr D.F. BARRON-SULLIVAN: Does the SBDC get asked for or provide advice when significant tax changes are mooted? For example, the Treasurer is again trying to encourage members in the upper House to let the Government's legislation go through to change the payroll tax system, which obviously grossly disadvantages small and medium-sized enterprises and benefits the big end of town. Is that the sort of thing that the SBDC is asked to provide information on?

Mr C.M. BROWN: When there are cabinet submissions for changes to Acts, all government departments are required to put in cabinet comment sheets as part of the cabinet process. They come in.

Mr D.F. BARRON-SULLIVAN: I cannot ask about them.

Mr R.F. JOHNSON: We cannot get to see them.

Mr C.M. BROWN: No. That is a privilege for the Government only, as the member well knows. Members opposite guarded it religiously, and the Government is simply following in their steps.

Mr R.F. JOHNSON: You could have seen mine.

Mr C.M. BROWN: We cannot even get access to the old ones, let alone -

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Mr R.F. JOHNSON: I have given access to my old ones - one or two anyway.

Mr D.F. BARRON-SULLIVAN: Let me into Cabinet in two years and I will be better than that!

Mr C.M. BROWN: Plenty of people have said they would be, but they do not pass the test.

The appropriation was recommended.

Committee adjourned at 9.31 pm
