

**STANDING COMMITTEE ON  
ESTIMATES AND FINANCIAL OPERATIONS**

**ONGOING BUDGET ESTIMATES HEARINGS 2010–11**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
FRIDAY, 16 JULY 2010**

**SESSION FOUR**

**Members**

**Hon Giz Watson (Chair)  
Hon Philip Gardiner (Deputy Chair)  
Hon Liz Behjat  
Hon Ken Travers  
Hon Ljiljanna Ravlich**

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**Hearing commenced at 2.55 pm****FINLAYSON, MRS JACQUELINE****Acting Managing Director, Small Business Development Corporation,  
sworn and examined:****BUTTSWORTH, MR RAY****Director, Corporate Resources, Small Business Development Corporation,  
sworn and examined:**

**The ACTING CHAIR:** Let me introduce myself. I am Liz Behjat. I am the acting chair for today. Our chair, Hon Giz Watson, is away and sends her apologies. We are a smaller committee than normal. Hon Philip Gardiner also is not here. Let me introduce my colleagues Hon Ken Travers and Hon Ljiljanna Ravlich. Our advisory officer Lisa Peterson will be taking care of you in this next hour as we guide you through the estimates process. I will just make some opening comments. On behalf of the committee, I welcome you to the meeting. There are some formalities. Before we begin, we need to administer either the oath or affirmation. If you prefer to take the oath, please place your hand on the Bible in front of you; and if not, do not.

[Witnesses took the oath or affirmation.]

**The ACTING CHAIR:** You will have both signed a document entitled “Information for Witnesses”. Have you read and understood that document?

**The Witnesses:** Yes.

**The ACTING CHAIR:** These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, we ask you to please quote the full title of any document you refer to during the course of this hearing, for the record. Please be aware of the microphones and try to talk into them and ensure that you do not cover them with papers or make noise near them, and please try to speak in turn. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today’s proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that the uncorrected transcript should not be published or disclosed. This prohibition does not, however, prevent you from discussing your public evidence generally once you leave the hearing. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia, and the committee values that assistance. Members, it will greatly assist Hansard if when referring to the *Budget Statements*, volumes or the consolidated funds estimates, you please give the page number, item, program, amount and so on in preface to your questions. Are there any questions?

**Hon LJILJANNA RAVLICH:** I refer to page 881 of the budget papers and the total appropriations to deliver the service. You will see that the estimated actual for 2009–10 was \$12.4 million. That has gone down. In 2010–11, there is a budget estimate of \$12.1 million, representing a reduction of \$293 000. It is foreshadowed for 2011–12 to go down substantially even further and it tails off at a lower rate. I wonder whether you could give us an explanation as to why that may be the case.

**Mr Buttsworth:** The decrease of \$293 000 between 2009–10 is because the skilled migration program was transferred from the department to the Department of Training and Workforce Development. That was a total of \$800 000. Offset against that is an actual increase in the current

financial year of \$185 000, which is earmarked for the small business centre program and is for capital purchases for individual small business centres. The remaining reduction—or the remaining increase, in fact, if you take the original \$800 000 and add back the \$885 000—is another \$293 000, and that is the movement in general salaries and cost escalation.

**Hon LJILJANNA RAVLICH:** Thank you. Just on the small business centres, I know that there was concern in the small business sector, if you like, that when the small enterprise centres were launched by the CCIWA that they would, in fact, potentially pose some risk to the small business centres. Can you just explain to me the relationship between the SENs and the small business centres under the Small Business Development Corporation, if any?

**Mrs Finlayson:** It is not really a relationship. The SEN is a member subgroup of the Chamber of Commerce and Industry, so I believe it provides a range of services that are specifically tailored to the small business sector. Small business centres are the outreach that the state government provides services through—obviously, a network of not-for-profit community organisations who are provided funding through the SBDC. There is no direct relationship. However, as managing director, I sit on the SEN advisory board that has just recently been convened and held one meeting.

**Hon LJILJANNA RAVLICH:** You would be aware that small business is doing it fairly tough out there. Many are still recovering from the global financial crisis and finance is tight. I know from my own experience in the tourism sector that if that is doing well, small businesses generally rely on a good tourism sector. It seems to me that there is no recognition of just how tough small business is doing it out there, given that there is no real growth in this budget. Would you like to comment on that?

**Mrs Finlayson:** I think that some of the concerns that you are referring to were addressed in the last budget with the BiZFiT program that was specifically tailored to address the kinds of issues that small business was experiencing as it came out of very boom type of economics into less certain economics. That kicked off last year and there is a further allocation of \$1 million this year to continue that work.

**Hon LJILJANNA RAVLICH:** Thank you. On the transfer of the skilled migration program to the Department of Training and Workforce Development, what, if any, residual skilled migration program functions reside with the Small Business Development Corporation?

[3.05 pm]

**Mrs Finlayson:** There are no skilled migration functions now.

**Hon LJILJANNA RAVLICH:** At all?

**Mrs Finlayson:** No, no.

**Hon LJILJANNA RAVLICH:** Because I went on to your website yesterday, as I do, and there is still a lot of stuff on your website in relation to skilled migration and the like. It confused me, because I knew that the transfer had been made, but I get on to your website and basically it is like there has been no change made whatsoever. Clearly, if you are putting your hand up for money, the first thing you might do is try to get some money to fix up your website so that it reflects actually what is going on. Please go on.

**Mrs Finlayson:** We are still maintaining an information portal, I suppose, until the website has been finalised at its new location. We continue to run the business migration program, and sometimes potential skilled migration applicants do reach us through that. At the moment we are maintaining a point-and-refer kind of option through the website.

**The ACTING CHAIR:** Perhaps I can just ask a question there as well. There is a difference between the business migration program and the skilled migration program. Do those two not have any sort of relationship to each other, and would it not have been easier to have kept that with the one department?

**Mrs Finlayson:** They are significantly different in terms of the type of migrant that they are aimed at. The business migration program is primarily an investment attraction program, so the aim of that is to attract business talent and new capital into Western Australia to contribute towards the small business sector; it is quite a different kind of applicant to a potential skills migration applicant. There are some opportunities for us to promote the program together, but in terms of the actual assessment and processing of them, they are very different profiles.

**The ACTING CHAIR:** Your major spending change is that there is a transfer there of the skilled migration to the Department of Training, but then I also noticed in the budget papers—sorry, I am looking for it here as I flick through—that business migration had had some moneys allocated, I think, in this financial year, and then it cuts out in the forward years. Is that right?

**Mrs Finlayson:** That program has been funded to the end of this financial year.

**The ACTING CHAIR:** What is going to happen after that?

**Mrs Finlayson:** The business migration program traditionally comes under review fairly regularly because it is assessed against current economic conditions. For example, if there were some recessionary pressures on the Western Australian small business sector there may be less incentive to be attracting additional competition into the small business sector market with a migration program. It does come under review, and it is our expectation that we will provide the information and the recommendation for ongoing work in the business migration area.

**Hon LJILJANNA RAVLICH:** I just noticed, in budget paper No 3, there has been a moderate increase in the value of the payroll tax concession for small business.

**The ACTING CHAIR:** What page number?

**Hon LJILJANNA RAVLICH:** Sorry; page 208, budget paper No 3, 2010-11 “Economic and Fiscal Outlook”. There has been an increase in the payroll tax small business exemption, which in 2008-09 was \$1.615 million, and for 2009-10 the estimated actual is \$1.699 million, representing an increase of \$84 million. But when I have a look at the asset investment program, it stays constant over the forward estimates at \$200 000 a year. Can you explain to me what that \$200 000 over the forward estimates is actually for in terms of the asset investment program?

**Mr Buttsworth:** In terms of the asset investment program, that is simply for our ongoing office equipment purchases. That is our capital assets.

**Hon LJILJANNA RAVLICH:** What about the small enterprise centres that are dotted around the countryside; is there any proposal to provide some additional support for them in terms of capital or recurrent investment in the near future?

**Mr Buttsworth:** Certainly every three years we provide triennial funding of \$185 000, which is distributed amongst the small business centre network for capital purchases. This year’s budget is \$185 000 for that.

**Hon KEN TRAVERS:** When are the triennial contracts up for the small business centres?

**Mrs Finlayson:** They were concluded at the end of the last financial year, and new triennial contracts have been offered and centres are in the process of executing those.

**Hon KEN TRAVERS:** When you say the last financial year, are you talking about 30 June just gone?

**Mrs Finlayson:** Correct; yes.

**Hon KEN TRAVERS:** Are you currently negotiating for another three years from 1 July 2010?

**Mrs Finlayson:** Yes, contracts have been offered to all of the centres. There are a number of governance things related to the execution of those, and as they come in and get signed off and executed, they receive their funding.

**Hon LJILJANNA RAVLICH:** The budget would indicate that there was no growth in those contracts in terms of the value of the contracts. Can you make a comment on that?

**Mrs Finlayson:** Yes. There was a small cost escalation of 1.68 per cent across the program.

**Hon LJILJANNA RAVLICH:** That is not even the CPI.

**Mrs Finlayson:** I would agree with you.

**Hon KEN TRAVERS:** Was any review done before the reissuing of the contracts as to what was required to actually meet the demands on these centres, or was it just a sort of a figure that was determined as a policy decision of government and then you just were required to offer that to those centres?

**Mrs Finlayson:** It was a policy decision.

**Hon KEN TRAVERS:** But prior to the policy decision being made, was there any review conducted by the SBDC in terms of whether or not the money that was currently being offered was sufficient to meet the requirements and needs of the small business centres?

**Mrs Finlayson:** There had been analysis of the program overall, and, yes, I would say that there was a review of those figures.

**Hon LJILJANNA RAVLICH:** Is it possible to provide the committee with the review that was undertaken in terms of those small business centres, or analysis that was undertaken that you referred to?

**Mrs Finlayson:** Can I take that one under notice, please?

**Hon LJILJANNA RAVLICH:** You can take it on notice because you probably have not got them with you.

**Mrs Finlayson:** Yes.

**Hon LJILJANNA RAVLICH:** We would like to see what that review showed.

*[Supplementary Information No D1.]*

**Hon LJILJANNA RAVLICH:** I have a question about the electricity tariff and its impact on small businesses. In line with the government's policy to move electricity tariffs to cost reflectivity, you would be aware that small businesses have had a pretty big hit. The tariffs increased, for them, from 7.5 per cent effective from 1 April 2010, and a further 10 per cent effective from 1 July 2010. Have you had complaints from small business operators, or are you hearing it from your small enterprise centres, in terms of the impact that this is having on their operations?

**Mrs Finlayson:** I think this does rank as a fairly significant concern for businesses. I cannot say that we have been inundated with concerns about it; however, we have been alerting businesses to the need to be aware of the likely impact of these additional costs on their operations and encouraging them to seek advice either through ourselves or the small business centres to assess how to manage that in the future in terms of their operations.

**Hon LJILJANNA RAVLICH:** Of course, if you read the budget—I am referring once again to budget paper No 3, page 233—in terms of the forward estimates for small business, which is L1/L2, in April 2010 there was a 7.5 per cent increase; in 2010-11 there was a 10 per cent increase; and in 2011-12 there will be a further 13.7 per cent increase.

[3.15 pm]

In 2012-13 there will be another four per cent increase and in 2013-14 there will be a 5.9 per cent increase. If you have a look, another category, "Small Business Time of Use", is at 7.5 per cent, plus 10, plus 17, plus 4.6, plus 5.6 per cent. So this is a big issue for small businesses. I wonder when you get together with Western Power if you are asked for your input in respect of these matters or —

**Mrs Finlayson:** I have never been asked—the organisation has never been asked when those tariffs have been set.

**Hon KEN TRAVERS:** Do you get complaints from small business about issues like that? I mean has the issue come to you at SBDC that energy costs are causing pain or difficulties for small business?

**Mrs Finlayson:** As I have said, we have not been inundated with calls on this to our advisory line. We have heard from one or two of the chambers of commerce and business representative groups. Again, our approach to this is to try to encourage small businesses to really get a handle on the likely impact of those costs on their businesses and to determine how they will either absorb or pass on, or otherwise deal with the additional cost.

**Hon KEN TRAVERS:** All right. So, are you looking to run any additional programs to provide advice to small business? I would have thought that there were two issues. One, as you say, about knowing what the costs are going to be so that you can factor that into your business plan; and, two, looking at ways in which you can maybe conserve energy as well. Is that something that the Small Business Development Commission is looking at doing?

**Mrs Finlayson:** We incorporate exactly those things into the BizFit program; as I have said, that has been tailored to adapt to changing things in the environment. I would not say that it is specifically about how to manage increased utilities costs, but it is incorporated in very detailed modules about understanding the impacts on finances of various costs. The other aspect of that program that deals with this is the BizFit Pulse Check, which is a diagnostic kind of service that businesses can access—again, either through SBDC or the small business centres. That is basically a 90-minute assessment of the various things that might be key priorities. At the end of that consultation, there is usually an action plan for the most critical priorities and utilities expenses and cash flow concerns might be revealed in that process. That would be dealt with in that way.

**Hon KEN TRAVERS:** In the past, one of the roles of the SBDC—and for that matter, the ministers for small business—was to act as an advocate for small business in government. Is that something that either the commission or you have provided advice to the minister on—that is, in terms of advocating about the impacts of power utility charges on small business—or is that not something you see any longer as the role of the SBDC?

**Mrs Finlayson:** We still run the advocacy service that does that exactly as you have described. We have found, most recently, from my recollection, that the queries that we have dealt with regarding utilities have been more about access to utilities and headworks and things like that. The issue of actual utility prices has not been something that has been dealt with by the advocacy service.

**Hon LJILJANNA RAVLICH:** To just slightly change topic: I want to touch on this departmental reorganisation. One of the first things that happened was that you—the SBDC, not you personally—were put under the umbrella of the Department of Commerce. Does that mean that you have physically changed your location or are you under the Department of Commerce to all intents and purposes for the purpose of budget recording and so on and so forth?

**Mrs Finlayson:** We still maintain our status as an independent statutory authority. We do not report in any way to the Department of Commerce. We fall within the portfolio of commerce, but we directly report to the minister; so nothing has changed from that point of view.

**Hon LJILJANNA RAVLICH:** I think that I saw that the new minister put out a press release in the last week or so. The last one put out under small business was put out by Margaret Quirk in 2008–09.

**Hon KEN TRAVERS:** Indeed!

**Hon LJILJANNA RAVLICH:** It is true!

If small business is a priority for government, are you—I think it might be a bit unfair to ask this.

**The ACTING CHAIR:** I think you might be going into areas of policy perhaps, member.

**Hon LJILJANNA RAVLICH:** It is not really a policy, but I do not want to compromise the people here. It just shows you what a soft touch I really am, but —

**Hon KEN TRAVERS:** Maybe I can ask some questions that I think are going to the same issue.

**The ACTING CHAIR:** Hon Ken Travers; you have a go.

**Hon KEN TRAVERS:** Does the agency—as I suspect it recommends all good businesses to—carry out research into the way in which it is perceived by its targeted stakeholders?

**Mrs Finlayson:** Yes, we do.

**Hon KEN TRAVERS:** I am not just talking about the surveys that are reported as part of your financial statements, but about the level of SBDC recognition amongst small businesses or potential small businesses. Have there been any trends in terms of what your recognition rating is and how readily your brand name is recognised by your target audience at the moment?

**Mrs Finlayson:** The most recent market research that we did was in relation to the recognition through the advertising program; that was approximately two years ago.

**Hon KEN TRAVERS:** So you have not done anything in the last—I mean, did you used to have a regular program for surveying your target—I mean, I imagine that your target would be about trying to get potential clients—for want of a better term. Although I suspect that is the term that you use; so we will use it—or targeting your brand recognition amongst your clients. Was it a regular program of going back to survey your clients to see what your brand recognition was?

**Mrs Finlayson:** No, I would not describe it as regular—not in terms of the brand recognition; certainly, in terms of satisfaction with the service and that type of thing occurs on an annual basis.

**Hon KEN TRAVERS:** The reason I ask is that my perception is that SBDC had a far higher public profile two or three years ago than it does today. As a member of Parliament—maybe it is because I am an ex-parliamentary secretary for small business, but even before that—it always seemed to have a very high profile in the broader community. I do not get the sense that that profile is out there any more in terms of a small business knowing that you are there. That is why I am interested to know whether you have actually done any surveys over time to work out that and whether it is something you are likely to be doing again in the future?

**Mrs Finlayson:** I would expect that it is likely to be done in the future, but, as I have said, the last time it was done was approximately two years ago.

**Hon KEN TRAVERS:** I would have thought that for a small business that is pretty old research now!

**Hon LJILJANNA RAVLICH:** I want to correct the Hansard because I did say that it was the new minister who recently put out a press release. I was wrong. It was in fact the former minister, the then Hon Troy Buswell, who put out a statement on Wednesday, 14 April 2010; that was the first one in the small business portfolio. The former minister, Hon Margaret Quirk, put out her last statement on 4 August 2008. I just wanted to get that correct for the Hansard record because I do not —

**Hon KEN TRAVERS:** You want to make it clear that the ministers for small business under this government have a good record of one press release every 18 months to two years.

**The ACTING CHAIR:** Thanks for that comment, Hon Ken Travers.

**Hon KEN TRAVERS:** Sorry for that.

**Hon LJILJANNA RAVLICH:** Anyway, the people here today cannot comment and that is okay.

I want to quickly touch on something made public a few weeks back; that is, an agreement between the government and the opposition in relation to retail trading hours. It was put on the public record

that in-principle agreement was reached on the appointment of a small business commissioner and as a part of that agreement, shopping centre lease registers—they are the ones that I am really interested in. I want to ask: have you as the acting CEO or DG of the agency been informed or instructed in relation to the issue of the appointment of a small business commissioner?

**Mrs Finlayson:** Yes, I have. We have provided the minister with a proposed model. The minister —

**Hon LJILJANNA RAVLICH:** Can I ask which one it was?

**Mrs Finlayson:** That was minister Marmion —

**Hon LJILJANNA RAVLICH:** No, I meant the model!

**Mrs Finlayson:** It was a model for a small business commissioner and how it might be done.

**Hon LJILJANNA RAVLICH:** Yes? Is it like the Victorian model?

**Mrs Finlayson:** It is based on the Victorian model. The minister's office has initiated some discussions with the opposition, I believe. Once that feedback and consultation process has been completed we will continue to work with a cabinet submission outlining the full details of that model.

**Hon LJILJANNA RAVLICH:** And what about the shopping centre lease registers? Has there been any progress and has your minister communicated to you that work needs to commence in respect of that matter?

**Mrs Finlayson:** We have had a discussion with the minister on that matter. It is more tied in to the Department of Commerce's work with the actual legislation around commercial tenancy, but we are working with the Department of Commerce on both of those elements.

**Hon LJILJANNA RAVLICH:** Can I just put on the public record that I think it is very important that you have a seat at that table because the commercial tenancies tend to favour more the bigger anchor clients than they do the small retailers in those shopping centres. So it is very important that there is a perspective from small business clearly fed into that model.

Do we have a time frame? Has anyone set some sort of time frame for when these things should occur?

**Mrs Finlayson:** The minister has certainly made it very clear to me that this is a very high priority. As I have mentioned, I think there was a desire to consult with the Leader of the Opposition about the proposal before we progressed further down the cabinet submission process. It has certainly been made very clear that this is a high priority.

**Hon KEN TRAVERS:** Again, it is my recollection that in the past the SBDC was pretty good at keeping statistics about client contacts. Do you still maintain those statistics?

**Mrs Finlayson:** Yes, we do.

**Hon KEN TRAVERS:** Again, are you able to provide us—and I am happy for it to be taken on notice—any sort of overarching report of the number of contacts that you expect to have over the next 12 months, that you have had over the past 12 months and maybe going back over the past few years? Maybe you can make some general comments about whether that number is increasing, decreasing or staying the same.

**The ACTING CHAIR:** Do you want to specify which years in particular?

**Hon KEN TRAVERS:** I guess that it is more a matter of what figures are readily available. If the SBDC has figures for the past five years, I would love to get the past five years. But if the past two years only are easily accessible, I am happy with that. I am not asking you to go back and redo the work, but if you have it available —

**The ACTING CHAIR:** Are you happy to take that on notice?

**Mrs Finlayson:** Yes, I am.

*[Supplementary Information No D2.]*

**Hon KEN TRAVERS:** Also, are you able to now make some general comments about what the trends are?

**Mr Buttsworth:** Certainly, as technology has evolved, the way we deal with our clients has changed. Our one-on-one work remains pretty well the same, but our phone contacts and those sorts of thing have reduced as the use of the internet has increased. We have certainly seen a reduction in those phone contacts, but a much greater increase in the number of those accessing our services via our website. For that reason, we have recently gone through a total review and redevelopment of our website, so that we are providing that level of service for people online. The trend has certainly been that our website statistics have increased manyfold and that our telephone statistics have decreased.

**Hon KEN TRAVERS:** Are the types of issues that have been brought to you pretty consistent or —

**Mr Buttsworth:** That is pretty well market driven. In times of difficulties, cash flow questions tend to increase. I guess the types of issues that we deal with change from time to time.

[3.30 pm]

**Hon KEN TRAVERS:** Maybe when you provide us the information on notice, you can give us any details about what trends there are in terms of the nature and type of inquiries that you are receiving.

**Hon LJILJANNA RAVLICH:** There are two issues that are very dear to my heart and, I think, are very important for the small business sector generally. The first one is the commercial tenancies. Your own annual report, I think, on page 18 clearly states that in 2008–09 the service—that is, the Small Business Development Corporation—assisted around 2 425 clients with information and guidance on commercial tenancy issues with particular emphasis on starter advice, rent and rent reviews, termination of tenancies, operating expenses, obligations in regard to repairs and maintenance, and options and rights of renewal. The SBDC also assisted 121 clients making application to the State Administrative Tribunal, which provides dispute resolution through low-cost mediation. Would you say that the demand for commercial tenancy support and assistance far exceeds supply or your capacity to deliver?

**Mrs Finlayson:** It does not exceed our capacity to deliver at an advisory level, but it does feature very highly among our most requested advisory services. We are currently providing an advisory service, but we do not have jurisdiction to compel people to mediation or anything like that.

**Hon LJILJANNA RAVLICH:** Often small businesses are left pretty powerless because, if they are taking on the actual land board, the chances are that if they cannot get it resolved through SAT, they have to go through the Supreme Court or wherever. Clearly, it is just cost prohibitive for so many small businesses that it ends up being a huge nightmare. That seems to be consistent from annual report to annual report. This is the issue I have noticed over the year that keeps popping up and does not go away. It indicates to me that it is symptomatic of a big problem out there for small businesses.

The other one of course is the franchising. I notice that franchising inquiries to the Small Business Development Corporation increased by some 14 per cent—from 266 to 303. This is for 2008–09. That indicates that franchising is becoming more complex. The worst combination of all is when we get a franchisee who happens to be one that has difficulties in commercial tenancies, and that combination is an absolute disaster for small businesses. What often can happen is they get hit twice—first by the franchisor and secondly by the landlord. It says during 2008–09 the Small Business Development Corporation prepared two submissions to the federal government's inquiry

on franchising and have advocated for reforms nationally through the Small Business Ministerial Council senior officials group. I am really pleased about that.

**The ACTING CHAIR:** I am sure there is going to be a question here somewhere, is there not?

**Hon LJILJANNA RAVLICH:** There is. This is very important. I need the number of inquiries during 2009–10 in respect of franchising. I also need, in relation to commercial tenancy inquiries, your figures for 2009–10. There is always a question somewhere, Madam Chair; you just have to be patient.

**The ACTING CHAIR:** I gather you will need to take that on notice.

**Mrs Finlayson:** I will. Could I also add that some of the work that we do in the area of franchising is not necessarily dispute related; it is about potential franchisees exploring the option of becoming a franchisee and it would also include the work that we do with businesses that would like to become franchisors.

**The ACTING CHAIR:** Are you able to differentiate between that when you give us that information?

**Mrs Finlayson:** If I can, I certainly will differentiate between the various types of activity.

**The ACTING CHAIR:** We will take that into account when we get that information from you.

*[Supplementary Information No D3.]*

**Hon LJILJANNA RAVLICH:** Whilst that is good that you are an advisory service, there is no doubt in my mind that small businesses want much more. They want somebody to help them through the actual process. They want somebody to explain the legalities. They want somebody to assist them when things go wrong. Whilst an advisory service goes some way, it certainly is not as much as is expected by small businesses generally.

**The ACTING CHAIR:** On page 883 under “Significant Issues Impacting the Agency”, the final dot point there is that the Aboriginal business unit was established. A couple of questions I have surround that. I am assuming that is new. I have not seen the Aboriginal business unit in previous budget papers. Is that right?

**Mrs Finlayson:** Yes. It has just completed its first year of operation.

**The ACTING CHAIR:** Would you like to talk us through how that came about? Also, I understand there is Indigenous Business Australia, which is a commonwealth-run organisation. Is that not an overlap of what Indigenous Business Australia is set out to do, given the aims here of the Aboriginal business unit? The other thing I would like you to address also is that the services you say that it offers are to fund projects aimed at building business capacity. Where in the budget papers would we find moneys set aside for the Aboriginal business unit, or are they just coming from general moneys from the SBDC? Could you talk me through that with as much information as you have got?

**Mrs Finlayson:** I will answer the last one first. We have allocated a project fund from existing SBDC resources to specific capacity-building projects for Aboriginal people.

**The ACTING CHAIR:** Is that reflected in the budget papers?

**Mrs Finlayson:** It would not be reflected as an individual line item. It is part of our general internal allocation of resourcing.

**The ACTING CHAIR:** How much have you allocated to that fund?

**Mrs Finlayson:** Two hundred and fifty thousand dollars. I go back to the first question on how the Aboriginal business unit came to be with SBDC. It was an outcome of the decision to cease the office of Aboriginal economic development. That then resulted in the transfer of \$300 000 in

recurrent funding to SBDC to run a specialised Aboriginal advisory service, which is what operates under the Aboriginal business unit. There is \$300 000, plus a \$250 000 project fund.

**The ACTING CHAIR:** The \$300 000 does not go towards projects; that goes towards the running of the unit?

**Mrs Finlayson:** That is correct, yes.

**The ACTING CHAIR:** How many people do you have working in that unit?

**Mrs Finlayson:** There are two specialist advisors. Their role really is to do a needs assessment and link Aboriginal clients to other specialists. They may be internal ones. We have a team of advisers that would be linked into these aspirant or existing Aboriginal businesses.

**The ACTING CHAIR:** How do you get clients for the Aboriginal business unit? Do you actually go out and seek them? Do you advertise?

**Mrs Finlayson:** It is not so much advertising but working with stakeholder groups. For example, we do a lot of work with Aboriginal tourism businesses. We have established relationships there to assist the capacity building of tourism product. Likewise, we have done work with the Pilbara Aboriginal Contractors Association. We find that that is a more effective way of reaching people who are in need and seeking the service.

**The ACTING CHAIR:** Are the projects you fund one-off funding, or is it recurrent funding that you are giving to groups?

**Mrs Finlayson:** These are one-offs. They are assessed for what they are trying to achieve. Sometimes they will be to assist an individual business, if there are some specialised mentoring or specialised services that are required to make a potentially successful aspirant business get started and get growing with their business. It might be, as I mentioned previously, a group thing—an identified need that is shared among a cohort. The Pilbara Aboriginal Contractors Association is one example where we provided a specialised tendering workshop using that project funding to better equip those businesses to tender for BHP contracts.

**The ACTING CHAIR:** Are the amounts that are funded capped?

**Mrs Finlayson:** They are capped only by the budget allocation for the year. Some of these projects have been very low cost; others have been much more expensive. We assess those based on a business case that is provided to us. Usually, those business cases are provided through the small business centre network or through the small business centres. There is usually a fairly strong amount of budget and research backing the case.

**The ACTING CHAIR:** Do they come as one-off fundings or is it like milestone funding for projects as they come on, or is that again dependent on the project that you are funding?

**Mrs Finlayson:** It is dependent. We have one being conducted in a staged way because it is probably a longer term thing and it is working with an individual business. We want to be able to ensure that the business is receiving value from the specialist mentors that we are funding. With others, it is usually a request for assistance to put on a particular type of business training or event. That would then be paid up-front with a normal governance structure behind it.

**The ACTING CHAIR:** And my question about the duplication of services with Indigenous Business Australia?

**Mrs Finlayson:** Yes; Indigenous Business Australia tends to work with businesses that are much more established in terms of its business proposal. They will come into the relationship when the business aspirant is at a much more advanced stage. They are also primarily a funding or lending source. They also provide services from micro to very large businesses. There are complementary services that we provide and we do try to work very closely with them so that we are providing services that perhaps they are not particularly resourced to provide. Then we will transition the

client, if it is necessary, directly to IBA. We try not to lose them in any cross-referral between the agencies.

**The ACTING CHAIR:** It has been now running for 12 months. Do we have any good news stories coming out of the Aboriginal business unit that you might want to tell us about?

**Mrs Finlayson:** Yes, we do. Again, I will refer to the Pilbara region. That particular work that we did with the Pilbara Aboriginal Contractors Association has resulted in several of those businesses being able to successfully obtain BHP contracts. We are working with an individual business in the Kimberley that has come a long way using other agencies as well as SBDC to commercialise Indigenous ingredients for potential use in a worldwide cosmetics trial. There have been some high-level connections established for that business through our project funding. We have worked with a group of Wheatbelt-based Aboriginal women who are trying to commercialise their artwork. Then there has been a range of other individual businesses that have accessed the service directly through the Perth office. They range in variety from providing translation services for mining companies, establishing lawnmowing and other trade occupation-based businesses. We are pleased with the variety of businesses.

**The ACTING CHAIR:** Picking up on lawnmowing contracts, it does not have to be a business that is specifically Indigenous; it can be any sort of business run by Indigenous people. Lawnmowing is not a particular art form of Indigenous people, is it?

**Mrs Finlayson:** It is not aimed at particular types of Aboriginal business. The Aboriginal business unit will support any business idea for an Aboriginal person. If the Aboriginal person wants to run a lawnmowing round, we will support them into getting established as a lawnmowing person. It is not all about art and tourism product.

**The ACTING CHAIR:** It is not things that are unique to the Indigenous people?

**Mrs Finlayson:** No; it is a service aimed at Indigenous people, regardless of what their business idea might be.

**The ACTING CHAIR:** Do you have separate projects that are available then for migrant groups that come from non-English speaking backgrounds that might be able to access funds for projects like lawnmowing services for, say, Somalians?

**Mrs Finlayson:** No, we do not.

[3.45 pm]

**The ACTING CHAIR:** Interesting.

**Hon KEN TRAVERS:** You talked about some of those success stories. Were they carried over from the old Aboriginal economic development office or were they projects that started afresh in the past 12 months?

**Mrs Finlayson:** Most of those that I referred to would have been recent. The business that is in the process of commercialising an Indigenous ingredient for cosmetics has been on this journey for a couple of years. The SBDC and the small business centre, regardless of the ABU, have had contact with that business as it has progressed through various stages so far. I believe that one may have had a contact with AEDO prior to coming to us.

**Hon KEN TRAVERS:** I know that we touched on this earlier, but I am still a little intrigued about your role in the issue of red tape. We have had the report that was done for the Department of Treasury and Finance about reducing red tape. Does the SBDC have any role in progressing the outcomes of that report in any way, shape or form?

**Mrs Finlayson:** Only on a consulting basis with the Department of Treasury and Finance. It is actually being carried by them, but we have a close working relationship with both the Red Tape

Reduction Group and the regulatory gate-keeping unit, so that we are involved in all of the preliminary impact assessments of new regulation that may have an impact on small business.

**Hon LJILJANNA RAVLICH:** I want to put this on the public record as much as anything. I have heard that at some of the meetings convened by the two members of Parliament who were conducting the inquiries on the red tape reduction strategy only two or three people attended. That is a bit concerning. Do you have a final report indicating who presented to the red tape reduction strategy?

**The ACTING CHAIR:** There is an entire report of that group.

**Hon LJILJANNA RAVLICH:** Does that report indicate all the people who attended the meetings?

**Hon KEN TRAVERS:** It contains them, but you cannot get the submissions that were made. I have asked for that and they refused to release them.

**Mrs Finlayson:** That report resides in the remit of Treasury.

**Hon LJILJANNA RAVLICH:** So we cannot get those submissions?

**The ACTING CHAIR:** I do not think it is a matter for the SBDC to answer questions in that regard.

**Hon LJILJANNA RAVLICH:** You cannot stop us asking!

**The ACTING CHAIR:** If you want to get it on the record, yes.

**Hon KEN TRAVERS:** On the issue of red tape and the stuff that was talked about earlier, one of the arguments that has always been used in the deregulation of the retail trading sector is that deregulating the shopping hours but not providing some form of deregulation for land use means that those who hold the existing leases for the major shopping centres will continue to hold a monopoly. Has that issue ever been raised with the SBDC, or is something you have looked at? For example, if we deregulate the shopping hours how do we ensure we have an open and free market to ensure that a competitor who wants to set up alongside the major chains can get land to do that? The argument is that the current planning laws still provide a regulatory constraint on competition.

**Mrs Finlayson:** I cannot say that I have ever had that proposition put to me specifically. Concerns of small business around retail trading hours are generally about commercial tenancy arrangements.

**Hon LJILJANNA RAVLICH:** You probably have not had the proposition put to you because we are lateral thinkers!

**The ACTING CHAIR:** I imagine this would be an issue for the Department of Planning or commerce rather than the SBDC.

**Hon KEN TRAVERS:** I wish I could claim credit for the idea, but others have put to me that that is one of the problems. We could deregulate the trading hours, but Coles and Woolies already have the big sites lined up and that is how they can dominate.

**The ACTING CHAIR:** Surely that is a Department of Planning issue, Hon Ken Travers.

**Hon LJILJANNA RAVLICH:** Do you meet regularly with CoSBA, or do you ever meet with CoSBA?

**Mrs Finlayson:** We do meet with CoSBA, and I frequently have conversations with their executive officer, Oliver Moon. CoSBA are always included in invitations to events. Usually our board will attempt to meet with their board at least once a year.

**Hon LJILJANNA RAVLICH:** What other key small business organisations do you meet with?

**Mrs Finlayson:** We have strong relationships with most chambers of commerce around the state. In particular, we work very closely with regional chambers of commerce. We obviously provide sponsorship to all of their awards, and there are a number of things that attach to that program. I

have mentioned the small enterprise network and a number of tourism-related committees; and shortly I will be participating in the business growth centre advisory board as well

**Hon LJILJANNA RAVLICH:** Do you know if the former Minister for Commerce and Small Business instructed the regional small business commissions to become SEN members?

**Mrs Finlayson:** I could not comment.

**The ACTING CHAIR:** I think we have finished for the day. Thank you very much. I have some closing remarks that we need to make. I would like to thank you both for attending today. The committee will forward any additional questions it has to you, in writing, via the minister in the next couple of days together with the transcript of evidence, which includes the questions that you have taken on notice. If members have any unasked questions I ask them to submit them to the committee clerk at the close of this hearing. Responses to these questions will be requested within 10 working days of receipt of the questions. Should the agency be unable to meet this due date, please advise the committee, in writing, as soon as possible before the due date. The advice is to include specific reasons why the due date cannot be met, and the committee will then consider any request for an extension of time. On behalf of the committee, I again thank you for your attendance.

**Hearing concluded at 3.52 pm**