



Small Business
Development Corporation
Annual Report
2011-12

**The Small Business Development Corporation
acknowledges and thanks the following small business clients
whose photographs appear in this Annual Report.**

Cover Photo: Theo Scholman, *The Sealers*, Subiaco. BiZFiT Graduate.

Rupert and Jill Phillips, *The House of Honey*, Herne Hill

Margaret Gately, *Escalatoo Shoes*, Applecross

Pamela Lincoln and Murray Gomm, *Oranje Tractor Winery*, Albany

Charles and Lee Reynolds, *Florescence*, Albany

The participants of the Aboriginal Capacity Building pre-familiarisation program;

Roma Puertollano, *Chile Creek Community Stay*, Broome; Mary Aiken, *Darngku Heritage Cruises*, Fitzroy Crossing; Joseph Martin, *Dambu Cultural Tours*, Kununurra; Bruce Thomas, *Violet Valley*, Halls Creek; Kamisah bin Demin, *Magabala Books*, Broome; Petronella Channing, Broome; Gordon Davey, *Andiyool Tours*, Broome; Peter Angus, *Boniol Tours*, Broome; Cherylea Walker, *Gurrura*, Roebourne; Wayne Stevens, *Windawarri Tours*, Tom Price; Gaile Mallard, *Panaji Tours*, Northampton; Robert Taylor, *Forte Mandurah Quay Resort*; Jeannette Garlet, *Banksia Arts*, Midland; Analie Dawson, Artist, Coodanup; Xjim Maher, *Waaliitj Wanderings*, Bullsbrook.

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Finalists and winners of the GWN7 Western Australia Regional Small Business Awards 2011



Statement of Compliance

STATEMENT OF COMPLIANCE

5

For the year ended 30 June 2012

HON SIMON O'BRIEN, MLC
MINISTER FOR SMALL BUSINESS

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Small Business Development Corporation for the financial year ended 30 June 2012.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Ray Mountney
Chairman

Overview of the Agency

About the SBDC

The Small Business Development Corporation ('SBDC') is an independent statutory authority established in 1984 under the Small Business Development Corporation Act 1983 ('SBDC Act').

The agency's key function is to encourage, promote, facilitate and assist the establishment, growth and development of small business in Western Australia.

What we do

The objective of the SBDC is to provide guidance, referral and business advisory services for new and existing small businesses in Western Australia; to investigate and tender advice to the Minister on matters impacting small businesses; and to support the skills development and information needs of the small business sector.

In addition, the SBDC:

- establishes and maintains liaison between the State Government and associations and groups representing and servicing the small business sector;
- carries out research, as well as publishing and distributing information for the guidance of small business;
- establishes and maintains an information centre with a comprehensive range of business resources;
- promotes public awareness of the importance of small business to the economy and the community, and informs the public of the value of sound business practices.



*Small Business Commissioner David Eaton
with Charles Reynolds, Florescence, Albany*

New services in 2011-2012

In 2011, the SBDC Act was amended to provide for the establishment of a Small Business Commissioner and an alternative dispute resolution service for small businesses in Western Australia. Specifically, the position of Small Business Commissioner was created to:

- improve the treatment of small businesses in their commercial dealings with other businesses and government services;
- support small businesses during the transition to a more deregulated retail trading environment;
- help resolve small business disputes through a low-cost, non-litigious process, including access to a subsidised mediation service; and
- reduce the vulnerability of small business operators to unfair market practices and minimise disputes through information, education, guidance and hands-on assistance.

To accommodate these changes, the SBDC structure changed, with the Small Business Commissioner assuming the role of Chief Executive Officer of the SBDC, replacing the previous role of Managing Director.

Operationally, the SBDC has maintained its four key areas of operation; Small Business Services including the Business Migration Centre; Policy and Advocacy; Business Facilitation Services including the Small Business Centre Network and the Aboriginal Business Unit; and Corporate Resources.

Through the Small Business Centre Network, the SBDC supports 25 small business centres and facilitates the provision of an extensive range of services to businesses throughout regional and metropolitan Western Australia.

The SBDC is now located on Level 2 of Gordon Stephenson House at 140 William Street, Perth, having relocated in May 2011.

For the year 2011-12, the SBDC received funding of \$12.751 million from the Consolidated Fund recurrent and capital appropriations. During this period, the SBDC received approximately \$1.3 million in income through the sale of publications, workshop attendance fees, business migration application fees, mediation fees, specific purpose State and Commonwealth funds and other miscellaneous revenue.

The SBDC's Full Time Equivalent ('FTE') staff level for this period is 48 FTEs.

What is a small business?

According to Section 3 “Interpretation” of the Small Business Development Corporation Act 1983, a small business means a business undertaking –

- (a) Which is wholly owned and operated by an individual person or by individual persons in partnership or by a proprietary company within the meaning of the Corporations Act 2001 of the Commonwealth and which –
 - (i) has a relatively small share of the market in which it competes;
 - (ii) is managed personally by the owner or owners or directors, as the case requires; and
 - (iii) is not a subsidiary of, or does not form part of, a larger business or enterprise;
- or
- (b) Which is declared by the Governor by Order in Council pursuant to subsection (2) to be a small business for the purposes of this Act.



Small business statistics

The latest figures from the Australian Bureau of Statistics indicate there are approximately 212,077 small businesses in Western Australia as at June 2011. This accounts for 95.4 per cent of all businesses in the State, and

represents 10 per cent of the total number of small businesses in Australia.

The top five industries in which small businesses in Western Australia operate are:

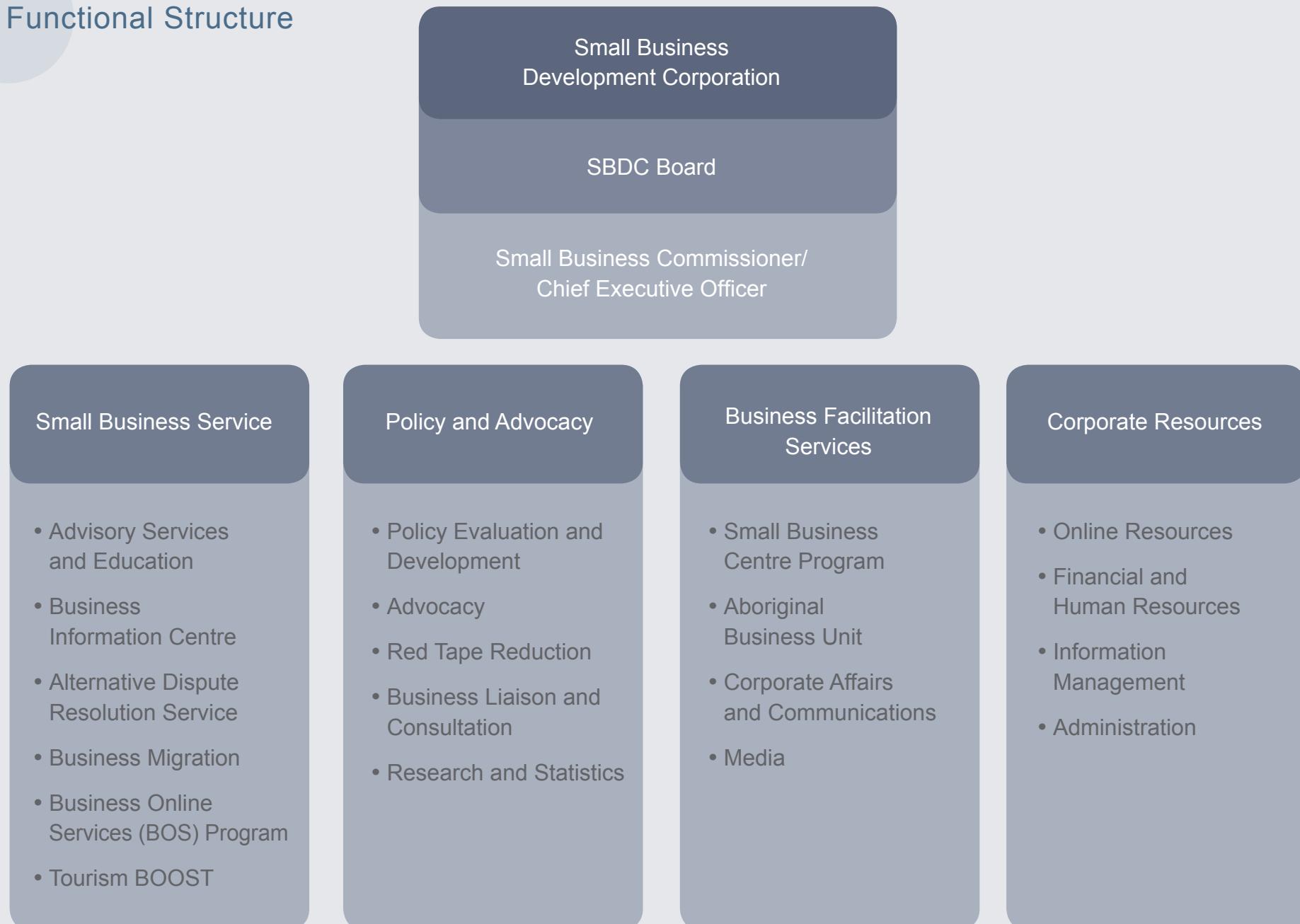
Industry	Number of Small Businesses in WA	% of WA Small Business Population
Construction	40,739	19.2%
Professional, Scientific and Technical Services	24,511	11.6%
Rental, Hiring and Real Estate Services	21,937	10.3%
Agriculture, Forestry and Fishing	19,342	9.1%
Financial and Insurance Services	18,386	8.7%

Source: ABS Publication 8165.0 "Counts of Australian Businesses, including Entries and Exits June 2007 to June 2011."



Construction represents the largest category of small businesses in WA.

Functional Structure



Responsible Minister

The Hon. Simon O'Brien MLC, Minister for Small Business, is the minister responsible for the Small Business Development Corporation (SBDC).

Enabling Legislation

The *Small Business Development Corporation Act 1983* makes provision for the creation of the SBDC to encourage, promote, facilitate and assist the establishment, development and carrying on of small business in the State and for incidental and other purposes.

Our Vision

The SBDC's vision is to support the development of Western Australia's small business sector as a major contributor to the State's economy.

Our Mission

The SBDC's mission is to create opportunity and wealth for small businesses in Western Australia.

Our Goals

The SBDC strives to:

- Improve the skills and knowledge base of the small business sector,
- Take a leading role in influencing the policy and regulatory environment for small business,
- Facilitate regional small business development,
- Drive small business growth,
- Stimulate a culture of enterprise, and celebrate the success of small business, and
- Sustain a culture of achievement and leadership in small business development within the SBDC.



Hon. Simon O'Brien
Minister for Small Business

Operational Structure

SBDC Board

The SBDC is governed by an independent Board, drawn from the private sector under the auspices of the *Small Business Development Corporation Act 1983*. The Board meets on a monthly basis to consider issues relevant to the direction and strategic operation of the SBDC. There are currently three (3) vacancies on the Board, which are in the process of being filled.

Membership as at 30 June 2012 comprised:

Ray Mountney

Mr Ray Mountney initially joined the Board as a Member in August 2009. In June 2010, he was appointed to the role of Chairman of the Board. As owner and Managing Director of Fennessy Holden and Nissan in Busselton, Mr Mountney is recognized

for his successful career in the motor industry including as State delegate to the national Franchise Councils of Holden and Nissan. Mr Mountney has also been active within the broader community of the South West, holding executive positions with the Busselton Chamber of Commerce and the Small Business Centre Vasse.

Caterina (Kitty) Prodonovich

Ms Kitty Prodonovich was appointed to the Board in May 2008 and took up her position in September 2008. Ms Prodonovich has owned and operated a number of small businesses, including two award winning businesses in the Goldfields. In 2002, she was the recipient of the Goldfields Young Achiever Award and the Goldfields Business of the Year Award. Ms Prodonovich was also elected

the youngest executive member of the Kalgoorlie Boulder Chamber of Commerce and Industry and is the past president. She is also Chief Executive Officer of the Regional Chambers of Commerce and Industry in Western Australia.

Brent Pollard

Mr Brent Pollard was appointed to the Board in June 2010. Mr Pollard has an extensive background in developing businesses in Britain and Western Australia. He currently owns two local businesses in Perth and has a number of other domestic and international business interests. Mr Pollard has strong strategic skills and a thorough understanding of the contemporary issues facing business operators, particularly entrepreneurs in Western Australia.

Mark Irwin

Mr Mark Irwin was appointed to the Board in September 2011. As a successful small business owner with two businesses in Perth, he brings a wealth of local knowledge and expertise to the Board. Mr Irwin's building and construction company, Selby Rennos, specialises in renovation and development while his other business, Selby Health and Fitness in Osborne Park, has been operating since 1972. Mr Irwin has won several small business awards and is an active member of the local community, serving as President of Surf Life Saving WA, Director of Surf Life Saving Australia, and member of the National Board of Development, Surf Life Saving Australia.

David Eaton (ex officio)

Mr David Eaton was appointed Small Business Commissioner and Chief Executive Officer of the SBDC in December 2011. He brings to this role, the knowledge and experience of owning and operating a small business, together with extensive corporate managerial skills gained through a career with Australia Post spanning 1990 to 2010.

Mr Eaton is a Graduate Member of the Australian Institute of Company Directors.

Merrill Dalgleish (resigned 7 June 2012)

Ms Merrill Dalgleish was appointed to the Board in June 2010 and resigned in June 2012. Well known in the Mid West region where she operates a highly successful catering and events business with her husband, Ms Dalgleish has represented small business on the Boards of the Small Business Centre Mid West and the Mid West Chamber of Commerce and Industry.

Chairman's Report

The 2011-12 reporting year has seen some significant changes in the Small Business Development Corporation (SBDC) with the move to new premises, the appointment of the Small Business Commissioner as the Chief Executive Officer of the SBDC, and the establishment of the Alternative Dispute Resolution service for small businesses.

These initiatives herald a new beginning for the Corporation and the way we engage with and support, small businesses throughout the State.

In addition to adapting to these physical, structural and operational changes over the past twelve months, the Corporation has continued to provide high quality services to the sector and to tailor its business skills development programs to meet the needs of prospective and existing small business owners.

The SBDC Board is mindful of the need for the organisation to be fluid and adaptable and as we develop our new strategic framework for the period

2013-2017, the Corporation is researching and investigating the needs and expectations of the sector so we can best meet those demands for the future.

As our Commissioner moves around the State promoting the roles of the SBDC, the Small Business Commissioner and the alternative dispute resolution service, it is enormously encouraging to see the enthusiastic support of small business groups, associations and peak bodies.

Many of these organisations have indicated an intention to include some of the Corporation's services into the service framework they offer to their members.

With an estimated 212,000 small businesses around the State, the sector is broad and complex, and current global economic conditions are impacting many businesses in different ways. Those involved in retail and tourism may be experiencing significant challenges in attracting customers or finding new markets, while service industries and

light industrial businesses that are enjoying the opportunities provided by the State's mining activities, may be struggling to handle their increased volumes of work, and finding suitably skilled workers.

The SBDC will continue to meet the needs of its broad client base by monitoring trends in the sector and liaising directly with small business organisations and individuals.

As we move rapidly into the new financial year, aided by a stable economy and positive economic forecasts, the Corporation is ready for new challenges.

*Ray Mountney
Chairman*



*Mr Ray Mountney
Chairman,
SBDC Board*

Small Business Services

Small Business Services includes business advisory services, alternative dispute resolution service and Business Migration Service.

One of the core services of the SBDC is the provision of information, education and advisory services to the small business sector in Western Australia. Specialist support is also available in the five key business areas of finance, marketing, employment, operations and commercial tenancy.

Throughout the year, the Small Business Services team had a total of 43,811 client contacts across all services and programs. The majority of clients (33,301) made contact through the SBDC Business Information Centre, while the second largest group (10,510) accessed the business advisory

and Alternative Dispute Resolution (ADR) services.

The SBDC business advisors and ADR service case managers conducted 1,218 direct appointments and serviced the balance of clients by phone, email, fax or letter.

During 2011-12, the SBDC specialist commercial tenancy advisors assisted 1,350 non-dispute related clients with information and guidance on commercial tenancy issues, and assisted 188 clients in making applications to the State Administrative Tribunal on issues relating to their commercial tenancy.

The Business Information Centre generated 6,657 business licence reports during the year, and 1,076 people attended BizBasics and Succeeding Online business skills workshops.

A survey of small business services, undertaken during 2011-12, shows a high level of client satisfaction, with all customer service indicators increasing on the previous year.

The survey results indicate the information and advice provided to clients was:

- Useful 94%,
(up 8% from 86% in 2010-11)
- Of value to business 88%,
(up 12% from 76% in 2010-11)
- Of benefit to business operators 87%
(up 7% from 80% in 2010-11)

Survey results also confirmed that 95% (up 3%) of clients were satisfied with their overall SBDC contact and 95% (up 1%) were likely to use the service again.

Performance Highlights

Customer service indicators have remained at very high levels and there has been no significant change in these indicators over the past three years.

The SBDC's successful BiZFit business resilience program, funded for \$2 million over two years, was developed in 2009 in response to the Global Financial Crisis (GFC). Efficiencies achieved over the first two years enabled elements of the program to continue in 2012. Over 2,500 small business owners and operators have participated in the BiZFiT program since its commencement in October 2009, with 394 of those participating during 2011-12.

Tourism BOOST, a comprehensive training program for aspiring and existing tourism operators, was launched in August 2011 to assist small business owners to better understand

the tourism industry and boost their financial returns through practical marketing initiatives.

During 2011-12, the SBDC delivered 31 Tourism BOOST workshops to 688 people in 26 locations throughout the State.

In February 2012, the SBDC played a pivotal role in the distribution of Small Business Grants to enhance the capacity of small non-farm businesses in rural and regional communities to withstand the impact of future dry seasons. With assistance from Small Business Centres in the affected areas, a total of \$350,000 in grant funding was fully allocated to 233 individual businesses.

Under a service delivery agreement with the Commonwealth Attorney General's Department, the SBDC continued to provide programs and

services to potential and existing small business operators in the Indian Ocean Territories of Christmas and Cocos (Keeling) Islands. During 2011-12, the SBDC made a total of 539 contacts with potential and existing business operators, and facilitated the start-up of 16 new businesses which contributed to the creation of 22 new jobs on-island.

The *Small Business and Retail Shop Legislation Amendment Act 2011*, which received Royal Assent on 11 July 2011, established the position of the Small Business Commissioner and provided for a low-cost, non-litigious service to assist small businesses to resolve disputes. The Alternative Dispute Resolution (ADR) service commenced on 26 March 2012.

Between 26 March and 30 June, 1,077 dispute-related contacts were received through the ADR service.

Of those enquiries, 457 related to retail leasing issues with the remainder covering other business issues such as contracts, debt collection and product liability.

Demand for business migration information and support has also increased significantly this year (up 17% on the previous year), with the Business Migration Centre responding to 7,345 enquiries from clients and migration agents, during 2011-12.

The key outcome achieved for the Western Australian economy, under the Business Migration Program, is that 170 migrants finalised their investments this year, injecting \$304.5 million into the State for business establishment, Treasury Bond investment, personal expenditure and settlement costs. As a result, over 145 new jobs and 21 new exporting businesses were created.

Policy and Advocacy

Throughout the year, the SBDC has continued to influence the small business policy agenda in Western Australia through participation in inter-governmental working groups, the provision of high level submissions on small business issues and legislation, and engagement directly with metropolitan and regional-based small business operators and their representatives.

The SBDC's high visibility and interaction with State and Federal agencies has also enabled the Corporation to influence policy development and State Government decision making. The SBDC has been particularly influential in providing advice to Government on small business protections under proposed amendments to the Commercial Tenancy (Retail Shops) Agreements Act 1985, and in developing an information pack for landlords and tenants.

Over the past year, a number of trends have emerged which are impacting on small businesses. One of the most significant is the impact of online competition on small retailers. This will continue to affect many small businesses which do not have a website or have yet to enter the e-commerce domain. The SBDC will continue to address this issue with a series of initiatives designed to assist small businesses develop an online presence and improve their digital literacy.

The newly established Small Business Commissioner role and the ADR service is also revealing issues and trends affecting small businesses in Western Australia. The SBDC is continuing to work closely with government agencies to achieve a level of legislative protection for retail tenants, and to advocate back to Government.

Performance Highlights

As part of the State Government's Regulatory Impact Analysis process during 2011-12, the SBDC reviewed 20 Preliminary Impact Assessments originating from 11 Government agencies. The SBDC also assisted several agencies to consult with relevant small business stakeholders regarding their regulatory proposals and identified unintended consequences likely to be produced by a proposal.

In June 2011-12, the SBDC undertook a major research study of small business in Western Australia. The aim of the study was to collect information about small businesses in Western Australia on how they are performing in the key areas of employment, finance, business development, planning, logistics and competing in the global market. The results of the study will be used by the SBDC to better target programs and services to help small businesses thrive and to feed into the Government's broader aims of improving service delivery to the regions.

Business Facilitation Services

In 2011-12, the SBDC continued to support the network of 25 Small Business Centres (SBCs) located throughout the State with an allocation of \$3.62 million in core operational grants. Of this, \$2.77 million (76%) was allocated to SBCs in regional Western Australia. This funding represents an increase of \$500,000 on previous funding levels.

In 2011-12, the SBC program delivered 42,000 client sessions, resulting in 1,561 business start-ups and 2,200 jobs created. A total of 8,300 participants attended workshops conducted by SBCs around the State.

In November 2011, the SBDC through the Small Business Centre, South West, assisted ten small businesses directly affected by local bushfires which damaged or destroyed 46 properties and structures (see page 54 for more details).

During 2011-12, the SBDC was responsible for administering the 2011 Small Business Grant program which included \$350,000 in dry season relief funding provided through the Department of Agriculture and Food with assistance from 15 of the regional SBCs within the drought pilot region, the SBDC disseminated information, and provided advice and guidance to eligible business owners to assist them in submitting applications for funding under the grants program. The funding was fully allocated to 233 individual businesses by February 2012.

Aboriginal Business Unit (ABU)

During 2011-12, the ABU attracted 57 new Aboriginal business clients and registered 73 company contacts. In addition, the ABU collaborated on the development of Western Australia's first online Aboriginal Business Directory, and Stage Two of the Aboriginal Tourism Capacity Building Program which commenced in 2010-11.

Other projects currently underway include; the Aboriginal Tourism Strategy for Western Australia 2011-15, Kimberley Science and Conservation Strategy, Wiluna Regional Partnership Agreement and Many Rivers Microfinance, Gnaala Karla Booja Employment and Economic Development Agreement, and the Memorandum of Understanding with the Western Australian Indigenous Tourism Operators Committee (WAITOC).

Corporate Affairs and Communications

During 2011-12, the SBDC has:

- increased its interaction with stakeholders through an online e-newsletter distributed bi-monthly to 7,640 small business owners, industry and business associations, chambers of commerce and industries and SBC managers throughout the State.
- allocated sponsorship funding for small business awards events conducted by regional chambers of commerce and SBCs throughout the State, to the value of \$149,000.
- provided media opportunities for 52 SBDC clients in local and national media stories.
- increased exposure for SBDC via social media by increasing Facebook membership by 1,678.

Corporate Resources

In keeping with the State Government's decision to de-commission the Office of Shared Services, the SBDC has been 'clustered' with Tourism Western Australia to commence the process. The cluster is scheduled to roll out of Shared Services by June 2013.

During 2011-12, the SBDC saw an increase in the number of visitors to the website by 47 per cent, developed an online Tourism BOOST interactive business tool, developed and implemented an online application form for clients to participate in mediation under the ADR service, and developed and implemented a new Client Relationship Management system (CRM) for the Corporation.

Performance Management Framework

Outcome Based Management Framework

Government Goal: Financial and Economic Responsibility – Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.

Desired Outcome	Effectiveness Indicators	Service	Efficiency Indicators
Development of new and existing small businesses in Western Australia	The extent to which clients rate the usefulness of the information and guidance provided to them	Information, guidance, referral and business development services	<ul style="list-style-type: none">• Average cost per direct client contact• Average cost per indirect client contact• Average cost per Small Business Centre client contact• Cost per unit of policy advice

Changes to Outcome Based Management Framework

The Small Business Development Corporation's Outcome Based Management Framework did not change during the reporting period.

Shared responsibility with other agencies

The Small Business Development Corporation did not share any responsibilities with other agencies in 2011-12.

Significant issues impacting the agency during 2011-12

- The establishment of the State's first Small Business Commissioner in December 2011 heralded the most substantial change for the SBDC since its inception in 1984. The Small Business Commissioner, who is also the Chief Executive Officer of the SBDC, commenced in January 2012.
- The Small Business Commissioner role was established to enhance a competitive and fair operating environment and to provide an alternative dispute resolution (ADR) service for small businesses in Western Australia. A particular focus of the service is to support small businesses during the transition to a more deregulated retail trading environment, by helping to resolve disputes between landlords and retail tenants.
- The introduction of the new ADR service which commenced on 26 March 2012, required the recruitment of additional skills to complement the SBDC's existing specialist advisory team and training for existing staff to ensure they are conversant with the principles of ADR and the changes in Commercial Tenancy regulations.
- The Global Financial Crisis (GFC) and ongoing global economic uncertainty has had a significant flow-on impact on small and medium retailers across the State this year, resulting in an increase in enquiries received by the SBDC across a range of areas. In particular, retailers affected by increased rents and operating costs, competition from online sales and a drop in consumer spending, have contacted the SBDC for assistance and dispute resolution advice.
- Small businesses in the Margaret River region were affected by fire in November 2011, while others in the metropolitan area were affected by substantial rain storms in June 2012. The SBDC's rapid response service provided prompt assistance to affected small businesses, including emergency funding for small businesses affected by the fires, and business continuity advice for metropolitan businesses affected by storm damage.

continued...

Significant Issues

- During 2011-12, the tourism industry in Western Australia continued to be affected by both the GFC and the strong Australian dollar. In response, the SBDC created Tourism BOOST, a program designed to assist small business tourism operators to build resilience in their businesses. Launched in August 2011, Tourism BOOST targeted prospective, new and existing tourism operators seeking to improve their understanding of the tourism industry and increase their marketing reach through a range of workshops and online tools.
- The SBDC responded to the need for greater use of online services to allow small business operators to communicate with governments 24 hours a day. The SBDC's participation in improving online services through the national Business Online Services (BOS) project continued in 2011-12 and as part of this project, a number of Western Australian 'SmartForms' have now been developed enabling licence applications to be completed and processed online.
- Western Australia's small business sector comprises more than 212,000 small businesses State-wide. To address the service delivery challenge of the State's size, the SBDC continued to operate the Small Business Centre (SBC) Program comprising 25 SBCs servicing metropolitan and regional areas. During 2011-12, the SBC network responded to the needs of small businesses throughout the State by providing local training initiatives and supporting key State Government priorities, including the Pilbara Cities and Regional Centres Development Plan (Super Towns) initiatives.



*Mr David Eaton
Small Business
Commissioner
CEO, SBDC*

The past twelve months have continued to be challenging times for many small businesses in Western Australia, with the affects of uncertain global economic conditions, the growth in online capabilities and ongoing difficulties surrounding the attraction and retention of skilled labour.

For the SBDC, it has been a year of transition. A move to new premises at the start of the reporting year, was followed by a change in operational structure, and the addition of new services including the Alternative Dispute Resolution service in March 2012.

My appointment as the State's first Small Business Commissioner, and SBDC's Chief Executive Officer in January 2012, has meant further changes for the SBDC.

Over the past six months, I have been buoyed by the support shown by the management and staff of SBDC and by our key stakeholders, and I thank them for this support.

I especially acknowledge the leadership of Ms Jacky Finlayson who acted as Managing Director from January 2010 until my appointment in January 2012. Her assistance and guidance has been invaluable during this time of transition.

Throughout the year, the SBDC has continued to deliver services which are as diverse as the sector it serves. From basic business information and advice, to complex dispute resolution and mediation, and from specialist support programs to regulatory reviews and advocacy into government; the single thread that binds the team at SBDC is its culture of providing the best possible assistance and support to small businesses around the State.

As you will see in the report to follow, customer satisfaction results are outstanding and a credit to the team. However, just like an adaptive and responsive small business, we will continue to review our service offerings

and our channels, to ensure we remain relevant, efficient and effective in meeting the evolving needs of our clients.

In the future, I expect we will see a further shift towards electronic channels of communication for business clients seeking basic information and advice, while at the same time the level of complexity in the nature of the issues presented to our advisory and advocacy teams is likely to increase.

The SBDC has achieved impressive results throughout the past year and we are now moving into the new year with creativity and vigour. There will be new programs coming on stream in 2012-13, as well as some updating and re-invigoration of our other 'mainstay' services.

David Eaton
Chief Executive Officer
Small Business Development Corporation

Small Business Services

(Incorporating business advisory and alternative dispute resolution services and programs, Business Information Centre and business migration.)



"The presenter at the SBDC workshop was inspirational, he'd had some ups and downs in his own business so the advice he gave was based on real experience," Margaret said.

"I'm glad I did the course before I got started in my business, but I can see now that it is also useful to do workshops as you go along, so you don't get complacent."

Margaret Gately,
Escalatoo Shoes, Applecross

Overview:

In accordance with the Small Business Development Corporation Act 1983, one of the core services of the SBDC is the provision of information, education and advisory services to the small business sector in Western Australia. Specialist support is available in the five key business areas of finance, marketing, employment, operations and commercial tenancy.

Throughout the year, business advisors and information officers responded to clients' needs by telephone, e-mail, personal appointment and by delivering presentations and attending business-related expos and events.

Challenges and opportunities for business owners change as their businesses develop and grow. The SBDC meets these needs by assisting with all stages in the business lifecycle, from pre-start through to exit strategy.

Outcomes:

During 2011-12, the SBDC had a total of 43,811 client contacts across all services and programs. Overall comparison to previous years' results is difficult, as many programs and services have changed this year. New programs and services tailored to meet current demands have been implemented while other programs and services have been modified or concluded.

This year, the majority of clients (16,091) made contact through the SBDC Business Information Centre, while the second largest group (8,738) accessed the business advisory and Alternative Dispute Resolution (ADR) services. The SBDC advisors and ADR Service case managers conducted 1,378 direct appointments and serviced the balance of clients by phone, email, fax or letter.

The biggest increase in client contacts (32%) over the past year came from the 6,657 users of the Business Licence Finder (BLF) database followed by the Business Migration Centre which responded to 7,539 enquiries, representing a 10% increase on last year.

A survey of small business services this year showed a high level of client satisfaction with all customer service indicators increasing on last year. The survey results indicate that the information and advice provided was useful for 94% of clients (up 8% from 86% last year), of value to business 88% (up 12% from 76%) and of benefit to business operators 87% (up 7% from 80%).

Furthermore survey results confirmed that 95% (up 3% from 92%) of clients were satisfied with their overall SBDC contact and 95% (up 1% from 94%) were likely to use the service again.

Customer service indicators have remained at very high levels and there has been no significant change in these indicators over the past three years.

Small Business Services

Business Advisory Service

Overview:

During 2011-12, the business advisory service responded to a total of 5,134 general business enquiries (non leasing or dispute-related) mainly by telephone (77%) and by appointment (15%), including visits to clients' premises.

Outcomes:

Most of the enquiries in 2011-12 were from clients who were in business (60%) or wanting to start a business (22%). The highest demand for advice, excluding those relating to leasing or disputes, was in regard to starting a business (15%), statutory requirements (11%), taxation (7%), and business planning and marketing (6%).

The SBDC advisory service also participated in 28 presentations and events during the year, delivering business information and advice to more than 1,700 participants from the small business and education sectors.

Alternative Dispute Resolution service

Overview:

During 2010-11, amendments to the Small Business Development Corporation Act 1983 and the Commercial Tenancy (Retail Shops) Agreements Act 1985 passed through both houses of State Parliament, thereby allowing the establishment of the Small Business Commissioner. As per the legislation, the SBDC also introduced an ADR service for small businesses in Western Australia in March 2012.

One of the key functions of the ADR service is to receive and investigate complaints from Western Australian businesses about disputes arising from unfair market practices and to provide assistance to resolve these disputes.

This new service provides a low-cost, non-litigious means of resolving business-to-business and business-to-government disputes as an alternative to the court and tribunal systems.

To assist businesses in dispute, the ADR service makes use of the following avenues of resolution:

- Preliminary assistance – An advisor or case manager attempts to resolve issues by examining the facts, providing information to both parties on their rights and responsibilities, considering the individual circumstances of the parties and exploring possible solutions to resolve the dispute.

- Referral to a Mediator – Where preliminary assistance has been unsuccessful and parties consent to participate in a mediation conference, a professional and independent mediator will be appointed to assist parties define and clarify the disputed issues, communicate and exchange information, clarify mutual and individual interests, and identify and evaluate possible solutions. Each party to the dispute pays \$125 to demonstrate their commitment to mediation, with the remainder of the mediator's fee subsidised by the SBDC. Mediation can often provide parties with an opportunity to avoid lengthy and costly court action, while having greater control over the process and any resulting settlement.

- Intervention by the Small Business Commissioner – In some instances, it may be appropriate for the Small Business Commissioner to directly intervene in a case or cases where such an intervention would help bring a speedy resolution to a dispute.

In certain retail tenancy disputes, a party is now unable to take a matter to the State Administrative Tribunal (SAT) without first receiving a certificate from the Commissioner stating that ADR has failed, is unlikely to succeed or is not appropriate for the case.

Outcomes:

Since its commencement on 26 March 2012, the ADR and business advisory services have responded to 2,254 dispute-related enquiries, with 50 per cent of those enquiries being leasing related.

Other significant causes of dispute enquiries include; contracts (13%), debt collection (6%) and product liability (3%). Since the commencement of the ADR service, over 70 cases have been escalated to case managers for a higher level of intervention.

In the initial months of delivering the ADR service, around 65% of dispute cases related to retail tenancies. This is indicative of the SBDC's established reputation as a provider of retail tenancy advice and information. Since May 2012, the ADR service has experienced an increase in the number of business-to-business disputes, suggesting the service is now beginning to reach more sectors of the marketplace. These disputes generally relate to the non-supply or non-performance of goods and services, and other contract-based disputes.

Small Business Services

Commercial tenancy advisory service

Overview:

A lease for business premises has a significant impact on the profitability of a business and its ability to operate successfully. To assist small business tenants, landlords and other industry participants, the SBDC provides a specialist commercial tenancy advisory service. The service provides information and guidance on the *Commercial Tenancy (Retail Shops) Agreements Act 1985* (CT Act) and all aspects of negotiating and leasing commercial premises.

Difficult trading conditions experienced by retailers during 2011-12, highlighted the need for greater understanding of commercial leases and the impact lease agreements can have on a business.

The SBDC, through its contact with small business tenants, landlords and other industry participants, is well placed to identify contentious issues. Using its marketplace knowledge, the SBDC seeks to ensure that small business tenants and landlords are represented and their needs and views are heard. To this end, the SBDC provides input to the Minister for Small Business and other government bodies on policy matters and commercial tenancy related legislation.

Outcomes:

Prior to the introduction of the ADR service on 26 March 2012, the SBDC commercial tenancy advisory team assisted 1,350 non-dispute related clients with information and guidance on commercial tenancy issues. A further 188 clients were provided with guidance in making their applications to the State

Administrative Tribunal, which decides on retail tenancy disputes.

The high demand for the commercial tenancy advisory service is expected to continue with the proposed commencement, in the latter part of 2012, of the *Commercial Tenancy (Retail Shops) Agreements Amendment Act 2011*.

To ensure the interests of small business landlords and tenants are taken into account, the SBDC has provided extensive advice to the Department of Commerce on the draft Commercial Tenancy (Retail Shops) Agreements Amendment Regulations 2012 (No. 2).

With respect to the CT Act, the SBDC also provided advice to the Office of Energy in relation to the issue of on-selling of electricity by landlords to small business tenants. Throughout the

year in review, the SBDC also continued to provide advice to the Department of Commerce on the creation of a proposed retail shop lease register and the effects of de-regulated retail trading hours on rents charged to small business tenants.

The SBDC is currently drafting comprehensive publications on the impact of the Commercial Tenancy (Retail Shops) Agreements Amendment Regulations 2012 (No. 2) on small business tenants and the proposed legislative changes amending the CT Act. Small business landlords, tenants and other stakeholders will be able to access this information and guidance in an easy-to-read 'question and answer' format.

Indian Ocean Territories Service Delivery Agreement

Overview:

The SBDC has a service delivery agreement with the Commonwealth Department of Regional Australia, Local Government, Arts and Sport (DRLGAS) to provide programs and services to potential and existing small business operators on the Indian Ocean Territories of Christmas and Cocos (Keeling) Islands.

Under this agreement, the SBDC provides a broad range of advisory services, workshops and events tailored for individuals and businesses within the Indian Ocean Territories. During 2011-12, the services were delivered through a local representative supported by visits by SBDC specialist advisors and private sector consultants.

The service delivery agreement, signed in November 2008, expired on 30 June 2012 and is currently under review.

Outcomes:

During 2011-12, SBDC representatives visited Christmas Island three times and Cocos (Keeling) Island twice.

During these visits, an SBDC business advisor delivered specialised advisory services to local small businesses, and conducted tailored workshops and events to promote small business sustainability and growth and help strengthen the Indian Ocean Territories business communities.

In addition, SBDC representatives met with relevant government officials and industry organisations to discuss issues that affect the development of small businesses in the Indian Ocean Territories.

A total of 539 contacts were made between on-island small businesses and SBDC representatives, covering

Small Business Services

business issues including financial management, strategic planning, business planning, marketing, merchandising, customer service and leasing. During the year, the SBDC facilitated the start-up of 16 new businesses which contributed to the creation of 22 jobs on-island.

Three workshops were also presented to a total of 330 participants, resulting in positive feedback about relevance and usefulness. These events also facilitated networking between local businesses, industry organisations and relevant government agencies.

The SBDC continues to promote successful business practices and entrepreneurship on-island by providing business support through regular visits, telephone and online contact directly with small businesses, ongoing promotion of SBDC services through advertisements in island publications, distribution of SBDC branded promotional material, and liaison with stakeholders and government organisations.

BIZFiT Business Resilience Program

Overview:

The successful BiZFiT program, funded with \$2 million over two years, was developed in 2009 in response to the global financial crisis, to boost the resilience of small businesses in Western Australia.

Efficiencies achieved over the first two years enabled elements of the program to continue until December 2011. The partnership between the SBDC, Curtin University's Centre for Entrepreneurship and the SBC Network continued this year, resulting in further growth to the BiZFiT participant alumni.

Over 2,500 small business owners and operators have now participated in the BiZFiT program since its commencement in October 2009.

Outcomes:

During 2011-12, the SBDC and its project partners delivered:

- BiZFiT Pulse Checks to 47 participants - providing free, individual operational reviews to assist business owners to diagnose problems and determine actions to build the resilience of their business. Reviews are conducted by SBCs and the SBDC.
- BiZFiT Extend to 43 participants - providing owners of established businesses a two day workshop specially developed and delivered by Curtin University's Centre for Entrepreneurship.
- BiZFiT Mentor to five participants - offering BiZFiT Extend participants up to five hours of personal mentoring to assist them in turning their learning into action for their business

- BiZFiT Extension to 43 participants
 - offering BiZFiT participants the opportunity to learn more about the following specific areas of interest:
 - People - understanding how to work more effectively with staff and establish the best processes and systems to save time and money.
 - Profit Plan – exploring ways to utilise a business' finances to plan for greater profit.
 - Productivity – demonstrating clear steps to manage time, boost productivity and improve work/life balance.

- BiZFiT Connect to 39 participants - providing opportunities to continue networking amongst BiZFiT participants, as well as an opportunity to showcase businesses that have accessed and benefited from any elements of the BiZFiT program.
- BiZFiT Keynote to 217 participants
 - events enabling access to leading business experts on current and relevant small business topics.

In total, 394 business owners participated in the BiZFiT program during 2011-12.

Funds were also allocated from BiZFiT to support the Ignition program offered through Curtin University. Ignition is a unique, practical program tailored to assist Western Australian entrepreneurs looking to commercialise their innovations.

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Tourism BOOST

Overview:

With the assistance of \$150,000 in funding from Tourism WA in 2011-12, the SBDC developed a comprehensive training program for aspiring and existing tourism operators, including a series of workshops and an online guide.

Tourism BOOST was officially launched in August 2011 with the prime objective of helping small business owners to better understand the tourism industry and boost their financial returns through practical marketing initiatives.

Outcomes:

A core element of the Tourism BOOST program is a series of workshops that provide businesses with an overview of the State's tourism industry and practical tourism focused marketing tips and resources.

During 2011-12, the SBDC delivered 31 Tourism BOOST workshops in 26 different locations around Western Australia to a total of 688 people, including presentations to the following specialised groups:

- The Australian Indigenous Tourism Conference;
- The marketing team at Tourism WA as a way of inducting their new staff;
- All WA based Visitor Centre managers at an annual conference; and
- 'Market-ready' Indigenous Tourism operators from across the State.

The second element of Tourism BOOST was the rebranding and upgrading of Tourism WA's popular 'Jumpstart Guide'. The Tourism BOOST Online Guide is a new online tool designed to provide tourism industry starters access to important industry information.

The Online Guide educates aspiring and existing tourism operators on a wide range of business and tourism focused topics. As well as providing specific information about the tourism industry and a wealth of business tips, other features of the Tourism BOOST Online Guide are unique to the industry, including:

- Interactive pricing tools to help accommodation providers and tour operators correctly price their products;
- Interactive quizzes to test users' knowledge;
- A range of checklists, templates and resources to help operators set up business systems; and
- A dedicated Tourism BOOST YouTube channel featuring video footage of operators sharing their tourism and business experiences.



Pamela Lincoln and Murray Gomm from Oranje Tractor Winery, Albany, winners of the 2011 Tourism BOOST media competition with Vicki Brown, Manager of the Small Business Centre, Great Southern.

"When you're getting started in business, you don't always know what services are on offer to help you.

"The Tourism BOOST workshop was very helpful in explaining who's who in the tourism industry, getting our business plan formalised and helping us plan for the future."

Rupert and Kim Phillips
House of Honey, Herne Hill



2011 Small Business Grant

Overview:

The 2011 Small Business Grant was a component of the pilot of Drought Reform Measures trialled in Western Australia under a partnership agreement between the Western Australian and Commonwealth governments. The grant was designed to increase the capacity of small non-farm businesses in rural and regional communities to withstand the impact of future dry seasons.

The Grant became available in November 2011 and provided vouchers of up to \$1500 (ex GST) to eligible businesses in the drought pilot region.

The grant is to assist with the cost of using a professional service provider to identify areas within the business that could be improved, to develop resilience-building in the business and to increase its capacity to withstand the impact of future dry seasons. The professional services included; accountants, financial planners, legal practitioners or management consultants.

Outcomes:

In Western Australia, the SBDC was responsible for administering \$350,000 in grants funding provided through the Department of Agriculture and Food.

With the assistance of 15 regional SBCs located within the drought pilot region, the SBDC disseminated information to non-farm businesses, and provided advice and guidance to eligible business owners to assist them in submitting applications.

The \$350,000 in grant funding was fully allocated to 233 individual businesses by February 2012. The SBDC made payments to the service providers upon completion of the contracted work. As at 30 June 2012, almost 90% of the services had been completed, with the remainder soon to be finalised.

Small Business Services

Small Business Workshops

Overview:

In 2011, the SBDC suspended its suite of business skills workshops (with the exception of BizBasics*) to conduct a review of the workshop program. The aim of the review was to develop a framework for future small business skill development programs with a focus on ensuring the SBDC workshops remained relevant, timely and easily accessible to potential and existing small business operators.

**BizBasics is a free two-hour information session guiding novices through the steps involved in setting up and running a business. The session includes discussion on; researching a business idea, business planning, business licences, leasing premises, marketing and financial forecasting. The BizBasics sessions also showcase other SBDC services to assist small businesses.*

Outcomes:

Following the business skills workshop review, it was decided that the provision of small business skills training and development via a workshop program should remain a core function of the SBDC.

In response to a recognised knowledge gap, the Succeeding Online workshop was introduced in March 2012. This is a three-hour practical, interactive workshop on how to create and update a website. It also provides the knowledge to be able to effectively communicate with IT professionals, maximise search engine optimisation and market online using social media.

During 2011-12, a total of 1,076 participants attended 51 BizBasics sessions and 6 Succeeding Online workshops. There can be no comparisons made with previous years' attendance figures due to the suspension and review of the workshop program during the year.

Other workshops are currently being developed and updated to cover the key business topics of business planning, money matters, marketing and setting up business processes and systems. It is anticipated that the introduction of the new workshops will commence in September 2012.

BiZBites Program

Overview:

The SBDC recognises the importance for agency staff to be well informed on current business issues. BizBites is a monthly business information program arranged for SBDC staff and others on a range of business topics, including changes in superannuation legislation for small business, consumer law, intellectual property, taxation, and industrial relations.

The program provides training and knowledge-sharing by private companies and government departments to ensure that SBDC staff providing information and guidance to small business operators have a good understanding of the issues and up to date information. BizBites also helps to build beneficial alliances between the SBDC and other government agencies, at both federal and state levels.

Outcomes:

This year the BizBites Program conducted eight presentations for over 150 participants, covering the following topics;

- Introduction of the Australian Consumer Law.
- Extended retail trading hours in WA.
- Review of Commercial Tenancy (Retail Shops) Agreements Act 1985.
- Industrial Relations – Mediation Service.
- Personal Property Securities Register (An online register for all personal property that has a security interest registered against it).
- Job Access – Employment Assistance Fund (Assistance to employers to adjust workplaces to suit employees with disabilities).

- Protecting Intellectual Property (Adding value, minimising risk and controlling market share).
- Fairwork Australia – An overview of the Federal Industrial Relations system.



In 2011-12 a total of 1,076 participants attended SBDC workshops.

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Business Online Services Project (BOS)

Overview:

The Business Online Services (BOS) Project is a key component of the Australian Business Number / Business Name Registration Project – one of 27 Council of Australian Governments (COAG) priorities to reduce regulatory burdens on businesses.

The BOS Project is a collaboration between all Australian states and territories and the Commonwealth Government. The SBDC is the nominated agency representing Western Australia.

To assist businesses to search for their licensing requirements and make it easier to manage their interactions with government, a suite of online services is being developed, with two of the key initiatives being the:

- Australian Business Licence and Information Service (ABLIS) – a single, national online ‘discovery’ service to help businesses find their government related licences and permits. The ABLIS consolidates the separate business licence information held in eight jurisdictions, into a single Australian site. This enables businesses to access licence information for every jurisdiction across all three tiers of government through a single online portal. The SBDC has now migrated over 6,000 local and state government business licence records into the ABLIS.

- Australian Business Account (ABA) – a free service that provides a method of saving ABLIS searches, and managing and tracking applications with all levels of government online. The system also provides functionality for the user to create a ‘to do’ list. Future releases will include a notification and subscription service to keep businesses informed of any changes to regulations.

These two systems have been developed so the user can seamlessly move from one system to the other.

Business Information Centre

Outcomes:

Throughout the year in review, Western Australian BOS representatives have participated in a number of usability acceptance tests and workshops to assist the development of the final initiatives.

The release of both systems to the public is scheduled for August 2012, however not every state and territory will migrate their licence information into ABLIS at that point. This will occur in gradual stages with a fully functioning system expected later in 2012.

Both the ABA and ABLIS are being progressively improved with new functions coming on stream. By the end of COAG's 10-year plan, all of the services required to assist business operators to understand and interact with government will be available under the BOS initiative.

Overview:

The Business Information Centre is the “gateway” to SBDC services providing business and licensing information to streamline the business start up process and assist with the growth and development of established businesses.

Free information is available in the form of business information briefs, start-up packs and business licence reports. The centre also has a range of specialist small business publications for sale.

Business research information is also available via the IBIS World database at the Centre. The database provides free access to financial benchmarking and market research reports on over 500 industries, including statistics, analysis and forecasts.

Outcomes:

During 2011-12, the Business Information Centre had a total of 16,091 client contacts across all delivery methods, up from 14,189 in 2010-11. Most clients (66%) accessed the Centre by phone, letter and fax, with the balance visiting in person.

The publications produced by the SBDC for sale in the Business Information Centre continue to be the “best sellers”. Total sales of all publications for the year amounted to \$24,844 for 1,903 publications, including 526 copies of the SBDC’s Step by Step Business Plan and a Guide to Operating a Small Business.

A survey of Centre clients indicated a high level of satisfaction across most indicators. Generally performance indicators varied up or down by 1% or less except for “Saving in time/cost in

Small Business Services

obtaining licensing information" (up 7% to 99%), "value to business" (up 6% to 86%) and "benefit to business operations" (down 5% to 84%). There was an increase in all three customer service attributes ranging from 2% to 3% with the overall satisfaction rating for the Centre remaining very high at 95%.

Business Licence Finder

Overview:

The Business Licence Finder (BLF) has a database of more than 8,000 federal, state and local government licences, registrations and permits that cover business operations in Western Australia. The BLF database also includes relevant codes of practice where applicable.

The database can be searched to create a report on business licensing requirements at the Business Information Centre. The BLF is also an easy-to-use online service available from the SBDC website 24 hours a day, seven days a week for clients to generate their own business licence reports.

Outcomes:

During 2011-12, a total of 6,657 reports were generated through the BLF database, representing an increase of

32% over the previous year. Most clients (4,841) generated their own reports online while the balance (1,816) sought a report to be generated by SBDC staff.

Most licence enquiries involved the local government authority areas of the City of Perth, City of Stirling, Town of Vincent and the City of Wanneroo. The four most often requested licences for the year were; business name registration, Australian business number registration, GST registration, and registration of a trade mark.

During 2011-12, the three most sought-after licence enquiries, relating to industry type, were:

- Retail trade – 68,000
- Arts and recreation services – 66,893
- Health care and social assistance – 61,227

Business Migration Centre

Overview:

The role of the Business Migration Centre (BMC) at the SBDC is to deliver the Western Australian Business Migration Program. This program is a key investment attraction initiative for the State as business migrants make a significant contribution to the State's economic prosperity by being a leading source of new capital, business establishment, export income and employment generation.

Through this Program the BMC attracts business migrants to Western Australia by:

- marketing the State as one of the world's leading destinations for investment, employment, education and lifestyle;

- assisting potential business migrants with information on visa options and living, working and establishing a business in Western Australia; and
- supporting qualifying business migrants with State nomination to become eligible to lodge a visa application with the Department of Immigration and Citizenship (DIAC).



CEO David Eaton with Business Migrants Jessie Sun and Ken Everett

Small Business Services

The BMC promotes Western Australia internationally to agents and potential business migrants with a marketing program focusing on the State's four primary immigration markets.

China continues to be Western Australia's primary market, accounting for 38 per cent of all business migrants coming to the State during the year. Malaysia and Singapore are the State's second ranked market with 18%, followed by South Africa with 8% and the UK with 6.5%.

To generate maximum exposure for the International Business Migration Marketing Program and to assist new migrants establish and develop their businesses in Western Australia, strategic alliances have been formed with a range of government and private sector organisations, including:

- Department of State Development (DSD) International Trade and Investment Offices – the SBDC cooperates with the DSD and the Western Australian Overseas Trade Offices by jointly participating in events, presenting seminars and attending appointments to attract investment into the State through the Business Migration Program.
- Migration Institute of Australia Western Australian Branch – the SBDC provides the Institute with up to date information on the policies and criteria for State nomination for distribution to migration agents in Western Australia and overseas.
- Western Australian Chinese Chamber of Commerce – the SBDC jointly hosts events with the Chinese Chamber to ensure new business migrants are aware of the business

establishment and development services provided by the SBDC.

- Department of Immigration and Citizenship (DIAC) – the SBDC consults with DIAC as a member of the Commonwealth and State Working Party on Skilled Migration, and as a participant of the State Client Reference Group, to assist with policy development, strategies and initiatives.

Outcomes:

During the year, representatives from the BMC and the Western Australian Overseas Trade Offices participated in international migration activities in the State's prime markets of China, Malaysia, Singapore, South Africa and the UK. In total, over 2,600 participants attended events and more than 10,000 potential migrants attended the expos.

These events form part of the overall marketing strategy to attract new business migrants to the State, and to develop and reinforce relationships with Overseas Trade Offices and migration agents based in Western Australia's prime target market countries.

Demand for business migration information and support remained high during 2011-12 with the SBDC responding to 7,539 enquiries from clients and migration agents.

This represents an increase of 17% over the previous year. In 2011-12, the State nomination application fees raised \$209,300 to assist with the cost of servicing clients and agents and undertaking the international marketing program.

During the year:

- 448 State nominations and 12 registrations were approved for new business migrants to apply for visas to commence business in Western Australia, and
- 150 State nominations and seven registrations were approved for business migrants on temporary residency visas to convert to permanent residency visas.

The key outcome achieved for the Western Australian economy is that 170 business migrants finalised their investment this year, thus injecting \$304.5 million into the State for business establishment, Treasury bond investment, personal expenditure and settlement costs. This investment also created over 145 new jobs and 21 new exporting businesses.

Business Migrant Network

The SBDC provides ongoing support for business migrants in Western Australia through its Business Migrant Network. Networking events provide an opportunity for recently arrived migrants to broaden their business networks by meeting other business migrants, service providers and others.

During the year in review, four Business Migrant Network functions were hosted by the SBDC. The Network now has over 400 members and is a valuable source of peer support to assist business migrants establish and develop their businesses in Western Australia.

Policy and Advocacy

(Incorporating policy and research, business and government liaison and advocacy.)

Small Business Commissioner and Alternative Dispute Resolution (ADR) Service

Overview:

The Small Business Commissioner role was created through the *Small Business and Retail Shops Legislation Amendment Act 2011* (SB Act) which received Royal Assent in July 2011. This Act created the position of the Small Business Commissioner and provided for the establishment of a new alternative dispute resolution (ADR) service.

In order for the ADR service to commence, the SBDC, through its Policy and Advocacy function, was responsible for developing regulations supporting the SB Act.

Specifically, the Commercial Tenancy (Retail Shops) Agreements Amendment Regulations 2012 [No. 1] was enacted for the purpose of enabling parties to a retail tenancy dispute to proceed directly to the State Administrative Tribunal in certain circumstances, without first having to pass through the SBDC's ADR service as prescribed in the SB Act.

(Please see page 26 for operational details and results of the Alternative Dispute Resolution service.)

Outcome:

Key activities during the year included developing the Commercial Tenancy (Retail Shops) Agreements Amendment Regulations 2012 [No. 1], creating the ADR service model and budget, recruiting staff and establishing a pool of mediators to provide independent mediation services for small businesses in dispute. The ADR service commenced on 26 March 2012 after the SB Act was proclaimed and the Commercial Tenancy (Retail Shops) Agreements Amendment Regulations 2012 [No. 1] was gazetted.

Business-to-government dispute resolution

Overview:

In addition to providing assistance with business-to-business and landlord/tenant disputes, a major part of the new ADR service is the investigation of business-to-government enquiries and disputes. Through this free, confidential service – which was previously known as the small business advocacy service – the SBDC is able to assist small business operators in their dealings with all levels of government and help them navigate through red tape to resolve problems. By responding to the concerns of individual businesses and negotiating a solution with the relevant authority, the SBDC is also able to identify trends and address problems that may impact upon a wider industry or sub-sector.

Outcomes:

During 2011-12, the SBDC investigated 47 business-to-government enquiries and disputes. While these cases involved a wide range of government policies and regulatory decisions, concerns about government tendering processes and local government planning policies remain the most common types of business-to-government enquiry/dispute raised with the ADR service. The SBDC monitors the impact that government decision making has on the State's small business sector and continues to liaise with relevant government agencies to reduce the regulatory burden on specific businesses or the sector as a whole.



The ADR Service has responded to 2,254 dispute-related enquiries, with 50 per cent of those relating to commercial leasing.

Policy and Advocacy

Reviews, submissions and consultations

Overview:

A major part of the SBDC's role in supporting the growth of small businesses in Western Australia is to advocate for the removal of unnecessary regulation across all levels of government. The SBDC actively engages with State and Federal Government agencies during regulatory reviews and the development of new policies that impact on small business, to ensure the sector's interests are represented.

Outcome:

During 2011-12, the SBDC provided submissions to a number of significant Federal and State reviews, including:

- Department of Commerce - Consultation Paper on options for improving access to lease information in the retail tenancy market in Western Australia;
- Public Utility Office - examination of the issue of landlords on-selling electricity to their tenants in commercial premises;
- Department for Child Protection - Statutory Review of the Working with Children (Criminal Record Checking) Act 2004;
- Productivity Commission - "Benchmarking Study of Regulatory Impact Analysis Processes";
- Productivity Commission - "Performance Benchmarking of Australian Business Regulation: The Role of Local Government as Regulator";
- Federal Government - Discussion Paper "Tax Reform – Next Steps for Australia";
- Department of Commerce - Discussion Paper on the licensing of strata managers;
- Department of Commerce - Discussion Paper on the regulation of prepaid funerals;
- Department of Transport - Issues Paper on the proposed Western Australian State Aviation Strategy; and
- Department of Commerce - proposal to exempt restaurants and cafes from the Australian Consumer Law rules on component pricing.

Stakeholder representation

Overview:

A key role for the SBDC is to negotiate within government and across governments on issues and policies that impact on the State's small business sector to ensure their interests are championed. To this end, the SBDC regularly engages with Federal, State and Territory Governments through participation in a range of inter-governmental advisory committees and working groups.

Outcomes:

During 2011-12, the SBDC participated in a number of across-government working groups including the:

- National Small Business Commissioners' Forum;
- Small Business Officials Group, which encompasses project-specific working groups for Indigenous small business enterprise development (chaired by the SBDC), national retail tenancy reforms and small business statistics;
- Australian Competition and Consumer Commission's Small Business Consultative Committee and Franchising Consultative Committee; and
- Communications Forum for the Australian Business Number / Business Names Registration Project.

Close liaison with a range of government agencies has ensured the SBDC has been able to keep small businesses in Western Australia informed about policy developments and regulatory changes on a range of issues, including: competition and consumer law; business continuity planning; alternative dispute resolution; the introduction of the Carbon Tax; and the roll-out of the National Broadband Network.

Policy and Advocacy

Small business ministerial link forums

Overview:

The SBDC organises Small Business Ministerial Link Forums as an avenue for metropolitan and regional small business operators and their representatives to meet directly with the Minister for Small Business or Parliamentary Secretary to the Minister for Small Business, to discuss their experiences and business concerns. Held in an informal setting, Link Forums are valuable for identifying and receiving direct feedback on the key issues impacting on the sector, including concerns relating to red tape.

Outcomes:

One metropolitan and three regional Link Forums were held during 2011-12, involving both the Minister and Parliamentary Secretary. Small business operators and business associations from Joondalup/Wanneroo, Karratha, Broome and Esperance took part in the Link Forums, discussing inter alia such issues as finding and retaining skilled workers; government fees and charges; the State Government “Buy Local” policy; housing shortages; the high cost of living; the effect of fly-in, fly-out workers on regional towns; occupational licensing; and regional tourism.



Attracting and retaining skilled workers is an ongoing challenge for small businesses in WA.

Regulatory Gatekeeping

Overview:

The SBDC plays an important role in reviewing proposals to amend or implement new forms of regulation as part of the State Government Regulatory Impact Analysis ('RIA') process, as administered by the Department of Treasury's Regulatory Gatekeeping Unit ('RGU'). In Western Australia, RIA is a two-tiered process for assessing new and amended regulatory proposals. In the first instance, a Preliminary Impact Assessment ('PIA') must be undertaken for all regulatory proposals to determine impacts on business, consumers and/or the economy. If a significant negative impact is identified in the PIA, a detailed Regulatory Impact Statement ('RIS') is required to be completed prior to consideration by the decision-maker.

Since its commencement in late 2009, the SBDC has continued to play a role in the RIA process by way of:

- reviewing PIAs and RISs and providing comments back to the RGU on the regulatory proposals from a small business perspective; and
- providing direct assistance to State Government agencies in assessing (and attempting to minimise) the negative impacts of proposals on small businesses in Western Australia.

Outcome:

During 2011-12, the SBDC reviewed 20 PIAs originating from 11 State Government agencies and submitted detailed comments in response to three RISs. Agencies continue to be encouraged to contact the SBDC early in the policy development process when seeking to introduce new regulations or amend existing legislation that is likely to impact small businesses. The SBDC has also assisted agencies to consult with relevant small business stakeholders and to identify unintended consequences produced by a proposals.

Commercial Tenancy Legislation

Overview:

After many years in development, the *Commercial Tenancy (Retail Shops) Agreements Amendment Act 2012* (CTA Act) received the Royal Assent in December 2011. This gave effect to the recommendations made as part of the last statutory review of the *Commercial Tenancy (Retail Shops) Agreements Act 1985* undertaken in 2003.

While the Department of Commerce ('Commerce') has legislative responsibility for retail tenancy legislation in Western Australia, the SBDC provides advice on a daily basis to retail tenants and landlords on their regulatory rights and obligations. Consequently, Commerce liaised extensively with the SBDC on the development of the CTA Act prior to its presentation to Parliament.

The SBDC also provided high level advice on several amendments proposed by Opposition parties during the CTA Act's progression through the Upper House.

Outcome:

The SBDC advocated on behalf of small business throughout the drafting of the legislative amendments to ensure stronger protections in retail leasing arrangements. The amendments contained within the CTA Act both enhance the clarity and effectiveness of the principal legislation and improve the tenancy rights of small businesses in Western Australia.

Several key provisions in the CTA Act require the development of regulations to give them effect and during 2011-12, the SBDC provided a small business perspective on the preliminary draft regulations developed by Commerce. This included specific advice on key areas with the potential to impact on small business operators such as how "lettable area" should be defined and what the standard relocation clause, the Landlord's Disclosure Statement and the Tenant Guide should contain.

State of Small Business survey

Overview:

In order to identify the areas of strength and weakness of small businesses in Western Australia, the SBDC undertook a major research study into the State of Small Business. The aim of the study was to collect and collate information about small businesses throughout Western Australia regarding how they are performing in the key areas of employment, finance, business development, planning, logistics, and competing in the global marketplace. The results of the study will be used by the SBDC to better target programs and services to help small businesses across the State thrive, and will feed into the Government's broader aims of improving service delivery in the regions.

Outcome:

During 2011-12, the SBDC commissioned a market research company to undertake a telephone survey of 1,000 small businesses across the metropolitan and regional areas of Western Australia. The final results of the survey were collected and reported to the SBDC in June 2012.

Some high level key results include:

- The differences in staff skill levels between metropolitan and regional based businesses, with small businesses in some regions reporting greater difficulty in finding and retaining skilled staff;
- Many small businesses surveyed appear to be unaware of the importance of e-commerce and have not taken action to investigate the options available to overcome the threat of online competition; and

- Small businesses require assistance in business planning and online marketing.

Detailed results of the survey will be released by the SBDC during 2012-13 through releases to other government departments and via submissions produced by the SBDC.

It is anticipated that the State of Small Business survey will be repeated annually and supplemented by evolving topical questions. A similar survey will also be made available online to all small businesses, via the SBDC website.

Policy and Advocacy

Ready response network

Overview:

The ready response network is a group of small business operators throughout the State who take part in short opinion polls on current topics affecting the small business sector. The results of these opinion polls are used to help inform the development of the SBDC's position on government policies and in advocating on behalf of the sector.

Results are also used to raise small business issues in the media. In effect, the ready response network provides a 'finger on the pulse' test of topical matters impacting small businesses in Western Australia.

Outcomes:

During 2011-12, seven ready response network opinion polls were conducted on the following issues:

- Business expectations for 2012;
- Planning for major unexpected events;
- The effectiveness of SBDC communications;
- The Working with Children (Criminal Record Checking) process;
- Extended retail trading hours;
- Preparedness for the introduction of the Federal Government's carbon tax; and
- The use of business and online contracts.

During the year, membership of the network increased by nearly 300 to almost 1,400 members.



During the year, membership of the Ready Response Network increased to 1,400 members.

(Incorporating the small business centre program management, corporate affairs and communications and the Aboriginal business unit.)

Small Business Centre Program

Overview:

The 25 Small Business Centres (SBC) are located throughout Western Australia, with 19 centres in regional areas. The SBCs are independent, not-for-profit, community based organisations providing locally delivered small business services. In 2011-12, the SBDC allocated \$3.62 million in core operation grants to the SBC Network. Of this, \$2.77 million (76%) was allocated to regional SBCs.

Funding received for the SBCs during 2011-12 represents an increase of \$500,000 over and above previous funding levels. This was in acknowledgement of the increasing cost pressures being experienced by SBCs to continue to provide quality services to small businesses throughout the State.

During 2011-12, there was a shift in the Service Delivery Areas for two SBCs, to align more closely with regional boundaries. The Small Business Centre Wheatbelt South (Narrogin) relinquished eight local government authorities, all of which went to the Small Business Centre Great Southern (Albany) to service.

Continued...

Business Facilitation Services

Outcomes:

In 2011-12, the 25 SBCs continued to support new and existing small business operators throughout Western Australia. The SBC Program undertook 42,000 client sessions (down by 1% on last year), which resulted in 1,561 new business start-ups (up by 14% on last year). In addition, the SBC program facilitated the creation of 2,207 jobs (up 6% on last year), and hosted 8,369 workshop participants (down 9% on last year).

During the year, a trial for the provision of professional development for SBC managers and chairs was given to Small Business Centres Western Australia (SBCWA), the peak body for SBCs in Western Australia. Two events were held, covering a range of topics including macro economics, challenges to the small business sector, effective facilitation and developing relationships with stakeholders.

During the reporting period, the management of the services of the Small Business Centre South West Metro (Rockingham) was transferred to the Small Business Centre Metro Coastal (Fremantle). This was an amicable arrangement between the two SBCs to ensure the on-going viability of the South West Metropolitan Centre. This transfer of service to Metro Coastal has enhanced the delivery of services to the business community of Rockingham and Kwinana and has enabled additional services to be provided into the area, including the Federal Government's New Enterprise Incentive Scheme (NEIS) and an extensive training program. The NEIS program assists job seekers and the unemployed into self employment through accredited training, business advice, mentoring and ongoing income support for up to 52 weeks.

During the reporting period, SBCs around the State have been involved in the following special projects and events:

- In November 2011, a bushfire in the Shire of Augusta-Margaret River damaged or destroyed 46 properties and structures. The SBDC worked with the Small Business Centre South West in the delivery of assistance to small business directly impacted by the bushfires. Many of the business owners who were impacted lost the ability to generate income as they lost tools of the trade, stock and/or their place of business. Through this exercise, the SBC South West was able to directly assist ten businesses and provided an extensive business health check and follow up service.

- During 2011-12, the SBDC was responsible for administering \$350,000 in dry season relief funding provided through the Department of Agriculture and Food. Through 15 of the regional Small Business Centres (SBC) within the drought pilot region, the SBDC disseminated information, and provided advice and guidance to eligible business owners to assist them in submitting applications. The \$350,000 grant funding was fully allocated to 233 individual businesses by February 2012 (see page 35 for more detail).
- To assist SBCs during the year, the SBDC coordinated also coordinated two logistics and supply chain workshops, one in the Perth CBD and one in Geraldton. The workshops were delivered in conjunction with Press Logistics Group and were designed to educate and assist small business owners in generating greater economic growth and development through supply chain management. The presentations were attended by 34 people in total, and were generally well received.
- In May 2012, the Small Business Centre Vasse, which changed its name to the Small Business Centre South West (Busselton), organised the fourth GWN7 Biz Smart Expo in Busselton. The event attracted over 230 attendees, featured over 30 exhibitors, and conducted nine business seminars focusing on how to work smarter in your business.
- In January and February 2012, the Small Business Centre Warren-Blackwood (Manjimup) conducted two workshops aimed at increasing the online presence of businesses in that location. These workshops were run as part of the support package for businesses affected by the closure of the Gunns sawmill in Manjimup. A total of 50 businesses attended the workshops.

Business Facilitation Services

Small Business Initiatives Fund

The Small Business Initiatives Fund (SBIF), administered by the SBDC, provides project funding for the exclusive use of the SBCs. The fund enables SBCs to identify local business needs, develop project proposals aimed at addressing those needs, and deliver initiatives throughout their catchments.

During 2011-12, over \$10,000 was paid to SBCs to support the delivery of projects aimed at assisting local small businesses. This draws an end to the funding pool for the SBIF. This funding has now been closed pending assessment of its benefit and its alignment with the agency's new strategic direction.

Projects supported through the year include:

- A joint application between the SBC Central Wheatbelt (Merredin) and SBC Eastern Wheatbelt (Corrigin) to provide workshops to educate small business owners in Merredin, Corrigin and Brookton about the importance of having a website and online presence. The workshops were designed to give small business owners the tools to build their own websites, as well as confidence to enter the online marketplace.
- The SBC Gascoyne (Carnarvon) was provided with funding to run customer service workshops aimed at the tourism industry in Exmouth. The aim of the workshops was to build capacity within small businesses in the Gascoyne region by improving customer service, increasing their business reputation and driving additional tourism dollars into the region.

Aboriginal Business Unit

Overview:

The Aboriginal Business Unit (ABU) broadens and enhances SBDC's existing suite of business support services by specifically assisting and supporting the development of Aboriginal businesses and the Aboriginal business community in Western Australia.

This is achieved by working collaboratively with the SBC network, other Government agencies and industry to provide practical, tailored, relationship-based advice on a broad range of small business issues.

The customer-focus of the ABU is centred around the premise of:

- Connecting

- Aboriginal small business owners with other small business operators, government, industry, non-government organisations and SBCs.

- Assisting

- Aboriginal people in establishing and developing businesses;
- Aboriginal small business owners in all aspects of business by raising awareness of the full range of government services by providing advice, support and information;
- The development of programs, tools and resources specific to Aboriginal small businesses; and
- The SBC network to effectively engage with Aboriginal small businesses in their local community.

- Sharing

- Best practice and celebrate stories of successful Aboriginal businesses who can be role models and mentors for other Aboriginal people interested in enterprise;
- Policy advice to government on any existing impediment to Aboriginal business participation; and
- Information to service providers and others on how to best work with Aboriginal businesses.

- Growing

- The knowledge and skills of Aboriginal small business owners through information, opportunities, resources and access to specialist advisers.

Business Facilitation Services

Outcomes:

During 2011-12, the ABU collaborated on a range of projects to assist Aboriginal entrepreneurs around the State to start and grow their enterprises. Since July 2011, the ABU has attracted 57 new business clients, conducted 57 client follow-up contacts, registered 73 company contacts. Such projects include:

Aboriginal Business Directory

In recognition that there was no comprehensive directory of Aboriginal businesses in Western Australia, a partnership was developed between the SBDC, the Chamber of Commerce and Industry Western Australia (through Project Connect), the Department of Indigenous Affairs, and the Department of Training and Workforce Development to develop the Aboriginal Business Directory WA.

The Aboriginal Business Directory WA is a state-wide initiative, inclusive of all industry sectors. It is free to register, searchable by location and industry sector, and able to provide details of the capabilities of the registered businesses.

The Aboriginal Business Directory WA is designed to:

- Increase access to Aboriginal businesses for procurement and commercial engagement;
- Increase the profile of Aboriginal businesses;
- Increase the number of contracts won by Aboriginal businesses;
- Provide information about the capabilities and skills of Aboriginal businesses;
- Allow capability building initiatives by Government service providers; and
- Increase Aboriginal employment.

The ABU will provide support to Aboriginal business owners registering their businesses on the site and will be responsible for the management of the database.



During 2011-12, the SBDC continued the delivery of the Aboriginal Tourism Capacity Building program, with 15 export and market-ready Aboriginal tourism operators from across the State taking part.

Business Facilitation Services

Aboriginal Tourism Capacity Building Program 2010-11

During 2011-12, the SBDC continued the delivery of the Aboriginal Tourism Capacity Building program funded by Tourism WA.

The first phase of the program included 15 export and market-ready Aboriginal tourism operators from across the State, travelling to the South West to meet with other successful Aboriginal business owners, to observe their business practices and learn from them. Participants were also funded to attend the Australian Indigenous Tourism Conference (AITC) in Perth.

Phase two of the program primarily focused on equipping aspiring and emerging Aboriginal tourism operators with foundational business skills to assist them in establishing a viable and sustainable business.

As part of the program, 19 aspiring/emerging Aboriginal tourism businesses were also guided through a Needs Analysis process, the results of which were used to deliver a two day interactive training workshop in Perth, covering the key knowledge gaps.

Aboriginal Tourism Strategy for WA 2011 – 2015 (ATSWA) Steering Committee

The SBDC is represented on the Aboriginal Tourism Strategy Steering Committee, which has developed a strategic plan to assist and support the development of viable and sustainable Aboriginal tourism businesses in Western Australia.

Kimberley Science and Conservation Strategy

Through this strategy, the SBDC will be assisting Aboriginal communities in the Kimberley to identify and develop culture and nature-based tourism opportunities at key sites, including along the northern coast, visited by tourist cruise ships. This will be achieved by:

- Building the capacity of up to 10 existing Aboriginal tourism businesses to export ready status;
- Working with two coastal Aboriginal communities to establish tourism products to service the cruise tourism market;
- Further enhancing the tourism experience at Mimbi Caves on Mt Pierre Station.

Wiluna Regional Partnership Agreement and Many Rivers Microfinance

Together with the Department of Indigenous Affairs, the SBDC continued to support Many Rivers Microfinance in Wiluna in the 2011-12 financial period.

Throughout the year in review, 18 businesses have been provided with business development assistance in the areas of Aboriginal art, cleaning services, health and beauty, hospitality, retail and in services such as training. Two businesses have commenced trading in the Wiluna region as a result of the microfinance initiative.

Gnaarla Kaarla Booja Employment and Economic Development Agreement (GKBEEDA)

The SBDC has worked with GKBEEDA in the development of its Strategic Plan which identifies the SBDC as the lead agency in the business leadership and governance development of Aboriginal enterprises within GKB country in the South West of the State. The ABU continues to represent the SBDC at GKBEEDA stakeholder's forum meetings.

Memorandum of Understanding with Western Australian Indigenous Tourism Operators Committee (WAITOC)

A Memorandum of Understanding (MOU) has been established between WAITOC and the SBDC, based on a common interest in building a sustainable Aboriginal tourism industry in Western Australia. With Aboriginal tourism forming a unique, integral component of the industry, the MOU provides for a mutually beneficial working relationship based on that common interest.

Business Facilitation Services

Corporate Affairs and Communications

Overview

The role of Corporate Affairs and Communications is to promote the services of the SBDC and the importance of the small business sector in Western Australia, to small business and the public at large. This is achieved through public relations including a combination of marketing, advertising and editorial news stories.

In addition, the SBDC promotes the achievements of its small business clients and the small business sector at large through local, state and interstate media opportunities and through the sponsorship of small business awards programs throughout the State.

During 2011-12, the SBDC also continued to promote its services and programs, and to support the Minister's office through speechwriting and media opportunities.

Media and public relations:

During the year in review, the SBDC conducted a media campaign to support the introduction of the State's first Small Business Commissioner and the establishment of the Alternative Dispute Resolution (ADR) service.

The campaign included the use of print and radio advertising, together with direct communication with clients, personal presentations to small business stakeholder groups throughout regional and metropolitan areas, sponsorship of small business events and awards programs, social media, and increased editorial content in newspapers and magazines.

In April and May, 2012 the Commissioner visited Albany, Geraldton, Kalgoorlie and Bunbury. During the visits the Commissioner met with small business operators and key

stakeholders in each region, and media opportunities were arranged to promote SBDC services, including the new ADR service. Further visits to the north of the State will be undertaken during 2012-13.

To increase awareness of the contributions made by small business to the Western Australian economy, the SBDC referred 52 clients to newspaper and magazine journalists for editorial comments and photograph opportunities. Through ongoing media liaison of this kind, the SBDC is now well established amongst local, state and national media outlets as a reliable source of relevant, timely facts and statistics on the small business sector, as well as a ready source of leads for small business operators with interesting stories to tell.

Electronic communications

In May 2012, the SBDC increased its engagement with stakeholders through a new online e-newsletter, distributed bi-monthly. The first edition was received by 7640 small business owners, industry and business associations, chambers of commerce and industry and SBC managers .

The e-newsletter provides information on legislation and new small business programs, with the first issue covering topics including the introduction of the Australian Business Number/Business Name Register and the Carbon Tax, and changes to the Australian Consumer Law.

As at 30 June, 2012, the SBDC's Facebook page, "WA Small Business Network," had 1,678 followers, up from 1200 in June 2011.

Statistically, SBDC Facebook followers are predominantly female, aged between 25 – 44 years and from Western Australia. A small number of followers are located interstate and overseas).

The SBDC's Twitter account is currently inactive, as it was commenced solely for the purpose of the BizFit program, which has now ended.

A social media/electronic communication strategy for 2012-13 has commenced and will be further developed in 2012-13. This strategy will cover Facebook, Twitter, Google Places Page, Google Business Photos and a website for smart phone users.

Business Facilitation Services

Business presentations and awards

During 2011-12, the SBDC promoted its services by delivering a range of presentations to business and industry associations, and educational institutions.

SBDC business advisors also participated in 28 major stakeholder events delivering information and advice to more than 1,700 participants from the small business and education sectors. Events included the Western Australian CPA Annual Conference, the Franchising and Business Opportunities Expo and, in partnership with the Department of State Development and the Office of Women's Interests, the SBDC hosted an event titled "Inspiring Entrepreneurship", for women in business.

In recognition of their business skills and acumen, and to support the celebration of small business success in the State, SBDC business advisors were this year, invited to join State judging panels for high profile business contests including; Telstra Business Awards, WA Innovator of the Year Award, WA Tourism Awards and the WA Business News 40 under 40 Awards. Two SBDC business advisors are also mentoring Junior Inventors of the Year during 2012.

Small business event sponsorships

During 2011-12, sponsorship was provided to 20 small business awards programs throughout the State from Esperance to Kununurra. These programs help raise the profile of small business in regional areas, and acknowledge the significant economic contribution made by small business to the local community. Awards programs also enable the SBDC to build strong ties with a diverse range of small business organisations while reinforcing existing relationships with local chambers of commerce.

In addition, 14 small business awards programs were supported by the SBDC throughout the year, with sponsorship to the value of \$149,793.26.

**SBDC promotional materials
and publications:**

During 2011-12, approximately 82 publications, brochures, flyers, banners, signage, forms and booklets, were produced. To ensure production costs are kept to a minimum, the SBDC designs and prepares many of these requirements in-house using the graphic design and writing skills of the Corporate Affairs and Communications team.

Advertising expenditure

In accordance with Section 175ZE of the Electoral Act 1907, set out below are details of expenditure incurred during the 2011-12 financial year in relation to:

Market research organisations:	\$ 95,146.71
Advantage Communications and Marketing	\$ 17,532.91
PMR Research Group	17,490.00
Research Solutions	60,123.80
 Advertising agencies:	 238,313.67
Adcorp Marketing	26,369.37
Mitchell & Partners Australia	144,334.30
Optimum Media Decisions	65,446.75
Sensis	2,163.25
 Total expenditure for 2011-12	 \$ 333,460.38

Business Facilitation Services

GWN7 WA Regional Small Business Awards (WARSBAs)

The annual WARSBA gala awards night was held in Perth in November 2011.

The WARSBAs are designed to recognise the achievements of the regional small business sector and link with the local business awards supported by the SBDC.

The 2011 WARSBAs was attended by the Minister for Small Business and more than 250 small business operators, their families and friends, and representatives from SBCs, regional chambers of commerce, and industry, and business associations. As naming rights sponsor, GWN7 television network provided free television advertising for the WARSBAs, valued at over \$100,000.

The winners for 2011 were:

- Business of the Year – Florescence, Albany
- Best Home Based Business – Site Pics, Karratha
- Best Franchise Business – Quest Bunbury Serviced Apartments, Bunbury
- Best Business Achiever – Florescence, Albany
- Best Aboriginal Business – Portacrete SX5 Pty Ltd, Karratha
- Best Micro Business – Derby Auto Electrical and Airconditioning, Derby
- Best Business with 5-10 employees – The Jetty Restaurant, Jetz Car Hire & Aroma Sea Day Spa, Esperance
- Best business with 10-20 employees – Shoal Air Pty Ltd, Kununurra

The Western Australian Regional Small Business Hall of Fame Inductee for 2011 was Mr Denis Wade from Carnarvon who was recognised for his outstanding service to small business through his work as Manager of the Small Business Centre, Gascoyne (Carnarvon).



Small Business Minister Hon. Simon O'Brien, with winners of the 2011 Small Business of the Year Award, Charles and Lee Reynolds of Florescence, Albany and Shauna Willis, GWN7.

Corporate Resources

(Incorporating financial and physical resources, information resources, human resources, online resources.)

Role and Function

The Corporate Resources team assists in the achievement of the SBDC's goals through the provision of a comprehensive support function comprising:

- financial management including budgeting and accounting services;
- human resource management;
- online services management;
- information technology infrastructure management;
- facilities management including assets, fleet, accommodation and procurement;
- records, library and information management services; and
- administration.

Department of Finance, Office of Shared Services

In July 2011, the State Government announced that it was to accept the recommendations of the Western Australian Economic Regulation Authority to decommission the Office of Shared Services. The decommissioning project involves returning the provision of corporate services to client agencies and will run over a two year period. To achieve maximum economies of scale for the project, agencies have been clustered together where synergies exist in their size and functionality. The SBDC has been clustered with Tourism WA. A project team and Steering Committee, represented by the head of Corporate Services from both agencies, has been established to progress the decommissioning project.

It is a requirement for all clustering arrangements to prepare a Business Case that covers the full scope and period of the agency's decommissioning project.

The Business Case breaks down the resourcing needs (personnel and cost) into four project stages – Planning and Sourcing; Implementing; Transitioning; and Operational.

During 2011-12, regular fortnightly project meetings have been held to inform the content of the Business Case, including most recently the identification of finance and payroll systems suitable to both agencies. The cluster is scheduled to roll out of Shared Services between April and June 2013.

Investing in Our Workforce through Training and Development

The SBDC aims to develop and maintain an ethical, professional and skilled workforce and is committed to the provision of suitable, timely and relevant development opportunities for all staff.

This year, the SBDC supported employee development by:

- Conducting the Accountable and Ethical Decision-Making program for all staff. This training is designed to raise levels of awareness on issues relating to accountable behaviour and ethical decision making in the Western Australian public sector. The program provides participants with information about accountability requirements so they are equipped to deal with everyday situations. The training is very engaging, using scenarios to underpin the content under each module.

- Providing all SBDC staff with training in the foundations of alternative dispute resolution in response to the establishment of the new ADR service.
- Encouraging SBDC's business advisors to attend training and workshops to maintain their contemporary knowledge and awareness of developing trends in the sector. During 2011-12, this has included workshops and training on: dealing with commercial tenancy disputes; supply chain management; fashion; contractor and labour hire issues; franchising; and financial management for multicultural clients.

The SBDC has also continued to provide secondments and acting opportunities for staff where appropriate, to enhance skills and career development. The implementation of the Corporation's workforce plan in 2012-13 will also assist further staff development through formalised initiatives.

Occupational Safety and Health (OSH)

The SBDC is committed to ensuring that its activities are carried out with full regard for the health, safety and welfare of employees, contractors and the public. Following the move to 140 William Street, employees have continued to receive ergonomic assessments to ensure workstations are set up to allow for optimal performance and comfort. Recommendations from the assessments have been implemented wherever appropriate across all sections.

The SBDC uses the WorkSafe Plan where applicable, to guide a systematic way of measuring how effectively OSH is being managed. The WorkSafe Plan has five elements, each of which has a standard of performance expected for that element. The five elements are:

- Management commitment;
- Planning;
- Consultation and reporting;
- Hazard management; and
- Training and supervision.

The aim of SBDC's OSH risk management is to identify, assess and control hazards as part of its duty of care to ensure employees are not exposed to hazards at the workplace. Following the move to 140 William Street, detailed risk assessments were carried out on a number of potential risk areas, including the outdoor facility adjacent to the SBDC tenancy, to ensure employees could safely enjoy this area during lunch breaks and organised functions. The assessment identified all potential hazards and associated risks which were subsequently minimised through the implementation of controls.

The objective is to prevent work related injury and illness and to create a working environment which maximises the effectiveness of each employee. To achieve this, the full cooperation of every member of staff is essential.

The SBDC promotes a positive OSH culture to all staff members, including contractors, through a full induction that includes an awareness of:

- The OSH management system and policy;
- Hazard identification and accident/ incident reporting;
- Location of first aid kits;
- Contact names of first aid officers;
- Injury management system and policy; and
- Evacuation procedures.

It is SBDC policy to comply with all provisions of the Occupational Safety and Health Act 1984, and its associated regulations and the "Code of Practice: Occupational Safety and Health in the Western Australian Public Sector".

Consultative Mechanisms

The Corporation recognises that consultation, communication and cooperation between managers and employees are the key components to providing and maintaining a safe and healthy workplace.

Manager and employee involvement in the process of identifying hazards and assessing and controlling the risks ensures that:

- the risks from hazards are identified because employees are most likely to know about risks associated with their work;
- employees have a commitment to this process and any changes, such as the implementation of hazard control measures; and
- injuries and incidents are eliminated or at least minimised.

A consultative process is provided through regular All Corporation meetings, team meetings, workplace inspections and by individual incident reporting. The OSH Management System, Injury Management System and related policies are made available to all staff via the extranet.

Corporate Resources

Safety and Health Representatives

Safety and health representatives are an effective workplace mechanism for providing participation and improved consultation between employers and employees. They are important to represent fellow workers and carry out specific functions related to OSH, including incident and hazard reporting and investigation.

During October 2011, the Human Resources Coordinator attended a five day Introductory Course for Safety and Health Representatives. The course covered OSH Legislation, Workplace Inspections and Investigations, Hazard Identification and Risk Management, and Communication on Safety and Health Matters.

Injury Management System

Indicator	2010-11 Actual	2011-12 Target	2011-12 Result
Number of fatalities	0	0	0
Lost time injury/disease (LTI/D)	0	0 or 10% reduction on previous year	Maintained zero result
Lost time injury/disease severity rate	0	0 or 10% improvement on previous year	Maintained zero result
Percentage of injured workers returned to work within (i) 13 weeks and (ii) 26 weeks.	100%	100%	n/a no injured workers
Percentage of managers trained in occupational safety, health and injury management responsibilities	72.7 %	Greater than or equal to 50%	Achieved, 86% of Directors and Managers received training in OHS and injury management.

The Injury Management System has been developed to support the SBDC's Injury Management Policy and is fully compliant with the requirements of the Workers' Compensation and Injury Management Act 1981.

Corporate Resources

Workers' Compensation

The SBDC applies a practical claims management approach to injury management and rehabilitation. To 30 June, 2012, no workers' compensation claim was lodged and there was no lost time.

Information on how to lodge a workers' compensation claim is provided by the Human Resources Coordinator and Director of Corporate Resources on a proactive basis following the reporting of any OSH incidents.

Promoting Employee Health and Wellbeing

To promote and encourage employees to adopt a more active lifestyle, a team of SBDC employees participated in the Walk Over October - Corporate Walking Challenge 2011. The overall objective of the challenge, which was organised by the Department of Transport, was to replace some of the 90 million private car trips (of less than one kilometre) made each year in Western Australia with walking.

In addition, over twenty employees participated in the 2011 City to Surf for Activ fun run event. The SBDC team entered the running and walking categories over 4km, 12km and the half marathon.

As part of the SBDC employee wellness program, influenza vaccinations were provided free of charge to all staff. During 2011-12, the SBDC also continued to fund the Employee

Assistance Program (EAP) through the ORS Group which provides access for all employees and their immediate family to confidential professional counselling services for personal and/or work related issues.

Throughout 2011-12, the SBDC continued with a weekly fruitbox delivered to the office. This initiative has proved popular with staff both as a health benefit and as an incentive to adopt healthier eating habits.

In the coming year, the SBDC plans to work collaboratively with other agencies in introducing more combined health and wellbeing programs for its staff.

Internal Audit

The Internal Audit function focuses on the effectiveness of the key processes and controls maintained by the Corporation in order to satisfy the compliance requirements of the Financial Management Act 2006 (FMA) and applicable Treasurers Instructions (TIs). The audit program provides assurance to the SBDC Board and management regarding the quality, reliability, adequacy and integrity of the systems of internal control, compliance and reporting.

For 2011-12, the internal audit program focussed on the processes and procedures operating within the following key functions:

- Revenue and accounts receivable;
- Expenditure and accounts payable;
- Payroll;
- Fixed assets; and
- Purchasing and contracting.

A health check was undertaken of compliance with other aspects of the FMA and applicable TIs not incorporated in the five key functions noted above.

The internal audit also considered those processes and procedures performed on behalf of the SBDC by the Office of Shared Services, however testing of controls and transactions was limited to activity controlled by the SBDC.

Corporate Resources

Pricing Policies

Commencing in 2011-12, the SBDC introduced an Alternative Dispute Resolution (Mediation) fee. Section 15(G) of the Small business Development Corporation Act 1983 provides for costs of an Alternative Dispute Resolution (ADR) proceeding to include the fees and expenses of the facilitator, which will be determined by the Small Business Commissioner (Commissioner). Further, the costs of the ADR proceeding are to be paid by the parties in equal shares or, with the approval of the Commissioner, as otherwise agreed by the parties. The fees for disputing parties are set at \$125 per party to the ADR, and will represent a partial cost recovery for Government. The total cost of the ADR is currently set at \$900 with the SBDC subsidising the difference between the ADR cost (\$900) and fees received (\$250). Given that there will usually be

only two parties to a dispute, the Government subsidy will most often amount to \$650 per dispute.

In 2009-10, application fees were introduced for business migrants seeking State sponsorship to relocate to Western Australia. The fees were established on the basis of:

- Part cost recovery, and
- Ensuring only genuine business migrants intending to come to Western Australia are applying for State sponsorship. The fee also acts to discourage multiple applications from business migrants to State and Territory governments around Australia.

The Corporation also runs subsidised small business workshops to build business skills and increase management expertise. Fees for these workshops are set at reasonable levels to encourage attendance by existing and intending small business operators.

The Corporation's fees and charges are reviewed annually as part of the budget process.

Websites

Overview:

The SBDC website is maintained by in-house resources with new information, tools, templates and guides continually added to enhance the range of online resources available for potential and existing small business operators in Western Australia.

Outcome:

During 2011-12, a very significant increase in the number of visitors to the main SBDC website has been achieved, with the number of clients spending four minutes or more increasing by 47 per cent.

Ensuring the extensive range of online information is readily discoverable to small businesses has been an ongoing focus for the SBDC. During 2011-12, this has been achieved by improving user friendly layout and writing style in

addition to prominence in search engine discoverability. In the last year, 73% of visitors to www.smallbusiness.wa.gov.au came via a search engine such as Google.

A new online tool to support the SBDC's Tourism BOOST program was also developed to assist aspiring and existing Western Australian tourism operators. (See page 32 for details of the program.)

As part of a Federal Government initiative to reduce red tape and make it easier for businesses to interact with government online, the SBDC has developed and implemented an online application form for parties seeking to participate in mediation under the Alternative Dispute Resolution service.

Information technology

During 2011-12, a Client Relationship Management (CRM) system was developed and implemented to replace the SBDC's outdated client information systems and better meet client information records requirements for the ADR service.

It is expected that the CRM will provide a more accurate and holistic view of client interactions with the SBDC; and enable more targeted delivery of information and communications to clients and stakeholders. The new CRM will commence operation in July 2012.

Financial Targets

	2011-12 (1) Target \$'000	2011-12 Actual \$'000	Variation (2) \$'000
Total cost of services (expense limit) (Sourced from Statement of Comprehensive Income)	12,837	13,685	848 (a)
Net cost of services (Sourced from Statement of Comprehensive Income)	12,010	12,371	361 (b)
Total equity (Sourced from Statement of Financial Position)	896	1,910	1,014 (c)
Net increase in cash held. (Sourced from Statement of Cashflows)	406	252	(154)
Approved Full Time Equivalent (FTE) Staff Level	57	48	9 (d)

- (1) As specified in the 2011-12 Budget Statements (Budget Paper No 2 Volume 2) Pages 470-477
- (2) Further explanations are also contained in Note 35 "Explanatory Statement" to the financial statements.

- (a) The variance relates to additional grants expense for a Drought Relief program and higher than expected costs for office accommodation, travel and other professional services.
- (b) Offset against the variance in (a) above is unbudgeted income which was received from the Department of Agriculture and Food for the Drought Relief program.
- (c) The variation is due mainly to a greater than expected surplus for the year.
- (d) The reduction relates to 4 staff severances early in the reporting period together with a number of positions remaining vacant throughout.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

SMALL BUSINESS DEVELOPMENT CORPORATION

Report on the Financial Statements

I have audited the accounts and financial statements of the Small Business Development Corporation.

The financial statements comprise the Statement of Financial Position as at 30 June 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Corporation's Responsibility for the Financial Statements

The Corporation is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Corporation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Corporation, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Small Business Development Corporation at 30 June 2012 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Independent Audit Opinion

Report on Controls

I have audited the controls exercised by the Small Business Development Corporation during the year ended 30 June 2012.

Controls exercised by the Small Business Development Corporation are those policies and procedures established by the Corporation to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Corporation's Responsibility for Controls

The Corporation is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Small Business Development Corporation based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Corporation complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the controls exercised by the Small Business Development Corporation are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2012.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Small Business Development Corporation for the year ended 30 June 2012.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Corporation's Responsibility for the Key Performance Indicators

The Corporation is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Corporation determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

Independent Audit Opinion

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the key performance indicators of the Small Business Development Corporation are relevant and appropriate to assist users to assess the Corporation's performance and fairly represent indicated performance for the year ended 30 June 2012.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Small Business Development Corporation for the year ended 30 June 2012 included on the Corporation's website. The Corporation's management are responsible for the integrity of the Corporation's website. I have not been engaged to report on the integrity of the Corporation's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL ASSURANCE SERVICES
Delegate of the Auditor General for Western Australia
Perth, Western Australia
27 August 2012

Certification of Performance Indicators

CERTIFICATION OF KEY PERFORMANCE INDICATORS

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Small Business Development Corporation's performance, and fairly represent the performance of the Small Business Development Corporation for the financial year ended 30 June 2012.



R MOUNTNEY
CHAIRMAN



D. EATON
SMALL BUSINESS COMMISSIONER

24 AUGUST 2012

Key Performance Indicators

Performance Indicators

The Small Business Development Corporation (SBDC) operates under the broad high level government strategic goal *“to responsibly manage the State’s finances through the efficient and effective delivery of services, encourage economic activity and reduce regulatory burdens on the private sector”*. To meet this goal, SBDC’s mission is *“to create opportunity and wealth for small to medium sized businesses in Western Australia”*.

SBDC’s outcome and services that link with this government goal are shown in the table below.

Government Goal	Desired Outcome	Services
Financial and Economic Responsibility: Responsibly managing the State’s finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.	Development of new and existing small business in Western Australia.	Information, guidance, referral and business development services.

In 2011-12, SBDC achieved this desired outcome by:

The provision of specialised information, referral and business facilitation services for the effective development of enterprises in Western Australia.

The following outlines the key effectiveness and efficiency indicators that have been developed to measure SBDC’s performance.

Key Effectiveness Indicators

The effectiveness of the SBDC in meeting its *outcome* is measured by:

- Client surveys with key stakeholder groups, namely:
 - Small business owners - those who are already operating their own business; and
 - Small business starters - those planning or contemplating operating a business in the future.
- The impact of migration to the State, namely:
 - New businesses planned by business migrants.

Client opinion of the services provided by SBDC

The SBDC provides a range of small business services to those in business as well as those planning on starting or buying a business. (Refer Report on Operations for details of these services). The SBDC also provides core business facilitation services in major centres across the State through the provision of funding for the network of 25 Small Business Centres (SBCs). The effectiveness of small business services is measured by client surveys of those who have contacted the SBDC and SBCs during 2011-12.

Key effectiveness indicators used to measure SBDC's performance in achieving its desired outcome are subject to regular review, with indicators refined to reflect the services delivered to key client groups.

Key effectiveness indicators are:

- Usefulness of the information and guidance provided (asked of all client contacts surveyed);
- Contribution the service made to an informed decision to start or buy a business (asked only of those who were planning or contemplating starting or buying a business);
- The extent the information or guidance benefited the operations of the business (asked of all business clients who had met with a SBC manager or with a SBDC adviser); and
- The value of the guidance or information received (asked of all business clients who had met with a SBC manager, had visited the Business Information Centre or met with a SBDC adviser).

Key Performance Indicators

The measures reported below are based on two telephone surveys conducted during 2011-12 of random samples of SBDC and SBC clients. They have been carried out by an independent market research company to ensure maximum objectivity¹. Results from an evaluation of all those who had attended workshops at the SBDC were also taken into account where appropriate.

The effectiveness measures reported below combine the client scores of both the SBDC and the SBC network. High customer satisfaction with services has been maintained over several years with indicators measured in 2011-12 showing no statistically significant shifts at the 95% confidence level in comparison with the previous three years.

¹ *The performance evaluation for 2011-12 where clients were contacted by telephone was undertaken by Advantage Communications and Marketing. Telephone surveys were undertaken with random selections of clients who had directly sought information and guidance during 2011-12. 661 client surveys were achieved to give a maximum standard error ratio of + / - 3.7% at the 95% confidence level. Overall, 87% of respondents contacted agreed to participate in the survey. The valid sample for each service area was as follows:*

Table 1: Summary of clients surveyed as part of SBDC's 2011-12 performance evaluation.

Clients - Direct advice	Business Operators			Business Starters			Total Sample		
Year	2009-10	2010-11	2011 -12	2009-10	2010-11	2011 -12	2009-10	2010-11	2011-12
<i>Small Business Services</i>	112	107	138	88	93	68	200	200	206
<i>Business Information Centre</i>	36	45	66	164	155	139	200	200	205
<i>Workshop attendees¹</i>	547	503	305	954	1272	631	1501	1775	936
<i>Small Business Centres</i>	53	136	148	147	114	102	200	250	250
Total	748	791	657	1353	1634	940	2101	2425	1597

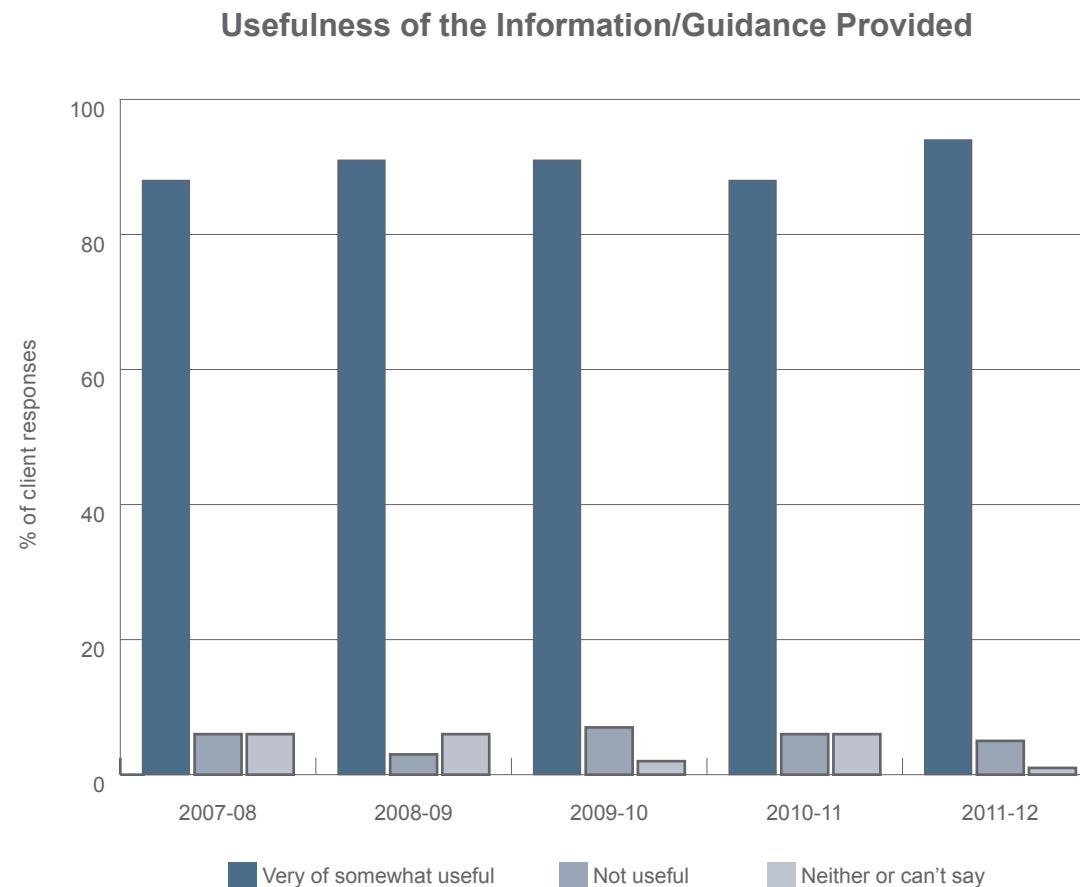
¹All 1,076 who had attended a Program Workshop at the SBDC in 2011-12 were asked to complete an evaluation at the end of the workshop, with 936 (or 87%) of all attendees completing a survey form and nominating if they were in business or planning or contemplating starting a business. For 2011-12, a number of the Corporation's normal workshops were ceased pending the outcome of a review of the workshop program undertaken during the year. This resulted in a reduction in the number of workshop attendees.

Key Performance Indicators

Usefulness of the information or guidance provided

All clients surveyed were asked –
“How would you rate the usefulness of the information / guidance provided to you?”

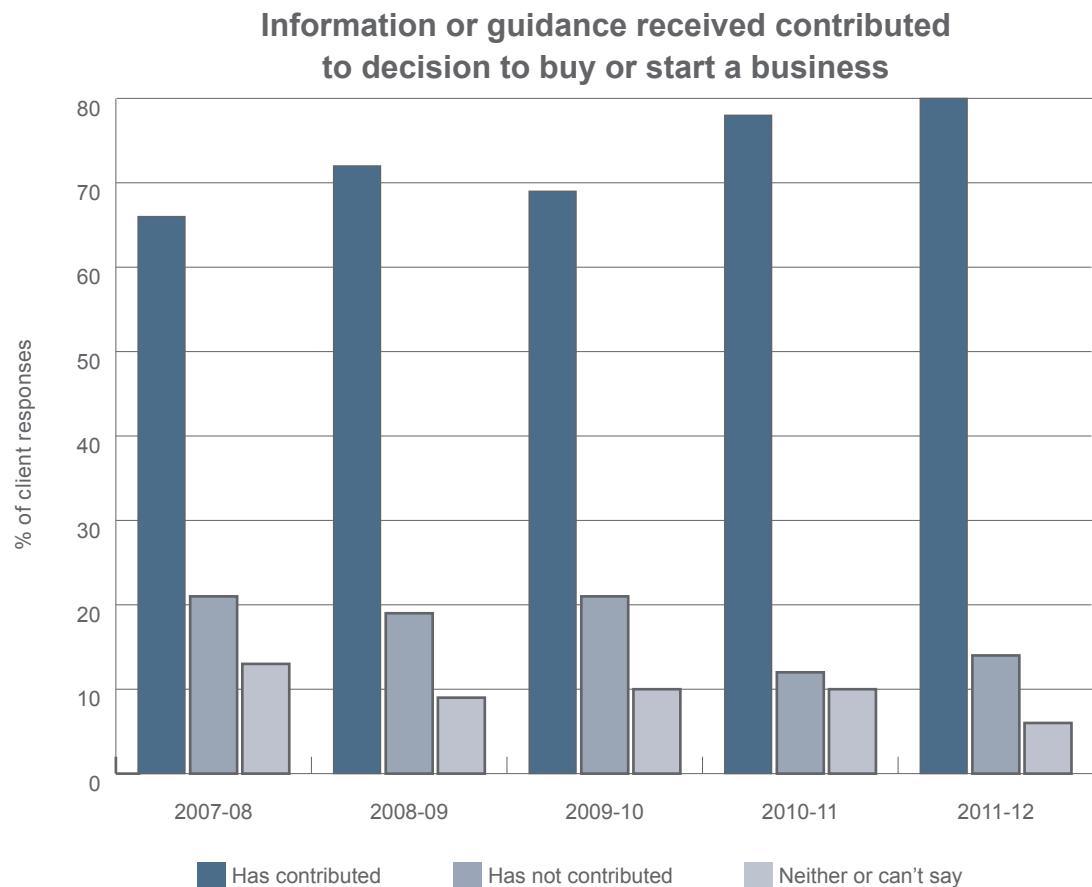
The evaluation showed the usefulness of the information / guidance provided to both business starters and established operators has increased significantly against previous years, with 94% of clients rating it as very or somewhat useful in 2011-12 compared to 88% in 2010-11 and 2007-08, and 91% in 2009-10 and 2008-09. The target for 2011-12 was 90%.



Contribution of service to start-up decisions

All clients interviewed who were either contemplating, planning or in the process of starting or buying a business were asked – *“Would you say your contact with the SBDC / SBC directly contributed to you making an informed decision about starting or buying your business?”*

There was a minor increase compared to the last year in the number of business starters who believed the services of the SBDC / SBCs had directly contributed to their decision to start or buy a business. In 2011-12, 80% gave a positive response compared to 78% in 2010-11, 69% in 2009-10, 72% in 2008-09 and 66% in 2007-08. The target for 2011-12 was 72%.



Key Performance Indicators

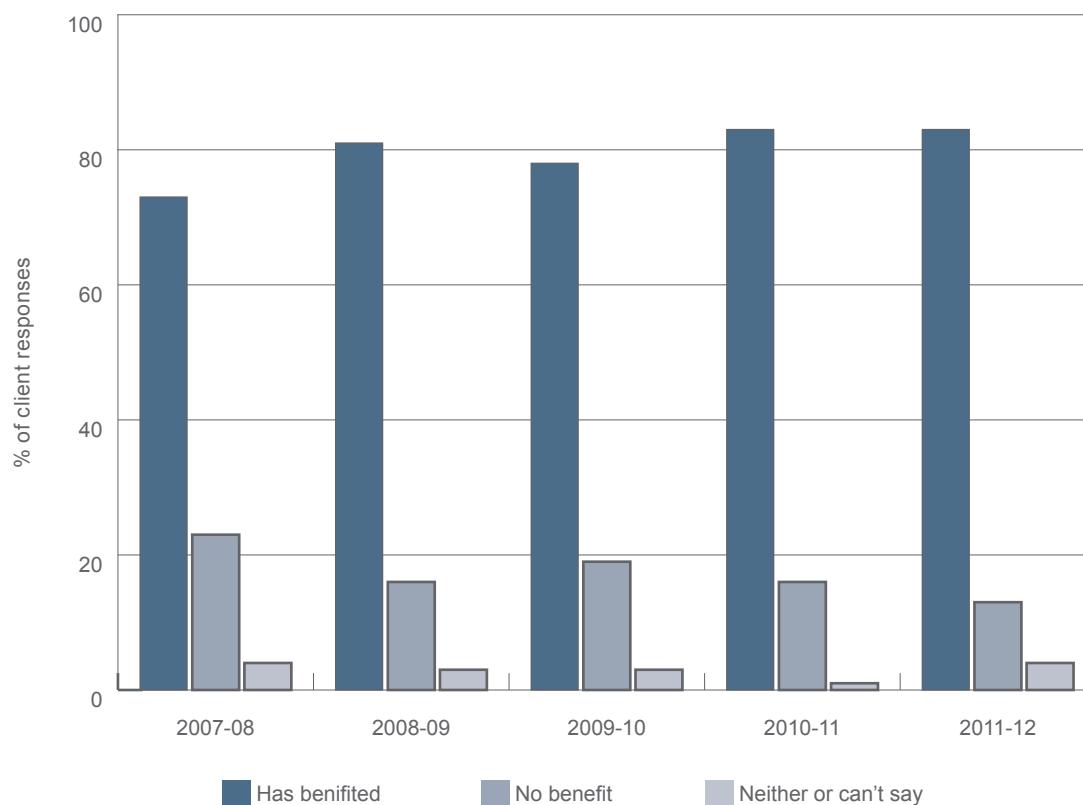
The benefit of the information or guidance received on business operations

All clients who were in business and had met with a Small Business Centre manager or a SBDC adviser (that is they had longer than a brief telephone conversation) were asked:

“To what extent has the information or guidance received benefited the operations of your business?”

Overall, 83% of business owners said the information or advice had benefited the operations of their business to a great, or to some extent. This is consistent with 2010-11 and represents an increase against the results achieved in 2009-10, 2008-09 and 2007-08 (78%, 81% and 73% respectively). The target for 2011-12 was 80%.

If information/guidance benefited business operations



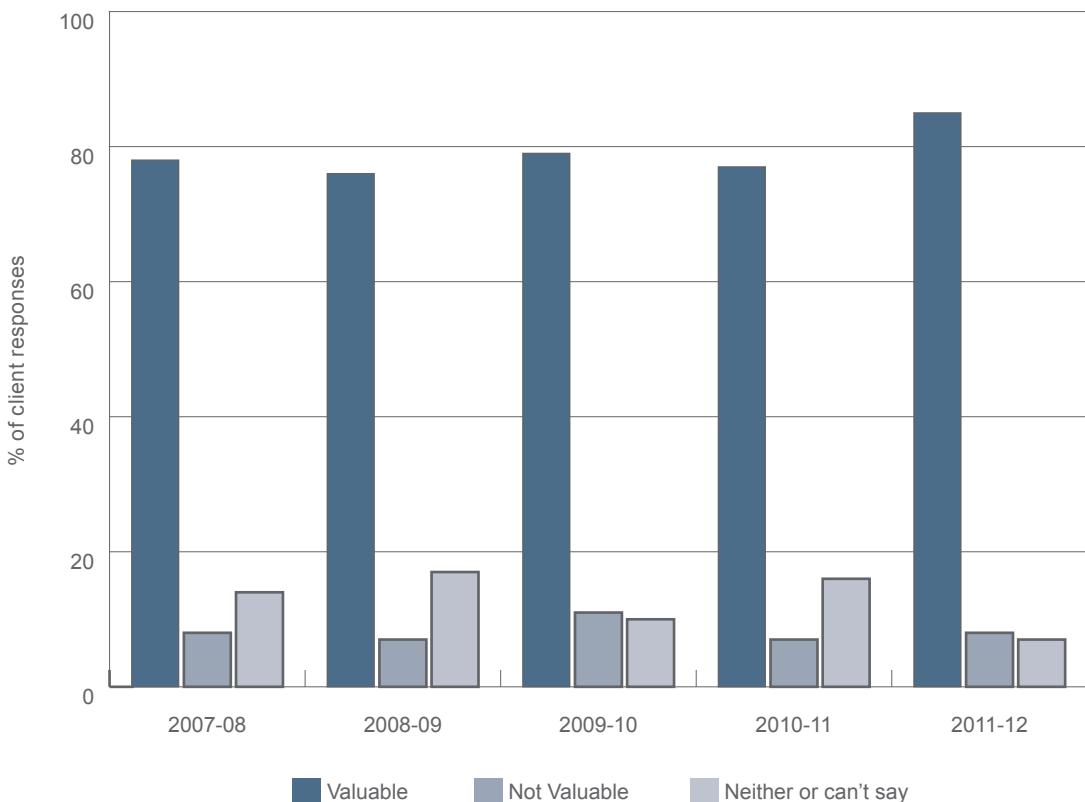
Value of the information / guidance received

All business clients interviewed who had met with a Small Business Centre manager or a SBDC adviser or had contacted the Business Information Centre were asked:

“How would you rate the value of the information or guidance you received?”

Overall, 85% of those surveyed said they valued the information or guidance received which is a significant increase on the results achieved in 2010-11 (77%), 2009-10 (79%), 2008-09 (76%) and 2007-08 (78%). The target for 2011-12 was 80%.

Value of the information or guidance received



Key Performance Indicators

Impact of Business Migration on the State - Business Migration Program

The key role of the Business Migration Program is to attract business migrants to Western Australia to invest in its economic growth and development.

The Program is a successful investment attraction initiative for Western Australia and business migrants make a significant contribution to the State's economic prosperity by being a leading source of new capital investment, business establishment, export income and employment generation.

In 2011/12, the SBDC granted State nomination for 448 new business migrants, and registration for a further 12 new business migrants for a non nominated visa from China, South Africa, the UK, Malaysia, Singapore and 35 other countries to invest in Western Australia.

From 1 July 2011 to 30 June 2012, 170 business migrants granted permanent residency visas finalised their investment in Western Australia.

The table below shows the confirmed economic benefit of the business migration program to Western Australia for this period and the impact on the State's economy for the financial year under review.

Table 1: Confirmed WA Investment from Permanent Residency Business Visa Holders

Business Migration	2008-09	2009-10	2010-11	2011-12
Total Capital Inflow	\$221,299,736	\$267,664,550	\$293,437,685	\$304,524,805
Capital In Business	\$65,213,071	\$71,889,383	\$109,194,262	\$104,316,671
WA Treasury Bonds	\$6,000,000	\$12,000,000	\$18,750,000	\$21,000,000
Jobs Created	447	254	227	145
Businesses Exporting	18	30	20	21

Businesses established by migrants with confirmed investments range across the full spectrum of business activity in the State. Export businesses are, in the main, focused on agriculture and mining sectors.

Key Performance Indicators

Customer Service Index

The Customer Service Index was introduced to measure the extent to which the SBDC and the SBC network satisfied customer enquiries and requests for assistance. Questions asked were included in the Performance Evaluation Survey. The Customer Service Index comprises five individual performance indicators focusing on both the process and outcomes of providing services to clients.

The Customer Service Index rating of 92% in 2011-12 compares favourably against the scores achieved in the previous years (90% in 2010-11, 91% in 2009-10, 92% in 2008-09 and 87% in 2007-08). The target for 2011-12 was 91%.

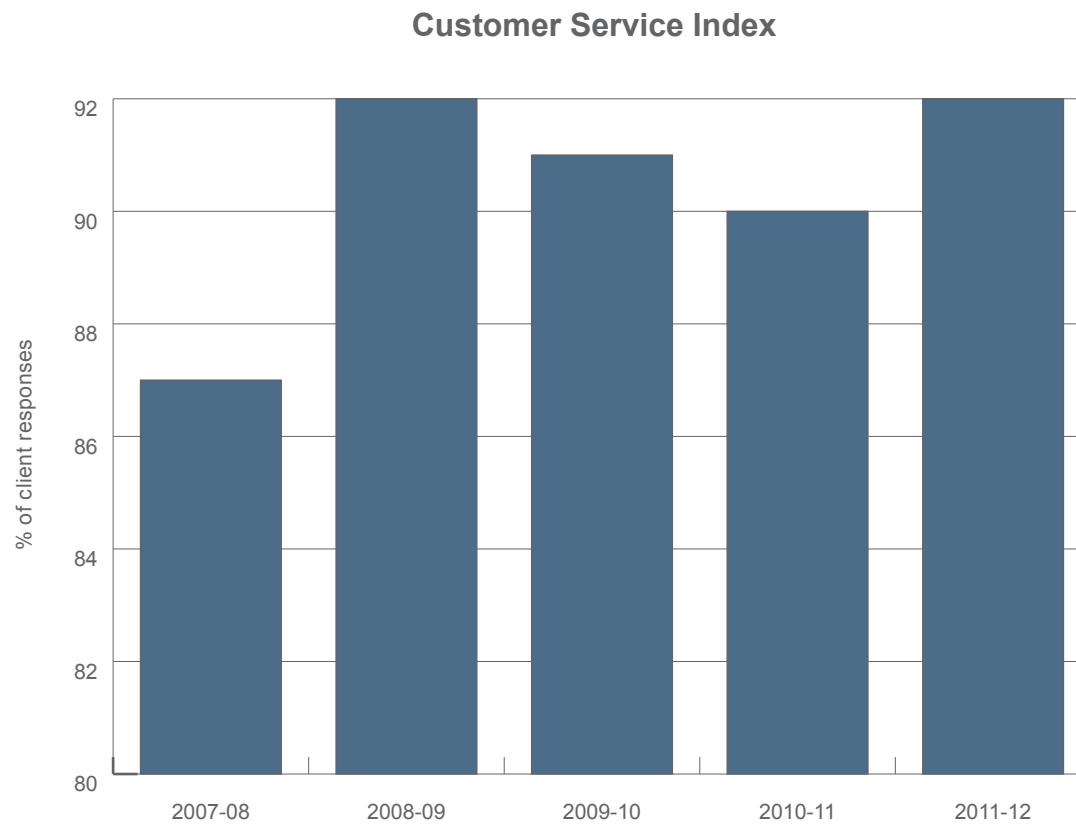


Table 2: Indicators showing the positive response that comprise the Customer Service Index over the last five years along with the target for 2011-12 are shown in the table below.

	2007-08 %	2008-09 %	2009-10 %	2010-11 %	2011-12 %	2011-12 Target
Usefulness: How useful was the information and guidance provided to you?	88	91	91	88	94	90
Business operations: To what extent has the information or guidance received benefited the operations of your business?	73	81	78	84	83	80
Access: Would you describe the task of accessing the service as being easy or difficult?	91	96	93	94	94	95
Service: How would you rate the overall level of customer service provided by the staff?	91	96	95	93	94	94
Repeat: Would you use the service(s) again if the need arose?	93	94	96	93	94	94
Customer Service Index	87	92	91	90	92	91

Key Performance Indicators

Efficiency Indicators

Efficiency Indicators	2011-12 Target	2011-12 Actual		2010-11	2009-10	2008-09	2007-08
Cost for direct client contacts		\$7,118,474					
Number of direct client contacts / equivalents ²	\$20.26	218,648	\$32.56	\$34.20	\$25.73	\$18.87	\$23.97
Cost of indirect client contacts		\$234,562					
Number of indirect client contacts ³	\$2.25	71,465	\$3.28	\$3.22	\$ 2.34	\$2.36	\$2.20
Cost of SBC services ⁴		\$4,844,285					
Number of SBC client contacts	\$85.92	50,359	\$96.20	\$92.00	\$75.81	\$84.81	\$95.01
Policy Advice ⁵	\$1,416,071	\$1,487,976	\$1,292,736	\$1,322,430	\$1,254,049	\$1,384,579	

The target for 2011-12 is as published in the 2011-12 Budget Statements (Budget Paper No 2 Volume 2) Page 470.

Efficiency Indicators relate outputs to the level of resource inputs required to produce them. The key efficiency indicators for SBDC's one Output are set out on page 100.

OUTPUT: Information, Guidance, Referral and Business Development Services

Provision of specialised information, referral and business facilitation services for the effective development of enterprises in Western Australia.

Four Efficiency Indicators are provided. The score for each Indicator as well as the comparative scores set in 2010-11, 2009-10, 2008-09 and 2007-08 along with the target for 2011-12 are set out on page 100.

² Number of direct client contacts is as specified in the Output Measures (refer Report on Operations) namely: Clients – **direct advice** (208,783) plus the number of '**equivalent direct clients**' serviced through the provision of grant money (9,865) equals 218,648

Explanation:

Direct client contacts have contacted the SBDC for guidance or information either by a personal visit, by telephone or have visited SBDC web-sites for four minutes or more, or the BLIS web-site for two minutes or more.

Grants are given under the Dry Seasons Assistance Scheme (DSAS), Drought Relief Program (DRP), Margaret River Fire Relief (MRFR) and the Indigenous Capacity Building Program (ICBP). The DSAS and DRP provide funding to assist small businesses to deal with the effects of, and build resilience to, the extremely dry seasonal conditions through access to accounting, legal or financial advice. The MRFR supported small businesses directly affected by the November 2011 fires. The ICBP was developed to build the capacity, quality and consistency of Aboriginal tourism experiences in the State by providing direct funding assistance to operators for marketing collateral, physical resources/equipment, staff training/development and professional services.

During 2011-12 the SBDC made 248 grants at a total cost of \$493,301 resulting in an average grant per small business of \$1,989.12. Assuming the average hourly rate for the services of a private sector consultant is \$100, the grant money provides each client with approximately 19.89 hours of consultant's time (\$1,989.12 / 100). From SBDC records, each SBDC consultant sees on average two clients per hour. Therefore the number of '**direct client contacts equivalent**' is 19.89 (consultant hours) x 2 (clients per hour) x 248 (grants given) = 9,865 '**direct clients equivalent**'.

The increased cost per direct client contact between the 2011-12 target and actual result relates to unbudgeted grants under the Drought Relief Program and additional costs (notional) for accommodation services provided by the Department of Finance and legal advice by the Department of the Attorney General.

³ **Indirect client contacts** are exposed to a range of advisory, information, referral and business services that would impact on their growth and business development. These include 30,377 who have attended Award Functions, Expos or other Forums which SBDC has organised, has been the major sponsor where the focus has been on business development, or where an SBDC representative has given an address on small business matters. **Indirect client contacts** also include the 41,088 occasions SBDC web sites have been browsed for between two and four minutes. The increased cost per indirect client contact generally relates to additional staffing costs for corporate communications and marketing of events.

⁴ **SBC client contacts.** In 2011-12 a total of 50,359 client assists were recorded, compared to 51,708 in 2010-11. The reduction in the number of client assists together with an increase in operational funding and other program costs in 2011-12 has resulted in an increase in the cost per SBC client contact against the 2010-11 outturn and 2011/12 target.

⁵ **Policy advice** includes policy submissions, investigative research, ministerial correspondence, industry liaison and small business sector advocacy. The cost of policy advice includes salaries and related staffing costs and all other direct costs associated with the Policy and Advocacy section of the SBDC, together with a notional allocation of corporate overhead costs. The variation between the 2011-12 actual and target is generally the result of additional salary costs associated with the payment of two (2) redundancies during the reporting period.

Certification of Financial Statements

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

The accompanying financial statements of the Small Business Development Corporation have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2012 and the financial position as at 30 June 2012.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

R MOUNTNEY
CHAIRMAN

R. BUTTSWORTH
CHIEF FINANCE OFFICER



D. EATON
SMALL BUSINESS COMMISSIONER

24 AUGUST 2012

Financial Statements

	Note	2012	2011
		\$	\$
<u>Statement of Comprehensive Income (for the year ended 30 June 2012)</u>			
COST OF SERVICES			
Expenses			
Employee benefits expense	6	5,261,966	4,839,907
Supplies and services	7	3,768,459	3,534,255
Depreciation and amortisation expense	8	62,249	315,322
Communications expense		100,941	135,082
Maintenance expense		39,372	48,275
Grants and subsidies	9	4,084,083	3,830,466
Cost of sales	10	13,633	24,532
Loss on disposal of non-current assets	11	0	3,591
Other expenses	12	354,594	343,541
Total cost of services		<u>13,685,297</u>	<u>13,074,971</u>

	Note	2012	2011
		\$	\$
Income			
Revenue			
User charges and fees	13	314,648	304,829
Sales	10	24,844	46,672
Grants and contributions	14	629,000	254,605
Interest revenue	15	126,739	72,762
Other revenue	16	218,617	408,840
Total Revenue		1,313,848	1,087,708
Total income other than income from State Government		1,313,848	1,087,708
NET COST OF SERVICES		12,371,449	11,987,263
Income from State Government			
Service appropriation	17	12,751,000	12,115,000
Resources received free of charge		140,761	9,474
Total income from State Government		12,891,761	12,124,474
SURPLUS FOR THE PERIOD		520,312	137,211
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		520,312	137,211

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Financial Statements

	Note	2012	2011
		\$	\$
Statement of Financial Position (as at 30 June 2012)			
ASSETS	Note	2012	2011
		\$	\$
Current Assets			
Cash and cash equivalents	18,29	3,180,191	2,995,674
Restricted cash and cash equivalents	19,29	67,494	0
Inventories	10	14,808	18,131
Receivables	20	260,947	213,279
Amounts receivable for services	21	60,000	116,000
Other current assets	22	50,202	109,632
Total Current Assets		3,633,642	3,452,716
Non-Current Assets			
Amounts receivable for services	21	290,000	139,000
Furniture, plant and equipment	23	29,458	38,206
Intangible assets	24	10,242	48,188
Total Non-Current Assets		329,700	225,394
TOTAL ASSETS		3,963,342	3,678,110

	Note	2012	2011
		\$	\$
LIABILITIES			
Current Liabilities			
Payables	26	675,481	822,297
Provisions	27	1,073,847	1,056,174
Total Current Liabilities		1,749,328	1,878,471
Non-Current Liabilities			
Provisions	27	303,682	409,619
Total Non-Current Liabilities		303,682	409,619
TOTAL LIABILITIES		2,053,010	2,288,090
NET ASSETS			
		1,910,332	1,390,020
EQUITY			
Contributed equity	28	940,885	940,885
Accumulated surplus		969,447	449,135
TOTAL EQUITY		1,910,332	1,390,020

The Statement of Financial Position should be read in conjunction with the accompanying notes.

	Note	Contributed equity	Accumulated surplus	Total equity
Statement of Changes in Equity (for the year ended 30 June 2012)		\$	\$	\$
Balance at 1 July 2010	28	862,885	311,924	1,174,809
Total comprehensive income for the period		0	137,211	137,211
Transactions with owners in their capacity as owners:				
Capital appropriations		78,000	0	78,000
Balance at 30 June 2011		940,885	449,135	1,390,020
Balance at 1 July 2011		940,885	449,135	1,390,020
Total comprehensive income for the period		0	520,312	520,312
Balance at 30 June 2012		940,885	969,447	1,910,332

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Financial Statements

	Note	2012	2011
		\$	\$
Statement of Cash Flows (for the year ended 30 June 2012)			
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		12,656,000	11,984,000
Capital appropriation		0	78,000
Holding account drawdowns		0	122,000
Net cash provided by State Government		12,656,000	12,184,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(5,135,780)	(4,704,335)
Supplies and services		(3,798,073)	(3,021,388)
Communication expense		(113,753)	(112,309)
Maintenance expense		(36,028)	(51,525)
Grants and subsidies		(4,053,599)	(3,729,265)
GST payments on purchases		(771,286)	(679,247)
Other payments		(577,501)	(289,863)

	Note	2012	2011
		\$	\$
Receipts			
Sale of goods and services		24,409	46,604
User charges and fees		314,648	304,829
Grants and contributions		629,000	254,605
Interest received		137,677	40,953
GST receipts on sales		63,576	63,395
GST receipts from taxation authority		705,436	646,061
Other receipts		222,840	512,636
Net cash used in operating activities	29	(12,388,434)	(10,718,849)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(15,555)	(23,370)
Receipts			
Proceeds from sale of non-current physical assets		0	1,000
Net cash used in investing activities		(15,555)	(22,370)
Net increase in cash and cash equivalents		252,011	1,442,781
Cash and cash equivalents at the beginning of period		2,995,674	1,552,893
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		3,247,685	2,995,674

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Financial Statements

Notes to the Financial Statements (for the year ended 30 June 2012)

Note 1. Australian Accounting Standards

General

The Corporation's financial statements for the year ended 30 June 2012 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Corporation has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Corporation cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Corporation for the annual reporting period ended 30 June 2012.

Note 2. Summary of significant accounting policies

(a) General statement

The Corporation is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the

Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention and are presented in Australian dollars.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Corporation's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity comprises the Corporation only.

(d) Contributed equity

AASB Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 Contributions by Owners made to Wholly Owned Public Sector Entities and have been credited directly to Contributed equity.

Financial Statements

The transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

(e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

Provision of services

Revenue is recognised by reference to the stage of completion of the transaction.

Interest

Revenue is recognised as the interest accrues.

Service appropriations

Service Appropriations are recognised as revenues at fair value in the period in which the Corporation gains control of the appropriated funds. The Corporation gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Corporation obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Gains

Realised and unrealised gains are usually recognised on a net basis. This includes gains arising on the disposal of non-current assets.

(f) Furniture, plant and equipment

Capitalisation/expensing of assets

Items of furniture, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of furniture, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

Furniture, plant and equipment are initially recognised at cost.

Subsequent measurement

Subsequent to initial recognition as an asset, the historical cost model is used for the measurement of all items of furniture, plant and equipment where they are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Office Equipment - 6 to 7 years

Leasehold Fixtures and Fittings - 2 to 7 years

Computing Equipment - 3 to 4 years

(g) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below the threshold are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Financial Statements

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the Corporation have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

Software - 3 to 4 years

Development costs - 3 to 4 years

Computer Software

Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

Development Costs

Development costs incurred for an individual project are carried forward when the future economic benefits can reasonably be regarded as assured and the total project costs are likely to exceed \$10,000. Other development costs are expensed as incurred.

(h) **Impairment of assets**

Furniture, plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Corporation is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(i) Leases

The Corporation holds operating lease arrangements for the rent of the motor vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased vehicles. No finance lease is held by the Corporation.

(j) Financial instruments

In addition to cash, the Corporation has two categories of financial instrument:

- Receivables; and
- Financial liabilities measured at amortised cost.

Financial Statements

Financial instruments have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Amounts receivable for services

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(k) **Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(l) **Accrued salaries**

Accrued salaries (see note 26 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Corporation considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(m) **Amounts receivable for services (holding account)**

The Corporation receives income from the State Government partly in cash and partly as an asset (holding account receivable). The accrued amount appropriated is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(n) Inventories

Publication stocks are valued at the lower of cost and net realisable value. Costs are assigned on an average cost basis.

(o) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectable are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Corporation will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(p) Payables

Payables are recognised when the Corporation becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

(q) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

The liability for annual leave expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

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When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Corporation does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Long service leave

A liability for long service leave is recognised after an employee has completed 3 years of service based on remuneration rates current as at the end of the reporting period.

An actuarial assessment of long service leave undertaken by PricewaterhouseCoopers Securities Limited at 30 June 2012 determined that the liability measured using the short-hand measurement technique above was not materially different from the liability determined using the present value of expected future payments. This calculation is consistent with the Corporation's experience of employee retention and leave taken.

All unconditional long service leave liabilities, pre-conditional and conditional long service leave

liabilities for employees with 9 or more years of service have been classified as current as the Corporation has no unconditional right to defer settlement for at least 12 months after the reporting period. Pre-conditional and conditional long service leave entitlements for all employees with 3 or more but less than 9 years of service have been classified as non-current liabilities because the Corporation has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Sick leave

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income for this leave as it is taken.

Deferred leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional 12 months leave in the fifth year of the agreement. The provision recognises the value of salary set

aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a current provision as employees can leave the scheme at their discretion at any time.

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.

Superannuation

The Government Employees Superannuation Board (GESB) and other funds administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements.

Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

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The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the Corporation to GESB extinguishes the agency's obligations to the related superannuation liability.

The Corporation has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Corporation to the GESB.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund. The Corporation makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish

the Corporation's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

Provisions - other

Employment on-costs

Employment on-costs, including payroll tax and workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the

Corporation's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

Restoration costs

A provision is recognised where the Corporation has a legal or constructive obligation to undertake restoration work to make good the premises. Estimates are based on current market rates for restoring the premises.

(r) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), WSS, the GESBS, or other superannuation fund.

(s) Resources received free of charge or for nominal cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income at fair value. Where the resource received represents a service that the Corporation would otherwise pay for, a corresponding expense is recognised.

Services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(t) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

Note 3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Corporation evaluates these judgements regularly.

Operating lease commitment

The Corporation has entered into a number of operating lease arrangements and has determined that the lessors retain the significant risks and rewards of ownership of the items. Accordingly, these leases have been classified as operating leases.

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Note 4. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long service leave

Several estimations and assumptions used in calculating the Corporation's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Note 5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Corporation has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2011 that impacted on the Corporation.

AASB 1054	Australian Additional Disclosures This Standard, in conjunction with AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.
AASB 2009-12	Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Int 2, 4, 16, 1039 & 1052] This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.

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AASB 2010-4	<p>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Int 13]</p> <p>The amendments to AASB 7 clarify financial instrument disclosures in relation to credit risk. The carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is no longer required to be disclosed. There is no financial impact.</p> <p>The amendments to AASB 101 clarify the presentation of the Statement of Changes in Equity. The disaggregation of other comprehensive income reconciling the carrying amount at the beginning and the end of the period for each component of equity can be presented in either the Statement of Changes in Equity or the Notes. There is no financial impact.</p>
AASB 2010-5	<p>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Int 112, 115, 127, 132 & 1042]</p> <p>This standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.</p>
AASB 2010-6	<p>Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]</p> <p>This Standard introduces additional disclosure relating to transfer of financial assets in AASB 7. An entity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.</p>

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| AASB 2011-1 | Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132, 134 and Int 2, 112 & 113]

This Standard, in conjunction with AASB 1054, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact. |
| AASB 2011-5 | Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, 128 & 131]

This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity are not-for profit non reporting entities that comply with Australian Accounting Standards. There is no financial impact. |

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Operative for
reporting periods
beginning on/after

Future impact of Australian Accounting Standards not yet operative

The Corporation cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. Consequently, the Corporation has not applied early any following Australian Accounting Standards that have been issued that may impact the Corporation. Where applicable, the Corporation plans to apply these Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	Financial Instruments	1 Jan 2013
	<p>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.</p> <p>The Standard was reissued in December 2010. The Corporation has not yet determined the application or the potential impact of the Standard.</p>	
AASB 10	Consolidated Financial Statements	1 Jan 2013
	<p>This Standard supersedes requirements under AASB 127 Consolidated and Separate Financial Statements and Int 112 Consolidation - Special Purpose Entities, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. The Corporation has not yet determined the application or the potential impact of the Standard.</p>	

**Operative for
reporting periods
beginning on/after**

AASB 11	Joint Arrangements	1 Jan 2013
	<p>This Standard supersedes AASB 131 Interests in Joint Ventures, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. The Corporation has not yet determined the application or the potential impact of the Standard.</p>	
AASB 12	Disclosure of Interests in Other Entities	1 Jan 2013
	<p>This Standard supersedes disclosure requirements under AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures.</p> <p>The Standard was issued in August 2011. The Corporation has not yet determined the application or the potential impact of the Standard.</p>	
AASB 13	Fair Value Measurement	1 Jan 2013
	<p>This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.</p>	
AASB 119	Employee Benefits	1 Jan 2013
	<p>This Standard supersedes AASB 119 (October 2010). As the Corporation does not operate a defined benefit plan, the impact of the change is limited to measuring annual leave as a long-term employee benefit. The resultant discounting of the annual leave benefit has an immaterial impact.</p>	

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		Operative for reporting periods beginning on/after
AASB 127	<p>Separate Financial Statements</p> <p>This Standard supersedes requirements under AASB 127 Consolidated and Separate Financial Statements, introducing a number of changes to accounting treatments.</p> <p>This Standard was issued in August 2011. The Corporation has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 128	<p>Investments in Associates and Joint Ventures</p> <p>This Standard supersedes AASB 128 Investments in Associates, introducing a number of changes to accounting treatments.</p> <p>This Standard was issued in August 2011. The Corporation has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 1053	<p>Application of Tiers of Australian Accounting Standards</p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.</p>	1 July 2013

**Operative for
reporting periods
beginning on/after**

AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Int 10 & 12]. [Modified by AASB 2010-7]	1 July 2013
AASB 2010-2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052] This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.	1 July 2013

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		Operative for reporting periods beginning on/after
AASB 2010-7	<p>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The Corporation has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 2011-2	<p>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054]</p> <p>This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.</p>	1 Jan 2013

**Operative for
reporting periods
beginning on/after**

AASB 2011-6	Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131] This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any immediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards - Reduced Disclosure Requirements. There is no financial impact.	1 July 2013
AASB 2011-7	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17] This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures. The Corporation has not yet determined the application or potential impact of the Standard.	1 Jan 2013

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		Operative for reporting periods beginning on/after
AASB 2011-8	<p>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]</p> <p>This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.</p>	1 Jan 2013
AASB 2011-9	<p>Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]</p> <p>This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The Corporation has not yet determined the application or potential impact of the Standard.</p>	1 July 2012
AASB 2011-10	<p>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]</p> <p>This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is no financial impact.</p>	1 Jan 2013

**Operative for
reporting periods
beginning on/after**

AASB 2011-11	Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements This Standard gives effect to Australian Accounting Standards - Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.	1 Jan 2013
AASB 2012-1	Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141] This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.	1 July 2013

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	2012	2011
	\$	\$
Note 6. Employee benefits expense		
Wages and salaries (a)	4,836,542	4,416,758
Superannuation - defined contribution plans (b)	425,424	423,149
	<hr/>	<hr/>
	5,261,966	4,839,907

(a) Includes fringe benefits tax, leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, Gold State, GESB Super Scheme and other superannuation funds (contributions paid).

Employment on-costs expenses such as payroll tax, workers' compensation insurance and other employee related expenses are included at note 12 'Other expenses'. Employment on-costs liability is included at note 27 'Provisions'.

	2012	2011
	\$	\$
Note 7. Supplies and services		
Premises	995,846	1,114,948
Media, advertising and promotions	286,582	182,156
Travel and accommodation	180,420	189,659
Professional services	1,536,819	1,126,848
Small Business Initiative Fund payments	13,751	40,652
Aboriginal Business Initiative Fund payments	47,898	156,063
Sponsorships	155,586	163,154
Other services	410,533	455,364
Consumable supplies	141,024	105,411
	<hr/> 3,768,459	<hr/> 3,534,255

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	2012	2011
	\$	\$
Note 8. Depreciation and amortisation expense		
<u>Depreciation</u>		
Office equipment	0	13,330
Leasehold fixtures and fittings	0	201,330
Computing equipment	24,303	46,917
Total depreciation	<hr/> 24,303	<hr/> 261,577
<u>Amortisation</u>		
Intangible assets - software	32,842	48,649
Development costs	5,104	5,096
Total amortisation	<hr/> 37,946	<hr/> 53,745
Total depreciation and amortisation	<hr/> 62,249	<hr/> 315,322

	2012	2011
	\$	\$
Note 9. Grants and subsidies		
Small Business Centres - Operational grants	3,676,094	3,174,819
Small Business Centres - Capital grants	11,913	173,241
Capacity Building Program	10,682	46,604
Dry Seasons Assistance Program	27,691	435,802
Margaret River Fire Relief grant	50,000	0
Drought Relief Program	307,703	0
	<hr/> 4,084,083	<hr/> 3,830,466

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	2012	2011
	\$	\$
Note 10. Trading profit		
Sales	24,844	46,672
Cost of sales:		
Opening inventory	(18,131)	(31,771)
Purchases	(10,310)	(10,892)
	<hr/>	<hr/>
	(28,441)	(42,663)
Closing inventory	14,808	18,131
Cost of Goods Sold	<hr/>	<hr/>
Trading profit	(13,633)	(24,532)
	<hr/>	<hr/>
	11,211	22,140

	2012	2011
	\$	\$
Note 11. Net (loss) on disposal of non-current assets		
<u>Proceeds from disposal of non-current assets</u>		
Computing equipment	0	1,000
<u>Costs of disposal of non-current assets</u>		
Computing equipment	0	(4,591)
Net (loss)	<hr/> 0	<hr/> (3,591)

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	2012	2011
	\$	\$
Restoration costs	0	20,344
Employment on-costs (a)	254,265	227,064
Other employee related expenses (b)	65,299	61,853
Audit fees (c)	35,030	34,280
	<hr/> 354,594	<hr/> 343,541

(a) Includes payroll tax and workers' compensation insurance. The on-costs liability associated with the recognition of annual, purchased and long service leave liability is included at note 27 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

(b) Includes staff recruitment, staff training and staff amenities.

(c) See also note 30 'Remuneration of auditors'.

	2012	2011
	\$	\$
Note 13. User charges and fees		
Workshop income	1,709	22,074
Skills and Business Migration visa application fees	210,209	142,000
Fees for service agreements provided to the Commonwealth Government:		
Department of Transport & Regional Services		
- Indian Ocean Territories Service Delivery Arrangement	102,730	94,386
Australian Trade Commission		
- TradeStart	0	46,369
	<hr/> 314,648	<hr/> 304,829

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	2012	2011
	\$	\$
Note 14. Grants and contributions		
Commonwealth grant (a)	279,000	254,605
Department of Agriculture and Food - Drought Relief Program	350,000	0
	<hr/>	<hr/>
	629,000	254,605

(a) The Corporation will receive Commonwealth funding totalling \$822,000 over three years for the implementation of the Business Online Services (BOS) system. The BOS is part of the Council of Australian Governments reform agenda under the National Partnership Agreement to deliver a Seamless National Economy.

Note 15. Interest Revenue

Bank interest income	126,739	72,762
	<hr/>	<hr/>
	126,739	72,762

	2012	2011
	\$	\$
Note 16. Other revenue		
Unused Small Business Centre Zone Funding returned (a)	0	3,451
Sponsorships	0	4,545
Funding from Tourism WA	150,000	300,000
Miscellaneous	68,617	100,844
	<hr/> 218,617	<hr/> 408,840

(a) These funds will be held pending allocation in future periods to meet Small Business Centre zone needs as they arise.

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	2012	2011
	\$	\$
Note 17. Income from State Government		
Appropriation received during the period:		
Service appropriation (a)	12,751,000	12,115,000
Resources received free of charge (b)		
Determined on the basis of the following estimates provided by agencies:		
Department of the Attorney General	9,290	3,179
Department of Finance	131,471	6,295
	<hr/> 140,761	<hr/> 9,474
	<hr/> 12,891,761	<hr/> 12,124,474

(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(b) Services received free of charge or for nominal cost are recognised as revenue at fair value of the services that can be reliably measured and which would have been purchased if they were not donated.

	2012	2011
	\$	\$
Note 18. Cash and cash equivalents		
Bank account	2,679,641	2,495,124
Cash investments - investment with Department of Treasury	500,000	500,000
Cash on hand	550	550
	<hr/> 3,180,191	<hr/> 2,995,674
Note 19. Restricted cash and cash equivalents		
Funding from Department of Agriculture and Food for the Drought Relief program	67,494	0
	<hr/> 67,494	<hr/> 0
Note 20. Receivables		
Trade debtors	90,678	54,933
Net GST recoverable	143,744	120,883
Accrued interest	26,525	37,463
	<hr/> 260,947	<hr/> 213,279

The Corporation does not hold any collateral or other credit enhancements as security for receivables.

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	2012	2011
	\$	\$
Note 21. Amounts receivable for services (Holding Account)		
Current	60,000	116,000
Non-current	290,000	139,000
	<hr/>	<hr/>
	350,000	255,000
Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.		
Note 22. Other assets		
Prepayments	50,202	109,632
	<hr/>	<hr/>
	50,202	109,632
Note 23. Furniture, plant and equipment		
Computing equipment at cost	204,953	179,184
Accumulated depreciation	(175,495)	(140,978)
	<hr/>	<hr/>
	29,458	38,206

Reconciliations of the carrying amounts of furniture, plant and equipment at the beginning and end of the reporting period are set out in the table below.

	Office equipment	Leasehold fixtures and fittings	Computing equipment	Total
	\$	\$	\$	\$
2012				
Carrying amount at start of period	0	0	38,206	38,206
Additions	0	0	15,555	15,555
Disposals	0	0	0	0
Depreciation	0	0	(24,303)	(24,303)
Carrying amount at end of period	0	0	29,458	29,458
2011				
Carrying amount at start of period	13,330	201,330	66,345	281,005
Additions	0	0	23,369	23,369
Disposals	0	0	(4,591)	(4,591)
Depreciation	(13,330)	(201,330)	(46,917)	(261,577)
Carrying amount at end of period	0	0	38,206	38,206

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	2012	2011
	\$	\$
Note 24. Intangible assets		
Computer software at cost	181,563	181,563
Accumulated amortisation	<u>(172,587)</u>	<u>(139,745)</u>
	8,976	41,818
Development costs at cost	49,367	49,367
Accumulated amortisation	<u>(48,101)</u>	<u>(42,997)</u>
	1,266	6,370
	<hr/> 10,242	<hr/> 48,188

	2012	2011
	\$	\$
Reconciliations:		
Computer software		
Carrying amount at start of period	41,818	90,467
Additions	0	0
Amortisation expense	(32,842)	(48,649)
Carrying amount at end of period	<hr/> 8,976	<hr/> 41,818
Development costs		
Carrying amount at start of period	6,370	11,466
Additions	0	0
Amortisation expense	(5,104)	(5,096)
Carrying amount at end of period	<hr/> 1,266	<hr/> 6,370

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	2012	2011
	\$	\$

Note 25. Impairment of assets

There were no indications of impairment to furniture, plant and equipment and intangible assets at 30 June 2012.

The Corporation held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets at 30 June 2012 have been written-off.

Note 26. Payables

Trade payables	231,229	249,816
Accrued expenses	340,720	464,757
Accrued salaries	103,532	107,724
	<hr/> 675,481	<hr/> 822,297

	2012	2011
	\$	\$
Note 27. Provisions		
<u>Current</u>		
Employee benefits provision		
Annual leave (a)	356,618	345,959
Purchased leave	9,965	6,622
Long service leave (b)	638,715	428,619
Deferred salary scheme (c)	16,380	5,275
	<hr/> 1,021,678	<hr/> 786,475
Other provisions		
Employment on-costs (d)	52,169	36,807
Restoration costs (e)	0	232,892
	<hr/> 52,169	<hr/> 269,699
	<hr/> 1,073,847	<hr/> 1,056,174

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	2012	2011
	\$	\$
<u>Non-current</u>		
Employee benefits provision		
Long service leave (b)	288,545	391,033
	<hr/> 288,545	<hr/> 391,033
Other provisions		
Employment on-costs (d)	15,137	18,586
	<hr/> 15,137	<hr/> 18,586
	<hr/> 303,682	<hr/> 409,619
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows :		
Within 12 months of the end of the reporting period	306,407	300,704
More than 12 months after the end of the reporting period	50,211	45,255
	<hr/> 356,618	<hr/> 345,959

	2012	2011
	\$	\$
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of the end of the reporting period	212,905	142,873
More than 12 months after the end of the reporting period	714,355	676,779
	<hr/> 927,260	<hr/> 819,652

(c) Deferred salary scheme liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	0	0
More than 12 months after the end of the reporting period	16,380	5,275
	<hr/> 16,380	<hr/> 5,275

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- (d) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including payroll tax and workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 12 'Other expenses'.

- (e) Under the previous lease, the Corporation, at the expiration of the lease, must pay the Landlord an amount in lieu of the obligation to make good the premises. The amount of \$232,892 is based on professional advice of current market rates for restoring the premises. The associated expense is disclosed in note 12 'Other expenses'.

	2012	2011
	\$	\$
Movements in other provisions		
Movements in each class of provisions during the financial year, other than employee benefits, are set out below.		
<u>Employment on-cost provision</u>		
Carrying amount at start of period	55,393	50,349
Additional provisions recognised	11,913	5,044
Payments	0	0
Carrying amount at end of period	67,306	55,393
<u>Restoration costs provisions</u>		
Carrying amount at start of period	232,892	212,548
Additional provisions recognised	0	20,344
Payments	(232,892)	0
Carrying amount at end of period	0	232,892

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	2012	2011
	\$	\$
Note 28. Equity		
The Government holds the equity interest in the Corporation on behalf of the community. Equity represents the residual interest in the net assets of the Corporation.		
Contributed equity		
Balance at start of period	940,885	862,885
<u>Contributions by owners</u>		
Capital appropriation	0	78,000
Total contributions by owners	<hr/> 0	<hr/> 78,000
Balance at end of period	<hr/> 940,885	<hr/> 940,885
Accumulated surplus		
Balance at start of period	449,135	311,924
Result for the period	520,312	137,211
Balance at end of period	<hr/> 969,447	<hr/> 449,135
Total Equity at end of period	<hr/> 1,910,332	<hr/> 1,390,020

	2012	2011
	\$	\$
Note 29. Notes to the Statement of Cash Flows		
Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents (note 18 'Cash and cash equivalents')	3,180,191	2,995,674
Restricted cash and cash equivalents (note 19 'Restricted cash and cash equivalents')	67,494	0
	<hr/> 3,247,685	<hr/> 2,995,674

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	2012	2011
	\$	\$
Reconciliation of net cost of services to net cash flows used in operating activities		
Net cost of services	(12,371,449)	(11,987,263)
<u>Non-cash items:</u>		
Depreciation and amortisation expense (note 8 'Depreciation and amortisation expense')	62,249	315,322
Resources received free of charge (note 17 'Income from State Government')	140,761	9,474
Net loss on disposal of property, plant and equipment (note 11 'Net (loss) on disposal of non-current assets')	0	3,591
<u>Changes in assets and liabilities:</u>		
(Increase)/Decrease in receivables	(47,668)	36,434
Decrease in other current assets	59,430	128,315
Decrease in inventories	3,323	13,640
(Decrease)/Increase in payables	(146,816)	594,192
(Decrease)/Increase in provisions	(88,264)	167,446
Net cash used in operating activities	(12,388,434)	(10,718,849)

	2012	2011
	\$	\$
Note 30. Remuneration of auditors		
Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:		
- Auditing the accounts, financial statements and key performance indicators	25,000	23,500
Remuneration paid or payable to Deloitte is as follows:		
- Compliance audit	11,530	11,880
	<hr/> 36,530	<hr/> 35,380

The amounts disclosed above differ from the amounts recognised in note 12 'Other expenses' and represents the totals of interim and final audit fees for the current year financial statement.

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	2012	2011
	\$	\$

Note 31. Remuneration of members of the accountable authority and senior officers

Remuneration of members of the accountable authority

The number of members of the accountable authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

		2012	2011
\$	0	- \$10,000	5
\$	10,001	- \$20,000	1
\$	20,001	- \$30,000	0
\$	30,001	- \$40,000	1

The total remuneration of members of the accountable authority

69,115 76,296

The total remuneration includes the superannuation expense incurred by the Corporation in respect of members of the accountable authority.

	2012	2011
	\$	\$

Remuneration of senior officers

The number of senior officers, other than senior officers reported as members of the accountable authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	2012	2011
\$ 50,001 - \$60,000	0	1
\$ 80,001 - \$90,000	1	1
\$ 110,001 - \$120,000	2	0
\$ 120,001 - \$130,000	1	0
\$ 130,001 - \$140,000	1	1
\$ 140,001 - \$150,000	0	2
\$ 150,001 - \$160,000	1	0
\$ 160,001 - \$170,000	1	0
\$ 180,001 - \$190,000	1	1

The total remuneration of senior officers

The total remuneration includes the superannuation expense incurred by the Corporation in respect of senior officers other than senior officers reported as members of the accountable authority.

1,093,846	748,431
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	2012	2011
	\$	\$
Note 32. Affiliated Bodies		
Small Business Centres		
During the year \$3,676,094 was paid out to Small Business Centres by way of operational grants. The Centres are separately incorporated entities located in city and country areas to assist small businesses to expand or develop new business ideas .		
Note 33. Indian Ocean Territories Service Delivery Arrangement		
The Corporation has an agreement with the Commonwealth of Australia to provide business information, enterprise development, assistance and training to new and existing small to medium enterprises located on Christmas and Cocos (Keeling) Islands.		
Balance at start of the year	145	614
Receipts	102,730	94,386
Payments	<u>(95,745)</u>	<u>(94,855)</u>
Balance at end of period	7,130	145

	2012	2011
	\$	\$
Note 34. Commitments		
The commitments below are exclusive of GST.		
Non-cancellable operating lease commitments		
Commitments for minimum lease payments for motor vehicles are payable as follows:		
Within 1 year	25,396	25,060
Later than 1 year and not later than 5 years	21,779	13,751
	<hr/> 47,175	<hr/> 38,811
Capital expenditure commitments		
Capital expenditure commitments, being provision of a Client Relationship Management System additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	118,800	0
Other expenditure commitments		
Other expenditure commitments, being provision of venue, accommodation and meals for the 2012 Small Business Centre conference and Western Australia Regional Small Business Awards (2012) contracted for at the end of the reporting period but not recognised as liabilities are payable as follows:		
Within 1 year	60,522	144,175

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Note 35. Contingent liabilities and contingent assets

No contingent liabilities and contingent assets exist as at 30 June 2012.

Note 36. Financial Instruments

(a) Financial risk management objectives and policies

Financial instruments held by the Corporation are cash and cash equivalents, restricted cash and cash equivalents, receivables and payables. The Corporation has limited exposure to financial risks. The Corporation's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Corporation's receivables defaulting on their contractual obligations resulting in financial loss to the Corporation.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets as shown in the table at note 36(c) 'Financial instruments disclosures' and note 20 'Receivables'.

Credit risk associated with the Corporation's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Corporation trades only with recognised, creditworthy third parties. The Corporation has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Corporation's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Corporation is unable to meet its financial obligations as they fall due. The Corporation is exposed to liquidity risk through its trading in the normal course of business.

The Corporation has appropriate procedures to manage cash flows including drawdown of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Corporation's income or the value of its holdings of financial instruments. The Corporation does not trade in foreign currency and is not materially exposed to other price risks. The Corporation has no borrowings and its exposure to market risk for changes in interest rates relate primarily to cash and cash equivalents which are interest bearing as detailed in the interest rate sensitivity analysis table at note 36(c) 'Financial instrument disclosures'.

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	2012	2011
	\$	\$

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

Financial Assets

Cash and cash equivalents	3,180,191	2,995,674
Restricted cash and cash equivalents	67,494	0
Receivables (i)	467,203	347,396

Financial Liabilities

Financial liabilities measured at amortised cost	675,481	822,297
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(i) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

(c) Financial instrument disclosures**Credit risk**

The following table discloses the Corporation's maximum exposure to credit risk and the ageing analysis of financial assets. The Corporation's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired. The table is based on information provided to senior management of the Corporation.

The Corporation does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

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Ageing analysis of financial assets	Carrying amount	Not pass due and not impaired	Past due but not impaired			Impaired financial assets
			Up to 1 month	1-3 months	3 months to 1 year	
	\$	\$	\$	\$	\$	\$
2012						
Cash at bank	2,679,641	2,679,641	0	0	0	0
Cash investments	500,000	500,000	0	0	0	0
Cash on hand	550	550	0	0	0	0
Restricted cash at bank	67,494	67,494	0	0	0	0
Receivables (a)	117,203	116,909	0	0	294	0
Amount receivable for services	350,000	350,000	0	0	0	0
	3,714,888	3,714,594	0	0	294	0
2011						
Cash at bank	2,495,124	2,495,124	0	0	0	0
Cash investments	500,000	500,000	0	0	0	0
Cash on hand	550	550	0	0	0	0
Receivables (a)	92,396	80,188	12,208	0	0	0
Amount receivable for services	255,000	255,000	0	0	0	0
	3,343,070	3,330,862	12,208	0	0	0

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

Liquidity risk and interest rate exposure

The following table details the Corporation's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted average effective interest rate	Interest rate exposure			Maturity dates			
		Carrying amount	Variable interest rate	Non- interest bearing	Nominal amount	Up to 1 month	3 months to 1 year	1-5 years
	%	\$	\$	\$	\$	\$	\$	\$
2012								
<u>Financial Assets</u>								
Cash at bank	4.74	2,679,641	2,679,641	0	2,679,641	2,679,641	0	0
Cash investments	4.74	500,000	500,000	0	500,000	500,000	0	0
Cash on hand		550	0	550	550	550	0	0
Restricted cash at bank	4.74	67,494	67,494	0	67,494	67,494	0	0
Receivables (a)		117,203	0	117,203	117,203	117,203	0	0
Amount receivable for services		350,000	0	350,000	350,000	0	60,000	290,000
		3,714,888	3,247,135	467,753	3,714,888	3,364,888	60,000	290,000
<u>Financial Liabilities</u>								
Payables		675,481	0	675,481	675,481	675,481	0	0
		675,481	0	675,481	675,481	675,481	0	0

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	Weighted average effective interest rate %	Interest rate exposure				Maturity dates				
		Carrying amount	Variable interest rate	Non- interest bearing	Nominal amount	Up to 1 month	3 months to 1 year	1-5 years		
		\$	\$	\$	\$	\$	\$			
2011										
<u>Financial Assets</u>										
Cash at bank	2.97	2,495,124	2,495,124	0	2,495,124	2,495,124	0	0	0	
Cash investments	5.03	500,000	500,000	0	500,000	500,000	0	0	0	
Cash on hand		550	0	550	550	550	0	0	0	
Receivables (a)		92,396	0	92,396	92,396	92,396	0	0	0	
Amount receivable for services		255,000	0	255,000	255,000	0	116,000	139,000		
		3,343,070	2,995,124	347,946	3,343,070	3,088,070	116,000	139,000		
<u>Financial Liabilities</u>										
Payables		822,297	0	822,297	822,297	822,297	0	0	0	
		822,297	0	822,297	822,297	822,297	0	0	0	

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Corporation's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount	-100 basis points		+100 basis points		
		Surplus	Equity	Surplus	Equity	
		\$	\$	\$	\$	
2012						
<u>Financial Assets</u>						
Cash at bank	2,679,641	(26,796)	(26,796)	26,796	26,796	
Cash investments	500,000	(5,000)	(5,000)	5,000	5,000	
Restricted cash at bank	67,494	(675)	(675)	675	675	
		(32,471)	(32,471)	32,471	32,471	
2011						
<u>Financial Assets</u>						
Cash at bank	2,495,124	(24,951)	(24,951)	24,951	24,951	
Cash investments	500,000	(5,000)	(5,000)	5,000	5,000	
		(29,951)	(29,951)	29,951	29,951	
<u>Fair Values</u>						

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

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2012 Estimate	2012 Actual
\$	\$

Note 37. Explanatory Statement

Significant variations between estimates and actual results for 2012 and between the actual results for 2011 and 2012 are shown below. Significant variations are considered to be those greater than 5% and at least \$15,000.

(a) Significant variances between estimated and actual result for 2012

Expenses

Employee benefits expenses	5,917,000	5,327,000
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The variance is due to a number of positions remaining vacant for part of the year.

Grants and subsidies	3,627,000	4,084,000
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Additional grant expenses associated with the once-off Drought Relief Program and the Margaret River Fire Relief Grant. Remaining balance being payment for the Dry Seasons Assistance Program carried over from last year.

	2012 Estimate	2012 Actual
	\$	\$
Supplies and services	1,627,000	2,563,000
Additional expense in professional services, travel and accommodation in relation to an increase in activities to the BIZFIT small business resilience program, Business Online Service, Tourism Boost program and the new Alternative Dispute Resolution services. There is also an increase in services provided by Department of Finance in relation to office accommodation during the year.		
Accommodation	814,000	997,000
The estimate for 2012 was based on advice of costs for the new premises at the time the budget was developed. Higher than expected rental and outgoing costs have subsequently resulted.		
Depreciation and amortisation	116,000	62,000
A decrease in the purchases of fixed and intangible assets during the year has resulted in less depreciation and amortisation expense charged.		
Other expenses	736,000	652,000
The variance is due to a reduction in advertising, marketing and promotional activity with the Business Migration program.		

Financial Statements

	2012 Estimate	2012 Actual
	\$	\$
Income		
Sale of goods and services	368,000	340,000
A reduction in visitor numbers to the Business Information Centre during the year has resulted in decreased sales.		
Grants and subsidies	279,000	629,000
This represents additional funding of \$350,000 from the Department of Agriculture and Food for the Drought Relief Program.		
Other revenue	180,000	344,000
This represents an increase in interest revenue due to a higher than expected cash balance at bank and unbudgeted funding from Tourism WA.		
Income from State Government		
Resources received free of charge	0	141,000
This represents notional value of services provided by Department of Finance and Department of Attorney General in relation to office accommodation and legal advice respectively.		

	2012 Actual	2011 Actual
	\$	\$

(b) Significant variances between actual results for 2011 and 2012

Expenses

Employee benefits expenses	5,261,966	4,839,907
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The increase is due to termination payments made to four staff members under a voluntary severance scheme in 2011 along with a 4% pay rise.

Supplies and services	3,768,459	3,534,255
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Additional expense in professional services and travel and accommodation in relation to an increase in activities under the BIZFIT small business resilience program, Business Online Service, Tourism Boost program and the new Alternative Dispute Resolution service. There is also an increase in the cost of services provided by Department of Finance in relation to office accommodation during the year.

Depreciation and amortisation expense	62,249	315,322
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The decrease relates to accelerated depreciation charged to equipment, fixtures and fittings with the expiration of the previous office lease in 2011. As a result of the office relocation, the majority of fixed assets have been written off.

Financial Statements

	2012 Actual	2011 Actual
	\$	\$
Communications expense	100,941	135,082
The reduction relates to savings in telephone expenses as a result of economies of scale achieved through using the Whole of Government Business Campus Telecommunications Network.		
Grants and subsidies	4,084,083	3,830,466
Additional grant expenses relate to the increase in Small Business Centre Operational Grant funding, the once-off Drought Relief Program and the Margaret River Fire Relief Grant.		
Income		
Sales	24,844	46,672
A reduction in visitor numbers to the Business Information Centre during the year has resulted in decreased sales.		

	2012 Actual	2011 Actual
	\$	\$
Grants and contributions	629,000	254,605
This represents additional funding of \$350,000 from the Department of Agriculture and Food for the Drought Relief Program plus an increase in funding from the Commonwealth for the implementation of the Business Online Services (BOS) system. The BOS is part of the Council of Australian Governments reform agenda under the National Partnership Agreement to deliver a Seamless National Economy.		
Interest revenue	126,739	72,762
An increase in interest revenue has resulted from a higher than expected cash balance at bank.		
Other revenue	218,617	408,840
This represents a decrease in funding of \$150,000 from Tourism WA to assist with programs relating to mainstream tourism aspirants.		

Financial Statements

	2012 Actual	2011 Actual
	\$	\$
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Income from State Government		
Service appropriation	12,751,000	12,115,000
Increase in service appropriation is due to funding for the voluntary severance scheme 2011 and a deferral of appropriation drawdown from 2010/11 to 2011/12.		
Resources received free of charge	140,761	9,474
This represents an increase in the cost of services provided by Department of Finance and Department of Attorney General in relation to office accommodation and legal advice respectively.		

Enabling Legislation

The Small Business Development Corporation Act 1983 makes provision for the establishment of the Small Business Development Corporation to encourage, promote, facilitate and assist the establishment, development and carrying on of small business in the State and for incidental and other purposes.

SBDC Board

The SBDC is governed by an independent Board, drawn from the private sector under the auspices of the Small Business Development Corporation Act 1983. The SBDC Board meets on a monthly basis to consider issues relevant to the direction and strategic operation of the Corporation. Membership as at 30 June 2012 comprised:

- Ray Mountney
- Mark Irwin
- Brent Pollard
- Caterina (Kitty) Prodonovich
- David Eaton (ex officio)

(For Board members' biographies, please see page 12.)

Governance Disclosures

Functions of the Board

As the SBDC's governing body, the Board has responsibility for performing the functions set out in the Small Business Development Corporation Act 1983.

The SBDC Board has four strategic roles:

- setting the direction of the organisation;
- determining the SBDC's standards;
- coordinating of planning, policies, and decision-making frameworks; and
- acting in an advisory capacity to the Minister, the Government and other agencies.

Operational roles of the Board include:

- setting strategies;
- focusing on client service and customer needs;
- striving for organisational best practice and compliance with standards; and
- delegation of operational decision-making to officers of the SBDC.

Attendance at Meetings

Board Member	No of Meetings 2011-12	Actual Meetings Attended
Mr Ray Mountney	12	12
Mrs Merrill Dalgleish ¹	11	7
Mr Mark Irwin ²	10	9
Mr Brent Pollard	12	10
Ms Caterina Prodonovich	12	12
Mr David Eaton ³	6	6
Mrs Jacqueline Finlayson ⁴	6	6

¹ Resigned, 7 June 2012

² Appointed 5 September 2011

³ Appointed December 2011 – commenced 17 January 2012

⁴ Was acting Managing Director (ex officio) from 1 July 2011 to 14 January 2012

Terms of Appointment

Members Current as at 30 June 2012

Name	Initially Appointed	Term Expires
Mr Ray Mountney	03/08/2009	31/08/2012
Mr Mark Irwin	05/09/2011	31/08/2012
Mr Brent Pollard	21/06/2010	31/08/2012
Ms Caterina Prodonovich	12/05/2008	31/08/2012

Directors and Officers Liability Insurance

The SBDC takes out Directors and Officers Liability Insurance through Riskcover to provide cover for members of the Board. The policy has an Indemnity Limit of \$10,000,000 and for 2011-12 the SBDC contributed \$9,441 to the annual premium with individual Board members also making a contribution.

Other Legal Requirements

Disability Access and Inclusion Plan (DAIP)

Overview:

The SBDC is driven by the premise that creating a community which is accessible and inclusive will help to minimise the impacts of disability. The SBDC's Disability Access and Inclusion Plan (DAIP) expired at the end of 2011. The review and development of a new DAIP was facilitated by the Human Resources Coordinator to further the commitment to accessible services and facilities and to comply with the objectives of the Disability Services Act 1993 (amended in 2004).

Outcomes:

Outcome 1. People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the SBDC.

- Ensure all events organised by the SBDC are planned in accordance with the Disability Service Commission's Creating Accessible Events checklist. The checklist is available to all staff to ensure events are accessible to people with disabilities.
- The SBDC incorporates DAIP strategies into all business and strategic planning. DAIP strategies are raised for discussion at Executive meetings when required.

- Contractors who provide a service on behalf of the SBDC continue to be made aware of the DAIP to ensure they conduct their business in accordance with the outcomes. All new contractors will continue to undergo an induction on commencement.

Outcome 2. People with disabilities have the same opportunities as other people to access the buildings and other facilities of the SBDC.

- Ensure the Corporation's facilities are located to maximise ease of access and to promote inclusion within the community.
- Review emergency evacuation procedures for the building to ensure people with disabilities are accounted for.

Outcome 3. People with disabilities receive the same level of information from the Corporation in a format that will enable them to access information as readily as other people.

- Improve community awareness that the SBDC's information is available in alternative formats upon request.
- Ensure all staff are aware information can be provided in alternative formats.
- Continue to ensure that the review and updates to the SBDC's website meets the needs of people with disabilities by complying with the W3C Guidelines and incorporating new techniques when they become available.

- Review and update the SBDC's Language Services Policy so that it includes the provision of Auslan. Ensure staff are aware of the process in engaging an Auslan interpreter if required.

Other Legal Requirements

Disability Access and Inclusion Plan (DAIP)

Outcome 4. People with disabilities receive the same level and quality of service from SBDC staff as other people receive.

- Conduct regular disability awareness training for staff across the Corporation and specialist training for key frontline staff such as those in the Business Information Centre and business advisors.
- Provide a link to the Disability Services Commission's website and all relevant resources, including access checklists, guidelines for accessible formats and other information available on the Extranet.

- Ensure that the SBDC's induction for new staff members includes information regarding disability and access issues, including the Access Awareness video that identifies common barriers.
- Ensure all staff have the knowledge and skills to provide quality services for people with disabilities, their families and carers.

Outcome 5. People with disabilities have the same opportunities as other people to make complaints to the SBDC.

- Review existing complaint mechanisms to ensure they meet the needs of people with disabilities.
- Provide information and guidance to staff on the appropriate application in handling complaints from people with disabilities.
- Ensure the SBDC's complaints procedures are made available in flexible and accessible formats.

Outcome 6. People with disabilities have the same opportunities as other people to participate in any public consultation by the SBDC.

- Increase the community's knowledge of the SBDC's consultation processes and opportunities and develop proactive initiatives to encourage feedback.
- Ensure consultation documents are available in alternative formats upon request.

Other Legal Requirements

Equal Employment Opportunity (EEO)

In light of the SBDC's EEO Management Plan expiring at the end of 2011, and recent changes to legislation, including the establishment of a new ADR service and the appointment of a Small Business Commissioner, an integrated Workforce and Diversity Management Plan was developed and implemented on 30 June 2012. This was driven by the Public Sector Commissioner's Circular 2011-02 that encourages agencies to build upon their existing EEO Management Plan by broadening its scope to incorporate workforce issues. The SBDC, along with the wider government sector, is committed to increasing the profile of diversity groups and as such, the integration of the plans is a key strategy in the achievement of this goal.

The SBDC seeks to maintain a workforce in alignment with the Public Sector Commission's publication, Strategic Directions for the Public Sector Workforce 2009 – 2014, to enable the delivery of quality services to our clients. The following are the priority outcome areas for our Workforce and Diversity Management Plan 2011 – 2014:

- Attract a skilled workforce;
- Retain valued employees;
- Strengthen the workplace culture so it is equitable, vibrant and positive;
- Build the capacity of the SBDC's workforce;
- Provide strategic leadership and ensure we are customer driven, and;
- Ensure an efficient and flexible high performing workforce.

Under each of these outcome areas, initiatives are included to achieve the following three high-level outcomes relating to EEO:

- The Corporation values EEO/Diversity and the work environment is free from all forms of harassment;
- The workplace is free from employment practices that are biased or discriminate unlawfully against employees or potential employees; and
- Employment programs and practices recognise and include strategies to achieve workforce diversity.

Public Sector Standards in Human Resource Management and Ethical Codes

The SBDC has complied with section 31 of the Public Sector Management Act 1994 in the administration of the SBDC's human resource management practices relating to the public sector standards and codes of ethics and conduct.

Compliance issues	Significant action taken to monitor and ensure compliance
Public Sector Standards • No breach claims were lodged.	<ul style="list-style-type: none"> • Information about Public Sector Standards is included on the SBDC extranet and within induction material. • A presentation was provided to all staff in September 2011 that gave an update on the new Commissioner's Instructions as a result of the Public Sector Management Reform Act 2010 coming into effect. This included changes to the Standards relating to recruitment and selection. • Suitable training is provided to persons participating on recruitment panels to ensure compliance with relevant Standards. • Recruitment Guidelines are provided to all panel members. • Quality feedback is provided to unsuccessful applicants. • Transactions are reviewed internally as a quality assurance process.
WA Code of Ethics • Nil reports of non compliance with WA Code of Ethics	<ul style="list-style-type: none"> • The WA Code of Ethics is included on the SBDC's extranet and within induction material. • Policies exist on Conflict of Interest, Corporate Credit Card Use, External Employment, Offer and Acceptance of Gifts and Customer Service. • All staff attended Accountable and Ethical Decision Making Training in March 2012 which was supported by the Small Business Commissioner. • Accountable and Ethical Decision Making is an important component of new employee inductions.
SBDC Code of Conduct • Nil reports of non compliance with SBDC Code of Conduct	<ul style="list-style-type: none"> • The SBDC's Code reflects the WA Code of Ethics and Conduct Guide. • The SBDC Code is included on the extranet and within induction material.

Other Legal Requirements

Recordkeeping Plan

The SBDC's Recordkeeping plan was approved in April 2010.

Review of the efficiency and effectiveness of our Recordkeeping systems continues as the full implementation of the Electronic Document and Record Management System (EDRMS) progresses. Changes continue to be made in some areas of the SBDC's Recordkeeping practices, and are resulting in considerable benefits for those business areas in the overall discoverability and management of records created and captured.

During 2011-12, the SBDC maintained an effective recordkeeping training program. All new staff and contractors receive comprehensive training at induction detailing policies and procedures, and outlining their records management responsibilities. Additional training and materials are made

available to employees on request and can be tailored to meet specific needs.

The effectiveness of recordkeeping training is subject to ongoing review and evaluation to ensure that it meets the needs of both the SBDC and the State Records Office.

Records Management staff have continued their professional development through the attendance at information networking opportunities and structured information management training.

Advertising expenditure

In accordance with Section 175ZE of the Electoral Act 1907, set out below are details of expenditure incurred during the 2011-12 financial year in relation to:

Market research organisations:	\$ 95,146.71
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Advantage Communications and Marketing	\$ 17,532.91
PMR Research Group	17,490.00
Research Solutions	60,123.80

Advertising agencies:	238,313.67
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Adcorp Marketing	26,369.37
Mitchell & Partners Australia	144,334.30
Optimum Media Decisions	65,446.75
Sensis	2,163.25

Total expenditure for 2011-12	\$ 333,460.38
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Other Legal Requirements

Legislation Impacting on Activity

In the performance of its functions, the SBDC complies with the following legislation:

- Auditor General Act 2006
- Business Names Act 1962
- Business Names (Commonwealth Powers) Act 2012
- Business Names Registration Act 2011 (Cth)
- Copyright Act 1968 (Cth)
- Commercial Tenancy (Retail Shops) Agreements Act 1985
- Corporations (Western Australia) Act 1990
- Corruption and Crime Commission Act 2003
- Criminal Code Act Compilation Act 1913
- Disability Services Act 1993
- Electoral Act 1907

- Electronic Transactions Act 2003
- Electronic Transactions Act 2011
- Equal Opportunity Act 1984
- Evidence Act 1906
- Evidence Act 1995 (Cth)
- Financial Management Act 2006
- Freedom of Information Act 1992
- Fringe Benefits Tax Act 1986 (Cth)
- Income Tax Assessment Act 1936 (Cth)
- Income Tax Assessment Act 1997 (Cth)
- Industrial Relations Act 1979
- Minimum Conditions of Employment Act 1993
- A New Tax System (Goods and Services) Act 1999 (Cth)
- Occupational Safety and Health Act 1984
- Pay-roll Tax Act 2002
- Pay-roll Tax Assessment Act 2002
- Privacy Act 1988 (Cth)
- Public and Bank Holidays Act 1972
- Public Interest Disclosure Act 2003
- Public Sector Management Act 1994
- Small Business Development Corporation Act 1983
- Spam Act 2003 (Cth)
- State Records Act 2000
- State Superannuation Act 2000
- State Supply Commission Act 1991
- State Trading Concerns Act 1916
- Superannuation Guarantee (Administration) Act 1992 (Cth)
- Taxation Administration Act 2003
- Treasurer's Instructions 804 and 805
- Workers' Compensation and Injury Management Act 1981

Cth = Commonwealth Acts

Corruption Prevention

The SBDC is committed to the highest level of integrity, ethics and equity and corruption prevention forms part of our overall risk management strategy as an important element of internal control. Policies that support and promote ethical behaviour by staff in the conduct of their duties are subject to ongoing review and include:

- Code of Conduct
- Complaints Management
- Public Interest Disclosure
- Acceptance and Registration of Gifts and Benefits
- Acceptable Use of the Internet

Staff and members of the Board are regularly briefed on a range of statutory and administrative requirements relating to ethical conduct including the requirement to declare conflicts of interest. A comprehensive induction program, the inclusion of the policies on the extranet and regular internal communications also seek to ensure that all staff are aware of and understand their responsibilities.

Publications

The SBDC publishes a wide range of books and periodicals, in both hard copy and electronic format. These publications are listed below:

- **Annual Reports**

Each financial year the SBDC produces an Annual Report to highlight its business and financial activities. Electronic (PDF) copies of the reports from 1999 onwards can be downloaded from the SBDC website.

- **Books**

Hard copies of the SBDC books can be purchased via the SBDC online Bookshop or directly from the Business Information Centre.

- **Media Releases**

The SBDC regularly produces media releases to inform the small business sector on topical issues. Media releases from 2009 are available to view on the SBDC website under "Media Centre".

- **Small Business Briefs**

Small business briefs are a series of information sheets available in hard copy format, at no charge, from the Business Information Centre. Small business briefs are also available in electronic (PDF) format from the SBDC Website and can be downloaded to view or print.

- **E-News**

The SBDC produces a bi-monthly e-newsletter, containing relevant business and SBDC updates, which is available by subscription only. Copies of the e-newsletter can be obtained by contacting the Information Coordinator.

Staffing Summary – as at 30 June 2012

Employee Profile	2011/12
Permanent Full Time	41
Permanent Part Time	8
Fixed Term Full Time	4
Fixed Term Part Time	0
Casual	3
Total	56 (48 FTE)

Throughout the year in review, the SBDC employed a total of 56 people, representing 48 full time positions.

