The Small Business Development Corporation acknowledges and thanks the following small business clients whose testimonials and photographs appear in this annual report:

Marco Sterpone, Java Juice, Perth
Perth Glory Football Club
Lucas Chen and Ricky Huang, Honey Creme, Perth
Clyde Hudson, Clyde Hudson and Associates, Maylands
Ada and Giorgio Balzarro, Parlapa Café, Fremantle
Jonathan Smith and Prue Plowright, Wattnow Electrical, Derby
Finalists and winners of the 2016 WA Regional Small Business Awards
Carlyssa Birkbeck, The Temple Boutique Spa, Albany
Grant Pattison and Jye McCaffrey, 4Life Physiotherapy, Mandurah
Attendees at Business Link, City of Canning
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STATEMENT OF COMPLIANCE FOR THE YEAR ENDED 30 JUNE 2017

HON. PAUL PAPALIA CSC MLA 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 2017.

The annual report has been prepared in accordance with the provisions of the Financial Management Act 2006.

Caterina (Kitty) Prodonovich
Chair
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*.

**What we do**

The primary role of the SBDC is to encourage, promote, facilitate and assist the establishment, growth and development of small business in Western Australia (WA).

This is achieved by providing advice and guidance, and business skill development programs, to small business owners. The SBDC also offers an alternative dispute resolution (ADR) service in relation to small business disputes, maintains an information centre with a comprehensive range of business resources and delivers workshops for existing and potential small business operators.

The SBDC works directly with small business owners and liaises with industry and business associations to exchange information and provide support and assistance to their members. The SBDC also provides advice and support to the Minister for Small Business on matters impacting the sector, including the effect of government policy and legislation on small business. Through these and other avenues, the SBDC raises awareness of the importance of small business to the economy and advocates for policy to nurture the growth and diversity of the sector.

**Responsible Minister**

As at 30 June 2017, the Hon. Paul Papalia CSC MLA, Minister for Small Business, has responsibility for the SBDC.

**Enabling legislation**

The *Small Business Development Corporation Act 1983* (SBDC Act) makes provision for the establishment of the SBDC and the Small Business Commissioner.

**Our vision**

A strong and enterprising small business sector in WA.

**Our mission**

To deliver and facilitate relevant, practical support to small businesses and to foster the development of policy conducive to the growth of a thriving sector.
OVERVIEW OF AGENCY

Our values
Enterprise – valuing a culture of enterprise and innovation within the community.
Focus – acting with courage, discipline and clarity of purpose.
Independence – acting in the best interests of the small business sector.
Fairness – valuing an environment where small business can thrive.
Collaboration – actively engaging with others to achieve our mutual objectives.

Our strategic objectives
In accordance with its 2013-2017 Strategic Plan, the SBDC strives to:
• offer continually improving practical and relevant services across Western Australia;
• model contemporary service delivery;
• build strong engagement with, and commitment from, all key stakeholder groups;
• advocate for a fair, conducive and productive environment for small business;
• develop its organisational capacity and capability; and
• ensure the best return on government funds invested in the development of the sector.

What is small business?
The SBDC Act defines a ‘small business’ as a business undertaking which is wholly owned and operated by an individual person, persons in partnership, or by a proprietary company within the meaning of the Corporations Act 2001 (Cth) 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.
The SBDC uses the standard Australian Bureau of Statistics (ABS) definition of small business, which is any non-employing business or a business employing fewer than 20 staff.

Small business statistics
There are 218,152 actively trading small businesses in WA (as at June 2016), which represents 97 per cent of all businesses in the State.

As at June 2016, the industries with the largest number of small businesses in WA are:
• Construction – 41,502 (19%);
• Professional, scientific and technical services – 25,917 (11.9%);
• Rental, hiring and real estate services – 23,827 (10.9%);
• Financial and insurance services – 20,190 (9.3%);
• Agriculture, forestry and fishing 16,600 (7.6%).

(ABS Cat. No. 8165.0 – Counts of Australian Businesses, including Entries and Exits, June 2012 to June 2016)
EXECUTIVE SUMMARY

As we again take this opportunity to review and reflect on the SBDC’s past 12 months, it is a real pleasure to be able to acknowledge that it has been a year of strong partnerships. Despite working within tight financial and human resources constraints, this ‘better together’ approach has enabled the agency to continue to offer its services to an even wider cohort of small business owners.

Although still in its first year of operation, the SBDC’s relationship with Curtin University’s John Curtin Law Clinic has already produced encouraging results and shows great promise for the future. A number of small business owners have benefitted from the free legal advice and assistance provided.

It is also pleasing to note that tomorrow’s legal practitioners will have gained a good understanding of the needs and issues facing the small business sector.

We all understand that good research is essential to inform strong policy decisions and to direct operational services, but of course this comes at a significant cost. It was therefore very encouraging to note the SBDC’s recent work with Edith Cowan University and Curtin University’s Bankwest Economics Centre on the development of two significant research projects; into the retirement intentions of small business owners and an in-depth review of the role, performance and future prospects of WA’s small business sector, respectively. Both of these valuable pieces of research will inform stakeholders and enable the SBDC to provide targeted advocacy and support for the sector.

Operationally, it’s very pleasing to see how far the Industry Link program has developed. This initiative allows the SBDC’s services to be offered to an increasingly large and diverse range of current and aspiring small business owners. It’s interesting to note that many were from backgrounds not generally considered ‘small business starters’, such as professional soccer players and prison inmates who will soon be seeking a new life on the ‘outside’ and often struggle to secure traditional employment.

As we see signs of Western Australia emerging from challenging economic times, this year has underlined the importance of working together, to achieve great outcomes for the small business sector. Our consistent message for all small business owners and operators is that you aren’t alone, there are many organisations, including the SBDC, who are here as part of your support team.

As we move into 2017-18, the focus of the SBDC remains clear – to encourage, facilitate and assist the establishment, growth and development of small business in Western Australia. With the support of an active and enthusiastic Board, themselves current or former small business owners, I am confident that the agency will continue to have a strong and significant impact on the small business sector. I would like to acknowledge and thank all our Board members for their contribution and commitment, and for being strong advocates for small business.

I would also like to recognise and show my appreciation of the incredibly dedicated and hardworking team at the SBDC. Led by Small Business Commissioner Mr David Eaton, they continue to service the sector at the highest level and to make such a positive contribution.

Chair, SBDC Board

Kitty Prodonovich
EXECUTIVE SUMMARY

Year in review 2016-17

Engaged with 68 industry and business associations

245 workshops and information sessions delivered

48,900 clients assisted

More than 1,000 dispute related enquiries handled

2,357 commercial tenancy related enquiries handled

98% of workshop participants surveyed would recommend them to others

$25 million in disputes finalised by the alternative dispute resolution service

96% of SBDC clients were satisfied with their overall experience

96%
EXECUTIVE SUMMARY

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. Membership as at 30 June 2017:
- Kitty Prodonovich (Chair)
- Susan Bailey
- Steven Dobson
- Nicolle Jenkins
- Anthony Masi
- Allan Pendal
- Ra Stewart
- David Eaton (ex officio)

(For Board members’ biographies see page 36).

Small Business Commissioner
David Eaton is the Western Australian Small Business Commissioner and Chief Executive Officer of the SBDC. This dual role, reporting to the Board, is responsible for the day-to-day operation of the SBDC and the provision of the small business alternative dispute resolution (ADR) service.

The key services of the SBDC are:
- small business advisory;
- commercial tenancy advisory;
- alternative dispute resolution;
- business migration;
- policy, advocacy and advice to government; and
- the Business Local service.

Small business advisory services
The SBDC’s foundation service is the delivery of advice and guidance to existing and prospective small business operators to aid the development and growth of the sector in WA. These services are provided online, through face-to-face meetings, by phone and email. General information is also distributed through third parties and the media. Walk-in clients can access services at the SBDC’s business information centre, and business skills workshops are delivered across a range of topics. (See page 14 for details of 2016-17 achievements.)

Commercial tenancy advisory service
The SBDC provides free information and guidance to tenants and landlords on the Commercial Tenancy (Retail Shops) Agreements Act 1985 and other aspects of commercial leasing, with specialist commercial tenancy advisers assisting in person or by phone and email.

The service is supported with publications providing detailed information on commercial tenancy matters which are available to download from the SBDC website. (See page 19 for details of 2016-17 achievements.)

Alternative dispute resolution (ADR) service
The ADR service is a low-cost, non-litigious means of resolving business-to-business and business-to-government disputes involving small businesses. Clients have found the service to be particularly useful to resolve retail tenancy disputes. The SBDC is the first port of call for small business owners who find themselves in dispute with another business or government agency. (See page 21 for details of 2016-17 achievements.)

Business Migration program
The WA Business Migration program, managed by the SBDC, is a key investment attraction initiative for the State. Business migrants provide a significant source of new capital, export income and employment by establishing new businesses or purchasing existing enterprises. (See page 23 for details of 2016-17 achievements.)
**EXECUTIVE SUMMARY**

*Policy, advocacy and advice to government*

The SBDC ensures the small business voice is heard and considered by governments at all levels, through evidence-based advocacy, research, submissions, representation and liaison. The agency has a significant influence on policy development related to small business, particularly in relation to reducing the impact of red tape and improving the operating environment. (See page 26 for details of 2016-17 achievements.)

*Business Local service*

Business Local provides outreach business advisory services on behalf of the SBDC. Managed by seven providers across 12 designated regions, services are delivered in ways that best suit the needs of local small business owners. Face-to-face meetings are available to clients from the service provider’s office or through site visits. (See page 26 for details of 2016-17 achievements.)

---

**Organisational structure**

- **Small Business Development Corporation**
  - **Board of Management**
  - **Small Business Commissioner/Chief Executive Officer**
    - **Small Business Services**
      - Advisory services
      - Alternative dispute resolution
      - Business information and programs
      - Business migration
      - Business Local service
      - Aboriginal Business Directory WA
      - Industry Link program
    - **Policy and Advocacy**
      - Policy evaluation and advice
      - Advocacy
      - Regulatory reform
      - Research and statistics
      - Business and government liaison
    - **Communications and Marketing**
      - Marketing and promotion
      - Digital communication
      - Media
      - Stakeholder liaison
      - Events
    - **Corporate Resources**
      - Financial resources
      - Human resources
      - Records management
      - ICT resources
      - Administrative support
**EXECUTIVE SUMMARY**

**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.

<table>
<thead>
<tr>
<th>Desired outcome</th>
<th>Effectiveness indicators</th>
<th>Service</th>
<th>Efficiency indicators</th>
</tr>
</thead>
</table>
| Development of new and existing small business in WA. | The extent to which clients rate the usefulness of the information and guidance provided to them. | Information, guidance, referral and business development services. | • Average cost per direct client contact.  
• Average cost per indirect client contact.  
• Average cost per Business Local service client contact.  
• Cost per unit of policy advice. |

**Changes to the outcome-based management framework**
The framework did not change during the reporting period.

**Shared responsibility with other agencies**
The SBDC shared responsibility for a farm debt mediation service with the WA Department of Agriculture and Food Western Australia (DAFWA).
### Financial targets

<table>
<thead>
<tr>
<th></th>
<th>2016-17 Target $'000</th>
<th>2016-17 Actual $'000</th>
<th>Variation $'000</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total cost of services</strong></td>
<td>13,514</td>
<td>12,708</td>
<td>806</td>
<td>The variance is due mainly to reduced employee benefits expense relating to delays in filling a number of vacancies and staff on secondment to other agencies, together with the deferral of projects.</td>
</tr>
<tr>
<td><strong>Net cost of services</strong></td>
<td>13,202</td>
<td>11,124</td>
<td>2,078</td>
<td>Added to the reduction in total cost of services noted above is additional income for the On-Demand Transport Reform project ($1m) and unspent 2015/16 Business Local funds returned.</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>1,366</td>
<td>3,975</td>
<td>2,609</td>
<td>The increased total equity position reflects the higher than expected surplus resulting from reduced costs and additional income in the reporting period.</td>
</tr>
<tr>
<td><strong>Net (decrease)/increase in cash held</strong></td>
<td>(89)</td>
<td>1,701</td>
<td>1,790</td>
<td>The increase in cash is due mainly to reduced salary and program expense along with additional income received in the period.</td>
</tr>
<tr>
<td><strong>Approved full-time equivalent (FTE) staff level</strong></td>
<td>56</td>
<td>51</td>
<td>5</td>
<td>Reduced FTE generally relates to delays in filling a number of vacancies and staff on secondment to other agencies.</td>
</tr>
</tbody>
</table>

1. As specified in the 2016-17 Budget Statements (Budget Paper No 2 Volume 2) Pages 895-902.
2. Further explanations are also contained in Note 35 “Explanatory Statement” to the financial statements.
Summary of client perceptions

In addition to the audited key performance indicators (KPIs), the SBDC measures its performance through client surveys to determine the:

- usefulness of information and guidance provided;
- contribution the service made to an informed decision to start or buy a business;
- extent the information or guidance benefited the operations of the business; and
- value to businesses of the guidance or information received.

In line with previous years, very high levels of satisfaction were achieved during 2016-17.

- 93 per cent of survey participants rated the information/guidance provided as very or somewhat useful.
- 80 per cent believed support provided had directly contributed to their decision to start or buy a business.
- 80 per cent of business owners said the information or advice had benefited the operations of their business.
- 83 per cent of those surveyed said they valued the information or guidance received.

The SBDC achieved an overall customer service index rating of 91 per cent. The index measures the extent to which the SBDC and Business Local service satisfies customer enquiries and requests for assistance. It is comprised of five individual performance indicators, which are all at or above 2015-16 levels.

Telephone surveys were undertaken with a random selection of clients who had directly sought information and guidance during 2016-17. 716 client surveys were completed, giving a maximum standard error ratio of +/- 3.5% at the 95% confidence level. 87% of clients contacted agreed to participate in the survey.
AGENCY PERFORMANCE

Evidence from across the world continues to reinforce the significant role that small business plays in creating robust, sustainable economies. Small business owners bring creativity and a willingness to take risks and to do things differently, as well as generating jobs for themselves and people in their local communities.

As Western Australia’s economy develops, the small business sector, already providing more than 500,000 jobs, is increasingly important in creating much needed employment. The SBDC plays a vital role in supporting this sector through a range of programs and services we deliver directly to small business owners and operators.

We also provide valuable advice and advocacy to all tiers of government on matters affecting the wider sector.

The world is becoming increasingly engaged though the digital environment, bringing a raft of opportunities and challenges for small business owners. Trying to keep pace with such rapid change and digital disruption can be daunting; markets are becoming more complex and consumers are more demanding. While keeping up with big business can be challenging, small business owners are still able to maintain their competitive edge by providing superior service and positive customer experience.

Offering high quality goods and services, coupled with passion and hard work, places small business on a strong competitive footing. However in our experience, the role of sound financial and digital literacy in creating long-term success is also critical. In support of this, the SBDC continues to develop and deliver targeted services to build essential business skills. New and revised workshop content will be developed during the coming year, underpinning the importance of the program within the SBDC’s overall service provision. This includes presentations delivered though Industry Link, a program providing support to an ever-expanding network of current and aspiring small business owners.

Within such a rapidly changing operating environment, the SBDC has a crucial role in ensuring appropriate protections are in place so that small businesses are treated fairly. This year we were pleased to see the impact of our advocacy work on the regulatory environment: Far-reaching unfair contract term protections came into effect at the end of 2016, and more recently, payment times and terms have come under the spotlight. It is vital that the practice of small businesses having to wait for extended periods to be paid, and in effect funding larger entities, ceases. This is a topic on which we will continue to focus our efforts during the coming year.

As we move into the next financial year I am encouraged to see many positive reforms for the small business sector in the pipeline. These have been inspired in part by the growing national conversation about the importance of small business to the economy, and how the sector could and should be supported. Key initiatives such as removing barriers for small business to access government supply chains and our on-going work with local governments through the Small Business Friendly Local Governments initiative are all part of creating a better operating environment for small business.
For more than 30 years the SBDC has been providing sound information and advice to small business owners and operators across all industries, to ensure they are better placed to make well-informed decisions and, as a consequence, be more likely to succeed. With an overwhelming amount of ‘noise’ in the advisory space, the SBDC’s unique position continues to be one of impartiality and being the place for small business owners seeking assistance to ‘start here first’.

As you will read in this report, demand for our advisory and dispute resolution services remains strong and our customer satisfaction ratings are very high. As CEO I am particularly proud of this result, as it is a reflection of the SBDC team’s commitment to our customer centric culture. I am also proud of the collaborative partnerships we have developed with the John Curtin Law Clinic, the Bankwest Curtin Economics Centre, Federal, State and local government agencies and many other stakeholder groups.

I would like to thank staff at the SBDC for their enthusiasm and commitment in supporting WA’s small businesses. Despite challenges, they continue to deliver services at the highest standard. I also acknowledge the members of the SBDC Board for their support throughout the year, plus the huge contribution the entrepreneurs of WA make in ensuring our economy remains healthy, diversified and strong.

David Eaton
Small Business Commissioner
Chief Executive Officer
Small Business Development Corporation
Activity reports

Services to small business
The SBDC provides free, confidential and independent business-related information, advice and guidance to the small business sector in WA. In the metropolitan area the SBDC’s focus is on assisting small business start-ups.

The SBDC responded to client enquiries via telephone, email and face-to-face meetings. The agency continued to provide specialist services in the areas of alternative dispute resolution (ADR), business migration and commercial tenancy, as well as a range of workshops. The reach of workshops was extended this year by offering additional options on Saturdays.

Forty four per cent of enquiries were received from pre-start or new business owners seeking information and advisory support.

As the Business Local service moved into its second year of operation it continued to provide business advice to small business operators across the State. The SBDC, working directly with clients and through Business Local, met the needs of clients across all stages of the business life-cycle from pre-start, development and growth, through to succession planning and exit strategies.

Outcomes for 2016-17
Excluding the Business Local service, the SBDC directly assisted more than 20,000 clients.

Business information centre
The business information centre (BIC) is the entry point for small business services provided by the SBDC. The BIC provides face-to-face business advice and licensing information, as well as online resources, to assist clients in starting or growing a business.

Information available at the BIC includes a range of free business guides and checklists on starting, developing and managing a small business. Staff in the centre coordinate the agency’s business skills workshops, welcome clients attending advisory appointments and assist them in using the online Business Licence Finder and IBISWorld database.

Outcomes for 2016-17
Clients were assisted with more than 11,800 searches using IBISWorld and in accessing almost 400 benchmarking reports. IBISWorld provides free access to market research reports on more than 500 industries across Australia, while the benchmarking reports allow clients to compare industry standards.
**AGENCY PERFORMANCE**

**Business Licence Finder**
During the year, 5,861 clients sought licensing and regulatory information using the online Business Licence Finder. The service was enhanced and relaunched during the year, improving the functionality and usability for clients. Geographically, most requests for information in the metropolitan area came from the City of Perth, and the City of Busselton (in regional areas).

The most popular topics searched for were:
- Accommodation and food services
- Retail trade
- Professional technical services

**Workshops**
The SBDC delivered 113 workshops to 3,544 participants during 2016-17. The workshops delivered were ‘Business Basics’, ‘Website Planning’, ‘Understanding your Business Financials’, ‘Spreading the Word – Marketing your Business’, ‘The 12 Step Business Plan’, and ‘Online Marketing – doing it yourself’. The number of attendees increased by more than ten per cent compared to the previous year.

The popularity of the Business Basics workshop resulted in more Saturday sessions being held, providing the service to an even greater number of participants. More than 750 people attended the Saturday workshops, with the new timeslot proving particularly popular with a younger client group.

The popularity of Saturday has been further expanded by including other workshop titles, catering for clients who are unable to attend during usual business hours.

As part of the SBDC’s mission to deliver and facilitate relevant, practical support to small businesses, workshop content has been reviewed and updated throughout the year. This year, a *Build a website* booklet was offered as an addition to the ‘Website Planning’ workshop, providing a practical tool for clients to use when researching and planning a new website for their business. The names of the workshops also underwent a process of review and retargeting to meet the needs of business owners searching for them online.

Since arriving in Perth from Italy in 2007, Marco has experienced the impact changing economic times on his specialty retail stores.

“It’s very important for small business owners to have someone supporting them, particularly in tough economic times when costs are going up and business is slowing down. The people at the SBDC understand what you’re going through, and they know what needs to be done to help. It doesn’t matter how successful your businesses are in other places, when you move to a new country there’s a lot to learn. I didn’t think I needed it – but I did.”

Marco Sterpone
JAVA JUICE, PERTH

More than 3,500 people attended business skills workshops during the year.
Industry Link

Industry Link extends the reach of SBDC services by working with industry associations and organisations to cost-effectively reach a greater number of potential and existing small business owners. The program connects potential and current small business operators within a particular industry with quality information and advice to assist in the development of their business, leading to a stronger and more sustainable small business sector.

Events are generally held at the organisations’ premises, with information delivered by a range of specialist presenters. Resources and topics covered are based on the SBDC’s standard workshop suite, tailored to meet the specific needs of the membership group. The workshops are usually delivered free of charge (with a small fee sometimes charged for support materials).

In 2016-17 the SBDC worked with 58 organisations to deliver 79 workshops and events to 2,426 participants; a more than 30 per cent increase in the number of participants compared to last year. There were also a total of 138 other meetings and networking sessions with other significant stakeholders during the year.

In addition to the normal suite of SBDC workshops, staff:

- joined judging panels for small business awards;
- advised university students on self-employment as a career option;
- attended a number of small business related expos;
- participated in and coordinated the Bizlinks program to raise awareness of the services available for small business owners from a range of State and Federal Government agencies; and
- linked with the ATO and Family Business Australia to provide more specialised workshops.

Industry Link worked with, amongst others:

- Australian Brick & Blocklaying Training Foundation
- Australian Taxation Office
- Bloom
- City of Canning
- City of Perth
- City of Swan
- Curtin University
- Department of Corrective Services (Boronia, Bandyup and Karnet Prisons)
- Department of Local Government and Communities
- Dog Groomers Association of Western Australia
- Edith Cowan University
- Family Business Australia
- Glass and Window Association of WA
- Innovation Centre of WA
- Inventors Association of Western Australia
- Many Rivers Microfinance
- Master Locksmiths Association
- Maylands Business Association
- Melville Cockburn Chamber of Commerce
- Motor Trades Association
- Murdoch University
- Office of Multicultural Interests
- Perth Glory Football Club
- Spacecubed
- Specialised Textiles Association
- Stirling Business Association
- WA Mobile Food Vendors Association
- WorkCover WA

The Industry Link program continues to forge strong relationships with business owners through groups and associations.
On-demand transport
The State’s on-demand transport (taxi) industry underwent a significant period of transition during 2016/17. The SBDC assisted taxi plate owners and lease plate holders with their applications to the Department of Transport’s hardship fund, and provided general business guidance to those who were impacted by the ongoing reforms to the industry. With funding provided through the Department of Transport, the SBDC commissioned research into the expectations of on-demand transport passengers.

During the year, the SBDC also participated in on-demand transport advisory group meetings with the Department of Transport. This allowed the SBDC to connect with a variety of industry stakeholders and to raise awareness of the agency’s support services.

‘My business – My retirement’ research
As the average age of WA’s population increases, so does the age of the owners of many small businesses. This may present an issue for the individuals involved, and for the sector as a whole. In response to an approach from Edith Cowan University, and in partnership with the University of Western Australia, the SBDC jointly funded a survey to learn more about the retirement planning and exit strategies of local business owners.

The survey, which included a number of detailed case studies, also examined the level of financial literacy of small business owners, particularly in terms of planning for their own future and the future of their business.

Results indicated that a significant number of small business owners do not have adequate strategies in place to achieve a satisfactorily funded retirement within the timeframe they have set. The survey also demonstrated that many owners were basing retirement strategy decisions on their own knowledge, rather than seeking professional guidance. The SBDC is now considering how best to respond to these findings.

Business advisory service
The SBDC provides free, confidential and independent information and advice across a broad range of critical areas of management and operations for small businesses. Initial enquiries relating to general business information, licensing and advice are handled by BIC staff, with more complex enquiries referred to the business advisory team. Current and potential small business owners are supported with guidance provided by email, telephone, and face-to-face meetings with experienced SBDC business advisers. The advisory team also assists by identifying trends and issues arising in the small business sector.
Lucas Chen and Ricky Huang were new to business when they brought the Honey Creme ice cream franchise to Perth, so they contacted the SBDC for advice.

“We really appreciate all the help we received from the SBDC, from the start of our business to where we are today; particularly the valuable advice on commercial leasing and choosing the best location for our shop. Having the pros and cons of our options so clearly explained made our decision making much easier. When you’re starting out, you have to watch every cent, so we were lucky to have the SBDC to call on for advice.”

**Lucas Chen and Ricky Huang**

**HONEY CREME, PERTH**
Commercial tenancy advisory service

A lease for business premises is vital to many businesses and is usually central to the goodwill, value and future sale of the business. Leasing business premises is a significant financial decision. In addition to the initial capital investment there are ongoing occupancy costs, including rent, which are a significant business overhead.

The SBDC’s commercial tenancy service assists small business landlords, tenants and other industry stakeholders by providing specialist information and guidance on:
- the Commercial Tenancy (Retail Shops) Agreements Act 1985 (CTA);
- negotiating and leasing business premises including leasing business premises in shopping centres; and
- commercial tenancy disputes.

This year a total of 2,357 dispute related enquiries were handled.

Through the delivery of this service the SBDC gathers valuable knowledge about the market and is well positioned to provide feedback to the government on the operation of the CTA and to raise issues that require attention. This year the SBDC provided advice to the:
- Department of Commerce (the CTA administrator) on issues related to the CTA, the Real Estate and Business Agents Act 1985 and on leasing topics that would be suitable for inclusion in the mandatory professional development program for the real estate industry; and
- Public Utilities Office (PUO) in relation to shopping centre landlords on-selling electricity to small business tenants. In December 2016, the PUO amended regulations so that landlords must now provide tenants with basic billing information on their electricity usage, including the quantity they consumed and how charges are calculated.

The Small Business Commissioner meets regularly with industry stakeholders in relation to current commercial tenancy issues. During 2016-17 the Small Business Commissioner met with:
- Australian Competition and Consumer Commission (ACCC);
- Chamber of Commerce and Industry Western Australia;
- Energy Consumers Australia;
- National Retail Association;
- Pharmacy Guild of Australia; and
- Shopping Centre Council of Australia.

A function of the Small Business Commissioner is to provide information and guidance in respect of retail leases covered by the CTA. A presentation was made to the Curtin University Law School in support of this.

This year the SBDC provided input to the ACCC in relation to the introduction of significant new legislation to protect small business from unfair contract terms. The law, which also affects commercial leases, came into effect on 12 November 2016.

Throughout the year the Small Business Commissioner and commercial tenancy service have continued to assist in improving retail leasing arrangements in WA. The SBDC will continue to monitor the market to identify further actions required to protect small business landlords and tenants.
SBDC assists a newsagency to continue to operate

A family business operating a profitable newsagency approached the SBDC for advice as they were having difficulty negotiating a new lease with the landlord of a shopping centre. Despite negotiations for a new lease ongoing for two years, the tenants had recently been issued with a notice to vacate.

The business owners argued that the landlord’s conduct was unconscionable as they believed the landlord was giving preferential treatment to another small business tenant located nearby. The newsagent said the lease terms offered to them were inconsistent compared to other similar tenancies in the shopping centre and their proposed lease included an exorbitant rental amount which they could not afford.

Following a period of intensive case management by an SBDC adviser, the agency arranged for both parties to attend mediation and they reached an agreement for a new five year lease.

As a result, the business owners are continuing to operate their newsagency, thereby ensuring ongoing employment for the two owners and their six staff.

The SBDC maintains the confidentiality of its clients when requested.
AGENCY PERFORMANCE

Alternative dispute resolution (ADR) service
The SBDC’s alternative dispute resolution (ADR) service assists small business owners to resolve business-to-business and business-to-government disputes in a practical, timely and cost-effective manner without going to court. Parties have greater control over outcomes and can pursue practical solutions to their dispute in a confidential environment.

ADR is a voluntary process where case managers provide independent and impartial assistance to the parties in dispute. Through a process of intensive case management each party is helped to identify their issues, their individual rights and responsibilities are clarified, and possible solutions to resolve the matter are identified. Early, effective dispute resolution can also have a positive effect on maintaining ongoing business relationships.

If intensive case management does not prove successful in resolving the dispute, parties may also elect to pay a fee (subsidised by the State government) to access the SBDC’s mediation service and resolve their dispute with the assistance of an independent professional mediator.

The ADR service also facilitates access to the State Administrative Tribunal for commercial tenancy disputes covered by the Commercial Tenancy (Retail Shops) Agreements Act 1985. Landlords or tenants who wish to enforce rights or obligations under this Act can use the ADR service to help resolve their dispute or arrange mediation. If parties are still unable to resolve their disputes after ADR assistance, the Small Business Commissioner may provide them with a certificate to take their dispute to the State Administrative Tribunal.

Outcomes for 2016-17
This year a total of 451 cases were referred to the ADR service for intensive case management. Case managers finalised* 425 cases (including cases carried over from the previous year), with an estimated dispute value of $25 million (based on client estimations). Some cases remain active and will be finalised during the next financial year.

Of the total cases referred to ADR, 73 per cent related to general disputes and included issues relating to contractual and warranty obligations, franchising agreements, Australian Consumer Law and unfair market practices. The remaining 27 per cent involved commercial tenancy matters.

Twenty disputes were referred to mediation during the year, with a successful resolution reached in 17 cases, resulting in potentially costly litigation being avoided. The value of disputes successfully resolved through the SBDC mediation process this year was estimated at $5.7 million.

* Cases are referred to as ‘finalised’ when they have been closed. They may be finalised for a number of reasons including the dispute being resolved, one or more party no longer wanting to proceed, or the matter being taken to court.

John Curtin Law Clinic
The SBDC has signed a memorandum of understanding with the John Curtin Law Clinic, part of the Curtin University Law School. The clinic opened in early 2017 and provides free legal advice to eligible small businesses. Through the clinic, small business clients can meet with final-year law students who will carry out legal research and prepare legal advice under the supervision of experienced lawyers. All student advice is reviewed by a qualified lawyer holding a current practising certificate.

Throughout 2016-17 the SBDC referred a total of 33 small business clients to pro-bono legal services, including the John Curtin Law Clinic.
ADR facilitates a practical resolution under the Australian Consumer Law

Certified Practising Accountant (CPA) Clyde Hudson thought he’d found the ideal laptop that would allow him to work from home and ‘in the field’ visiting his country-based clients. A manufacturer’s representative demonstrated the device and assured him it was suitable for his accounting practice.

After purchasing the laptop and engaging an IT professional to set it up, Mr Hudson experienced ongoing problems with the system and its performance. His work was impacted over several months and the response from the manufacturer was not helpful. Mr Hudson finally approached the manufacturer for a refund and compensation for the cost of installation and ongoing technical support, however the manufacturer agreed to refund only the cost of the laptop.

After intervention by an SBDC ADR case manager, the manufacturer agreed to provide a full refund for the laptop and associated accessories, as well as compensation to cover the costs of the professional IT support. Mr Hudson was of course delighted with the outcome.

“I rate the SBDC’s dispute resolution service as very good. I’d been dealing with this problem for months, with dozens of emails going back and forth. The SBDC had a solution in just a few weeks. I was impressed by how quickly the attitude of the manufacturer turned around and the results came in, once contact was made by the ADR service.”

Clyde Hudson
CLYDE HUDSON AND ASSOCIATES, MAYLANDS
AGENCY PERFORMANCE

Farm Debt Mediation Scheme
The Farm Debt Mediation Scheme (FDMS) provides an opportunity for farmers and pastoralists to resolve disputes with their financial institutions in relation to commercial debt through the SBDC’s mediation service. This joint project between the SBDC and the Rural Business Development Corporation (RBDC) is now in its second year of operation. It is funded by the Department of Agriculture and Food WA.

A greater awareness of the SBDC’s ADR service by agribusinesses resulted in two additional disputes (outside of the FDMS), also being referred to the SBDC for mediation.

Outcomes for 2016-17
Three farm debt mediations were managed by the SBDC during the year. Two related to wheat and sheep farming, and the third was for a market garden business. Two of the three mediations reached agreements, with a total estimated value of $4.3 million.

Two further applications remain pending, with mediations to be arranged in the next financial year.

Business Migration program
The SBDC is responsible for managing the Western Australian Government’s Business Migration program. This program is a key investment attraction initiative for the State, as business migrants make a significant contribution to WA’s economic wellbeing. Business migrants are a leading source of new capital through investment, establishing businesses, and generating export income and new employment.

The SBDC promotes WA to migration agents and potential business migrants through local and international marketing initiatives. The program attracts migrants by:

- marketing the State as a leading destination for investment, employment, education and lifestyle;
- providing information on business visa options as well as advice on living, working and establishing a business in WA; and
- supporting qualifying clients with State nomination to become eligible to lodge a visa application with the Department of Immigration and Border Protection (DIBP) under the Business Innovation and Investment Program.

To generate maximum exposure for the Business Migration program and to assist new migrants in establishing and developing their businesses in WA, the SBDC has strategic alliances with the:

- Department of State Development’s International trade and investment offices; jointly participating in events, presentations and attending appointments with potential business migrants.
- WA branches of the Migration Institute of Australia and Migration Alliance; providing these organisations with up-to-date information on the policies and criteria for State nomination for them to distribute to migration agents in WA and overseas.
- Department of Immigration and Border Protection; as a member of the national Skilled Migration Officials Group, the SBDC assists with business migration policy development, strategies and initiatives.
Outcomes for 2016-17

During 2016-2017 the SBDC approved State nomination for business migrants from 22 countries to invest and establish businesses in WA. This year China (43 per cent) has overtaken the combined markets of Malaysia and Singapore (32 per cent) as the top market for business migrants coming to the State.

Representatives from the SBDC and WA international trade and investment offices participated in business migration activities in Perth and the State’s prime international markets of Singapore, Malaysia and China. There was also promotion to the emerging market of Brunei and potential new market of Inner Mongolia.

More than 1,500 participants attended a total of 53 presentations held internationally and in WA, providing information on State nomination under the Business Innovation and Investment Program and to explore local business and investment opportunities. Interviews were also conducted overseas with 143 potential business migrants who were interested in establishing a business or making an investment in WA.

These events are the key components of the overall marketing strategy to attract new migrants, and to develop and reinforce relationships with the State’s international trade offices and migration agents based locally in Perth and in prime target countries.

During 2016–17 the SBDC:
- Responded to 2,179 enquiries and nomination applications from migration agents, prospective business migrants and their representatives.
- Approved 256 State nominations for new business migrants to apply for visas to commence a business or investment in WA.
- Approved 134 State nominations for business migrants confirming their business establishment or investment in WA.
- Generated $233,500 in revenue from State nomination application fees to assist with the cost of operating and promoting the program.

The 134 business migrants who finalised their investment this year injected $305.1 million into the State’s economy for business establishment, investment in Treasury Bonds, personal expenditure and settlement costs. These migrants also created 148 new jobs and 15 exporting businesses.

Investment and businesses established by migrants range across a variety of industries including retail and hospitality, accommodation and property development. Of the export businesses, products exported included health and agricultural products.

### Confirmed investment from Permanent Residency Business Visa holders

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<tr>
<td>Jobs created</td>
<td>256</td>
<td>124</td>
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<tr>
<td>Businesses exporting</td>
<td>16</td>
<td>14</td>
<td>12</td>
<td>15</td>
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<td>Total capital in-flow</td>
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<td>Capital in business</td>
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<td>$103.9M</td>
<td>$139.8M</td>
<td>$78.3M</td>
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<tr>
<td>WA Treasury Bonds</td>
<td>$18.7M</td>
<td>$22.2M</td>
<td>$20.0M</td>
<td>$34.7M</td>
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</tbody>
</table>
AGENCY PERFORMANCE

Aboriginal Business Directory WA
The SBDC administers the Aboriginal Business Directory WA (ABDWA). This Statewide initiative provides information detailing the capabilities of more than 500 registered Aboriginal-owned small businesses, covering a wide range of products and services. The government and private sectors can use the directory when purchasing goods and services such as catering, stationery, photography services and building maintenance.

The SBDC has continued to work with stakeholders to increase awareness of the directory and its benefits.

Ada and Giorgio Balzarro
PARLAPA CAFE, FREMANTLE

Ada and Giorgio migrated from Italy in 2013 through the WA Government’s Business Migration program. With advice and support from the SBDC, they are now permanent residents, running an authentic Italian café ‘Parlapa’ in the heart of Fremantle.

“We want to thank you so much for your precious help and support through this long process over the years. The business is going well, despite the tough times here in Freo, and we are looking forward to new developments in the area. We identified WA as a great lifestyle destination with the potential to grow and develop, but when you’re starting a business in a new country, there’s so much to learn. Having an independent person on hand to answer all our questions has been invaluable.”

Regional Small Business of the Year winners Jonathan Smith and Prue Plowright from Wattnow Electrical in Derby. Their business is listed in the ABDWA.
AGENCY PERFORMANCE

Business Local
The Business Local service is the SBDC’s business advisory outreach service. The Business Local service is delivered by seven providers across 12 designated regions across the State, nine in regional areas and three in the Perth metropolitan area. In 2016-17 the SBDC allocated approximately $3.5 million in funding to the service providers, of which $2.7 million (76 per cent) was allocated to regional WA.

Outcomes for 2016-17
Throughout 2016-17 the Business Local service supported new and existing small business operators through direct person-to-person business advisory services, assistance with start-up strategies (in regional areas only), business growth plans, business resilience guidance and help with business exits.

During the 2016-17 financial year small business clients of the service reported $101 million of net economic impact for WA; comprising increasing business turnover by $41.6 million, assisting with capital investment of $28.2 million and creating 979 new jobs. The Business Local service had approximately 28,800 client engagements and produced 12,005 action plans to guide individual business owners during the year.

Policy and advocacy
The SBDC works to influence the development and implementation of policies and initiatives across government that impact upon the small business sector for the benefit of the WA economy. The core activities underpinning the agency’s policy and advocacy work are:

- developing small business policy;
- making submissions to regulatory reviews; including those related to:
  - security of payments in the construction industry;
  - the impact of unfair contract terms in government contracts;
  - payment terms for small businesses; and
  - government procurement processes;
- assessing and commenting on the impact of initiatives raised through the WA Government’s Regulatory Gatekeeping Unit;
- engaging with local governments through the Small Business Friendly Local Governments initiative;
- undertaking liaison and consultation with the business community and other government agencies;
- gathering intelligence on the small business sector; and
AGENCY PERFORMANCE

- providing advice to the office of the Minister for Small Business relating to, amongst other topics, the following issues:
  - on-demand transport and associated transition assistance package;
  - a reduced price strategy, known as the Value Strategy, implemented by the Pizza Hut franchise;
  - the Biosecurity Act 2015, including the impact on WA beekeepers;
  - the Workers’ Compensation and Injury Management Scheme;
  - small businesses in WA not covered by changes to unfair contract term protections;
  - the WA Government’s digital services portal;
  - non-payment of funds due to insolvency relating to WA Government projects;
  - reforms to the National Industrial Chemicals Notification and Assessment Scheme;
  - impact of penalty rates in the retail and hospitality industries;
  - impact of Lotterywest’s Play Online service and Retail Transformation Program on lottery agents;
  - businesses affected by WA Government construction and infrastructure projects;
  - small business access to government supply chains; and
  - the Business Council of Australia’s supplier payment code.

The SBDC also provided advice to support the Minister for Small Business when attending a number of small business and community forums and events during the year, including:
- Regional Chambers of Commerce and Industry WA (RCCIWA) and individual chambers;
- Master Builders Association WA;
- Housing Industry Association;
- Engineers Australia;
- Australian Lottery and Newsagents Association;
- Real Estate Institute of WA;
- Western Rock Lobster Council; and
- Subcontractors for Fair Treatment.

Reviews, submissions and consultations

An important function of the SBDC is to monitor and review regulatory reforms and proposed amendments to legislation that relates to small business. This includes liaising with other government agencies and small business stakeholders to ensure the impacts of policy and regulatory decisions are understood and addressed. The SBDC regularly consults with key small business representative groups, including RCCIWA, and the Australian Competition and Consumer Commission (ACCC) to keep informed of issues and emerging trends.

By providing formal submissions or liaising directly with other agencies, the SBDC ensures the interests of the State’s small businesses are considered in proposed legislative amendments, new regulations or government policy changes.
AGENCY PERFORMANCE

- Review of the Australian Small Business and Family Enterprise Ombudsman and associated legislation;
- Review of the Auction Sales Act 1973;
- Occupational Safety and Health and Electricity Licensing Amendment (Live Work) Regulations 2017;
- Review of Consumer Law Enforcement and Administration;
- Public Utilities Office – on-selling of electricity;
- Australian Consumer Law Review;
- ACCC new car retailing industry market study;
- ACCC draft framework for misuse of market power guidelines;
- Work Health and Safety Regulations for WA;
- amendments to electricity and gas on-selling licence exemptions;
- Building and Construction Industry Code of Conduct WA 2016;
- National Payment Times and Practices Inquiry;
- Competition and Consumer Amendment (Misuse of Market Power) Bill 2016; and
- Horticulture Code of Conduct Review.

**Regulatory gatekeeping**

Managed by the Regulatory Gatekeeping Unit (RGU) of the Department of Finance, the Regulatory Impact Assessment (RIA) program is a two-stage process to review proposals for new or amended regulation. All regulatory proposals must include a Preliminary Impact Assessment (PIA) to identify potential impacts on small businesses, the economy and consumers. If the impact is significant, a more thorough Regulatory Impact Statement (RIS) is undertaken.

The SBDC plays an important role by reviewing PIAs and RISs and providing feedback from a small business perspective to the RGU and/or sponsoring agency.

**Outcomes for 2016-17**

The SBDC reviewed 42 PIAs from 13 government agencies. The feedback included general support with no objections; a recommendation for increased clarity of the proposal’s purpose and intended outcomes; a recommendation for further consultation with stakeholders; and comments about reducing the compliance burden (i.e., limiting the frequency of reporting, encouraging online form lodgment and payments, and considering users when developing new forms).

During the year, the SBDC also participated in an inter-agency working group to improve the RIA program, streamline the PIA process and enhance the measurement of regulatory burden.

**Influencing regulatory reform**

The SBDC continues to focus on identifying and reducing unnecessary compliance burdens on small business through its advocacy to introduce risk-based regulatory frameworks and greater digitisation of licence applications across government.

**Outcomes for 2016-17**

- Completed a ‘90 Day’ regulatory mapping project looking at starting a small retail business.
- Provided input to the whole-of-government Red Tape Reduction Report Card and 2016 Repeal Week.
- Reviewed the Regulatory Impact Assessment Improvement Plan.
- Worked with Treasury on the State’s proposals under the Intergovernmental Agreement on Competition and Productivity-enhancing Reforms for funding for digital services to remove administrative and compliance burdens associated with business licensing and reporting.
**Small Business Friendly Local Governments initiative**

The Small Business Friendly Local Governments (SBFLG) initiative was launched in August 2016, in collaboration with the Department of Local Government and Communities. The overall objective of the initiative is to recognise local governments that are demonstrating, or working towards, better practice in engaging with and supporting their small business community, to create more productive relationships between small businesses and their local government authority, and to support economic development in local communities.

To participate in the initiative, local governments sign a charter which sets out the minimum commitments they need to make to their local small business community including paying small business suppliers on-time, meeting with small business stakeholders or their representatives on a regular basis, and having a dispute resolution process in place. They are also required to introduce three other initiatives of their choosing to improve the operating environment for small businesses in their area.

Optional initiatives participating local governments have elected to introduce for their local small business communities include:

- running campaigns to encourage people to shop local and support small business;
- allowing small start-up businesses to use shire facilities as a business incubator;
- undertaking surveys and research to better understand business needs and issues;
- supporting small businesses to access local government contracts and tenders;
- establishing online payment facilities;
- updating their website to include dedicated small business pages/sections;
- delivering business development workshops; and
- improving small business communication and customer service.

The SBDC will continue to work with local governments during 2017-18, with a view to reducing red tape and encouraging greater consistency in local laws for the benefit of small business.

29% of WA’s small businesses benefited from operating in a small business friendly local government area.

Staff representing the Small Business Friendly Local Governments initiative attended the 2016 WA Local Government Convention and Trade Exhibition.
Outcomes for 2016-17
As at 30 June 2017, 15 metropolitan and regional local governments, which collectively represent 29 per cent of small businesses in the State, were signed up to the initiative.

Examples of SBFLG supporting activities:

**Town of Victoria Park**
- ‘Evolve’ community consultation sessions with businesses
- Providing small business training
- Free Trade Area
- Social media marketing initiative Fri-YAY – tagging businesses and cross promoting the offer for the day

**City of Joondalup**
- Providing relevant small business information on website
- Supporting business incubators and start-up spaces
- Small business forums and events

**City of Gosnells**
- Business incubator
- Local business forums
- Big Event business networking evenings
- Economic development newsletter

**City of Canning**
- Website enhancement
- Improve small business supply opportunities
- Small business forums and events

Communications and marketing
The SBDC uses a range of on and off-line channels to engage with its clients and stakeholders. The channels are used to raise awareness of the small business sector and its value to the State’s economy, and to promote the SBDC’s support services for small business owners and operators.

A broad range of communication activities are employed including public relations, marketing, advertising, events, social media, speaking opportunities, content marketing and distributing news stories to local, state and interstate media.

The SBDC also raises awareness of its support for small business and key stakeholders in regional areas by sponsoring local small business awards and managing a Statewide awards program.

Outcomes for 2016-17
**Media and public relations**
The SBDC used a variety of earned media to promote the agency’s services and the importance of the small business sector to the State’s economy. Over the past year the SBDC has promoted a range of topics and activities via releases distributed to Statewide print and electronic media; inclusion in the SBDC e-news, Facebook page and news bulletins on the SBDC website; and through articles written for business and industry magazines.
AGENCY PERFORMANCE

In 2016-17, key topics for earned media and public relations coverage included:

- results of small business surveys and polls including the SBDC Business Expectations survey and the Bankwest Curtin Economics Centre Small Business Report;
- the 2016 Western Australian Regional Small Business Awards;
- successful outcomes from the SBDC advisory service and dispute resolution process;
- small business advice on taxation, employing staff, risk management, social media, marketing, commercial tenancy and doing business online;
- promoting the small business programs and initiatives of other State and Federal Government agencies;
- collaborative projects and programs between SBDC and other agencies including the Australian Taxation Office (ATO), the Australian Competition and Consumer Commission (ACCC) and the Office of Multicultural Interests; and
- attendance at exhibitions including the Metropolitan Migrant Resource Centre and the Melville Cockburn Chamber of Commerce and Industry.

During the year, 29 magazine articles were written for business and trade publications on topics including:

- Avoid the glass ceiling – be your own boss.
- Talent management and succession planning.
- SBDC still going strong after 33 years.
- Growing your business in a new economy.
- Avoid the pitfalls and make franchising a great opportunity for you.
- Make the most of digital opportunities with your free business kit.

Articles created by the SBDC were featured in the following publications: *Brush Strokes* (Master Painters and Decorators), *The Grower* (Vegetables WA), *MTA News* (Motor Trades Association), *Belmont Business Talk* (City of Belmont), *Chung Wah* (Chinese Chamber of Commerce), *Franchise Business* magazine, *In Your Region* (Department of Regional Development), *Edupreneur*, *On the Surface* (Association of Wall and Ceiling Industries WA) and *Inside Small Business*.

The SBDC has access to networks of small business owners and organisations, and works closely with other government agencies to raise awareness of legislation and regulations that impact small business. During 2016-17, the SBDC worked with the ATO, Department of Commerce (Consumer Protection), ACCC, Department of Local Government and Communities, Curtin University of Technology, Department of Health, IP Australia, Australian Securities and Investments Commission (ASIC), Fair Work Ombudsman and WA Police (Crimestoppers) to inform the small business sector about important developments.

In total, 14 media releases were distributed. As audiences are increasingly seeking information through online channels, the agency now has a greater focus on digital communications, with a corresponding lower demand for traditional media releases. The SBDC produces a monthly e-newsletter covering SBDC projects and achievements, legislative changes, and tips and hints for small business owners. The publication is delivered to approximately 7,000 subscribers.

The SBDC is recognised as a reliable source of small business information and statistics, and is a ready source of introductions for journalists seeking successful small business owners. During the year in review, more than 50 media enquiries were handled by the agency.

Speeches and briefing notes to promote the significance of the small business sector and the services of the SBDC for a significant number of events were provided to the office of the Minister for Small Business.
AGENCY PERFORMANCE

Digital communications
Stakeholder engagement through the SBDC’s Facebook page continued to grow. The number of people ‘liking’ the page increased by almost 30 per cent compared to the previous year, with almost 400 posts made to the page. The posts were seen by almost 900,000 users, more than double compared to the previous 12 months.

The Facebook group ‘I’m a small business owner in Western Australia’ continued to provide a highly active virtual networking space for small business operators. It is an environment where people interested in small business can feel comfortable in sharing and connecting with each other. The group members actively participate in discussions and have created a self-moderating online community. There is a consistently high level of engagement with new discussions and comment threads posted every day. The group is monitored around the clock by members of the communications and marketing team to ensure adherence to the group’s guidelines and the swift removal of gratuitous advertising. Membership has grown to more than 4,000.

Digital advertising across a range of platforms continued to drive engagement, particularly to promote the agency’s business advisory services and workshops.

SBDC website
The website remains a popular source of information about starting and operating a small business in WA. Following a comprehensive review and subsequent content rewrite, the site architecture and look and feel were completely restructured to enhance the customer experience. The new website was launched on 23 December 2016.

As well as being more closely aligned with SBDC branding, the new site is also mobile enabled. Development of website content is now closely aligned with the agency’s overall digital communications strategy, and work is underway to improve search engine optimisation (SEO) and build customer engagement.
Western Australian Regional Small Business Awards

The SBDC continued to actively support small business award programs in regional areas that feed into the Western Australian Regional Small Business Awards. In 2016-17, 20 local programs received $71,850 in sponsorship from the SBDC.

These regional award programs, managed by local chambers of commerce and business associations, help raise the profile of small businesses in regional areas and acknowledge their significant contribution to local communities. The SBDC’s support of these programs and associated branding and speaking opportunities also helped to raise the profile of the agency and the services it provides directly and through partner organisations to all areas of the State.

The SBDC further supported regional award programs through its ‘awards-ready’ workshop, advising small business owners on how to assess their operation and to prepare an awards submission. The number of ‘live’ workshops this year was limited by budgetary and geographical constraints, so to maintain equity of access to the resource across all regional areas an online version was provided, in addition to a new ‘live’ package. The latter provided a comprehensive package of content to enable coordinators to deliver workshops in their own area, which included a $200 hosting package. Almost 130 small business owners attended workshops at locations around the State.

The fourteenth annual Western Australian Regional Small Business Awards program received applications from across the State, and culminated in a gala presentation event held in Perth in November 2016. The Awards celebrate the achievements of the small business sector in regional areas by providing Statewide recognition for winners of local business award programs that are supported by the SBDC.

The 2016 presentation event was attended by the Minister for Small Business; the Parliamentary Secretary to the Minister for Regional Development, Lands; small business operators, their staff, families and friends; Business Local providers; regional chambers of commerce and industry; business associations; sponsoring companies and media representatives.

Prizes of $1,000 (cash) and scholarships to Curtin University’s Growth Ignition program were provided to each category winner, while the overall winner also received a $25,000 airtime package provided by major sponsor, the GWN7 television network, and production of an advertisement provided by supporter Lomax Media.

Finalists and winners of 2016 Western Australian Regional Small Business Awards.
The category award winners for 2016 were:

- Business of the Year – Wattnow Electrical, Kimberley
- Home-based Business – KalyaaNa Spa & Wellness Retreat, South West
- Franchise Business – BOQ Geraldton, Mid West
- Aboriginal Business – Wattnow Electrical, Kimberley
- Start-up Business – The Temple Boutique Spa, Great Southern
- Business with 0-4 Employees – Esperance Psychology, Goldfields-Esperance
- Community Engagement – Pharmacy 777 Carnarvon, Gascoyne
- Business with 5-10 Employees – Physio Group South-West, South West
- Business with 11-20 Employees – 4Life Physiotherapy, Mandurah
- Business Local Achiever Award – Bullara Station Stay, Gascoyne

The event received Statewide media coverage, with the winners also highlighted in full and double-page advertisements in *The West Australian* and the regionally distributed *Regional Lifestyle Magazine*. The advertising was supported by a sponsorship package from the West Regional Newspaper Group. Social media continued to provide an excellent vehicle for broad event coverage, with the SBDC’s Facebook page also used to highlight supporting regional events, sponsors and winners. By introducing a range of new posts and points of engagement, the number of visitors to the page was more than double compared to the previous year.

During 2016-17, the SBDC received $216,000 in Royalties for Regions funding in support of the Western Australian Regional Small Business Awards program.

“...we loved every moment of our experience in the WA Regional Small Business Awards. When we first entered, we were a growing business in its first year. Being recognised as the Best Start-up Business for 2016 is something we are extremely proud of. It has been an amazing platform for our business to grow with continued interest and support from our valued clients and the broader community. We were so honoured to represent our town and winning on the night was a very special moment. We sincerely thank the SBDC for all the effort and hard work involved in organising the awards and making the effort to make small businesses like us feel large.”

Carlyssa Birkbeck
THE TEMPLE BOUTIQUE SPA, ALBANY
AGENCY PERFORMANCE

4Life Physiotherapy won the 11 to 20 Employee category at the 2016 WA Regional Small Business Awards. Grant Pattison and Jye McCaffrey established 4Life Physiotherapy in 2011. In their first five years the business grew from two to 18 staff.

“Entering the 2016 WA Regional Small Business Awards provided a great opportunity for us to reflect on how our business had grown, what was working well and where we could improve. The submission process was valuable in this regard, and has since helped us streamline our business practices. Winning the award also helped build the profile and reputation of our clinic with potential patients and referrers and by attracting quality staff. It was an acknowledgment of the hard work put in by business owners and staff to establish and create our successful business. As part of the prize, we received a scholarship to the Curtin Growth Owner Program. Having recently completed the program, we’re now in the process of putting the skills we’ve learnt into practice to further improve our business.”

Grant Pattison and Jye McCaffrey
4LIFE PHYSIOTHERAPY, MANDURAH
CATEGORY WINNER, 2016 WA REGIONAL SMALL BUSINESS AWARDS

Corporate governance
Governance disclosures
Enabling legislation
The Small Business Development Corporation Act 1983 makes provision for the establishment of the SBDC and Small Business Commissioner 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 a Board, drawn from the private sector under the auspices of the Small Business Development Corporation Act 1983. The eight-member Board (including the Commissioner as ex officio) meets on a monthly basis to consider issues relevant to the direction and operation of the agency.
Membership as at 30 June 2017 comprised:

Caterina (Kitty) Prodonovich
Kitty Prodonovich initially joined the Board in May 2008 and took up her position in September 2008. Ms Prodonovich was appointed Chair of the Board on 1 October 2014. Ms Prodonovich has owned and operated a number of small businesses, including two award-winning businesses in the Goldfields. She was the recipient of the Goldfields Young Achiever Award and winner of the 2002 Goldfields Business of the Year. She was elected the youngest executive member of the Kalgoorlie Boulder Chamber of Commerce and Industry and is a past president.

Ms Prodonovich is also Chief Executive Officer of the Regional Chambers of Commerce and Industry WA, sits on the General Council of the Chamber of Commerce and Industry WA and is a non-executive director on the board of Keystart Home Loans.

Susan Bailey
Susan Bailey was appointed to the Board in April 2014. Ms Bailey is a former owner of two furniture and homeware stores, and also has 30 years experience in the residential construction sector, working with builders and other small business participants in the industry.

Ms Bailey is past president of the WA Housing Industry Association, a board member of the Construction Training Fund Board, and a consultant to the industry.

Steven Dobson
Steven Dobson was appointed to the Board in September 2012. Mr Dobson is a director of Mal Dobson & Associates and was previously a sworn member of the WA Police.

Mr Dobson holds board roles with ASIC Financial Advisers Consultative Committee, MLC Insurance Adviser Board and Meritum Financial Group. He is the president of Bull Creek Leeming Junior Football Club, a life member of Jandakot Volunteer Bushfire Brigade and a Justice of the Peace.

He holds an MBA from Murdoch University, a Bachelor of Business from RMIT University and is a graduate member of the Australian Institute of Company Directors.

Nicolle Jenkins
Nicolle Jenkins was appointed to the Board in December 2015. Ms Jenkins is managing director and founder of The Hub Marketing Communications, a strategic marketing and communications business. With more than twenty years experience in the marketing industry, Ms Jenkins has expertise across all aspects of business development, digital strategy, brand and change management and marketing communications.

In 2015, she won a national marketing excellence award in the corporate social responsibility category, was an award winner in the 2012 40 under 40 awards and finalist in the WA Telstra Business Awards in 2009 and 2011.

Ms Jenkins is currently Chair of Intework, one of Western Australia’s largest disability organisations, director and General Council member of the Chamber of Commerce and Industry WA, and co-founder of the Small Business Matters movement.
Anthony Masi was appointed to the Board in April 2014. Mr Masi is a pharmacist and has owned and operated successful small businesses in regional Western Australia since 1991. These include a camera store, a health food shop, an IGA grocery store and two pharmacies. He currently employs 35 staff in Broome. He is a board member of Boab Health, former board member of the Kimberley-Pilbara Medicare Local, and Vice President of The Pharmacy Guild of Australia (WA Branch).

Mr Masi is also an active member of the Kyle Andrews Foundation Inc, a Broome-based children’s cancer charity. He was Chair from 2008-2010 and is currently the organisation’s treasurer.

Allan Pendal
Allan Pendal was appointed to the Board in October 2014. Mr Pendal is co-owner of a real estate business in Kalgoorlie-Boulder. He has extensive experience in the finance/banking sector and was financial controller and company secretary for a large public company.

Mr Pendal is currently Deputy Mayor of the Kalgoorlie-Boulder City Council.

Caroline (Ra) Stewart
Ra Stewart was appointed to the Board in December 2015. Ms Stewart has over 30 years experience as a marketing and communications professional, embracing all aspects of communications from advertising and marketing through to stakeholder engagement and corporate affairs. She is a passionate advocate for small business having represented the sector as a board member of the Fremantle Chamber of Commerce since 2008, including a four year term as president. Her skills and knowledge of marketing, public relations and business administration, together with owning and operating her own consultancy business, have provided her with extensive experience and understanding of the SME and corporate sectors.

Ms Stewart is the Senior Corporate Relationships Manager for the Royal Flying Doctor Service of Western Australia.

David Eaton (ex officio)
David Eaton was appointed Western Australia’s first Small Business Commissioner and CEO of the Small Business Development Corporation (SBDC) in December 2011. In this dual role, Mr Eaton is responsible for the day-to-day operations of the SBDC as well as the alternative dispute resolution service for small business.

Mr Eaton has extensive business management experience, beginning his career as a small business owner, followed by a successful corporate career with Australia Post. He holds a Masters in Business Administration (UWA), is a Graduate Member of the Australian Institute of Company Directors and a member of Curtin University’s Advisory Council.
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:
1. Setting the direction of the agency;
2. Determination of standards;
3. Coordination of planning, policies, and decision-making frameworks; and
4. 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 within the SBDC.

Members current as at 30 June 2017

Terms of appointment/meetings attended

<table>
<thead>
<tr>
<th>Name</th>
<th>Initially appointed</th>
<th>Term expires</th>
<th>2016-17 meetings attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms Caterina (Kitty) Prodonovich</td>
<td>12/05/2008</td>
<td>01/10/2017</td>
<td>11</td>
</tr>
<tr>
<td>Ms Susan Bailey</td>
<td>07/04/2014</td>
<td>30/06/2017</td>
<td>10</td>
</tr>
<tr>
<td>Mr Steven Dobson</td>
<td>10/09/2012</td>
<td>30/11/2018</td>
<td>9</td>
</tr>
<tr>
<td>Ms Nicolle Jenkins</td>
<td>07/12/2015</td>
<td>07/11/2018</td>
<td>9</td>
</tr>
<tr>
<td>Mr Anthony Masi</td>
<td>07/04/2014</td>
<td>30/06/2017</td>
<td>8</td>
</tr>
<tr>
<td>Mr Allan Pendal</td>
<td>01/10/2014</td>
<td>01/10/2017</td>
<td>10</td>
</tr>
<tr>
<td>Ms Caroline (Ra) Stewart</td>
<td>07/12/2015</td>
<td>07/11/2018</td>
<td>8</td>
</tr>
<tr>
<td>Mr David Eaton (ex officio)</td>
<td></td>
<td></td>
<td>9</td>
</tr>
</tbody>
</table>

A total of 11 meetings were held during the 2016-17 reporting period.

Board remuneration

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Type of remuneration</th>
<th>Period of membership</th>
<th>Gross actual remuneration ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair</td>
<td>Ms Caterina (Kitty) Prodonovich</td>
<td>Annual</td>
<td>Full year</td>
<td>23,248.94</td>
</tr>
<tr>
<td>Member</td>
<td>Ms Susan Bailey</td>
<td>Annual</td>
<td>Full year</td>
<td>9,216.60</td>
</tr>
<tr>
<td>Member</td>
<td>Mr Steven Dobson</td>
<td>Annual</td>
<td>Full year</td>
<td>9,382.92</td>
</tr>
<tr>
<td>Member</td>
<td>Ms Nicolle Jenkins</td>
<td>Annual</td>
<td>Full year</td>
<td>9,105.72</td>
</tr>
<tr>
<td>Member</td>
<td>Mr Anthony Masi</td>
<td>Annual</td>
<td>Full year</td>
<td>9,605.11</td>
</tr>
<tr>
<td>Member</td>
<td>Mr Allan Pendal</td>
<td>Annual</td>
<td>Full year</td>
<td>9,194.62</td>
</tr>
<tr>
<td>Member</td>
<td>Ms Caroline (Ra) Stewart</td>
<td>Annual</td>
<td>Full year</td>
<td>9,213.52</td>
</tr>
</tbody>
</table>
**AGENCY PERFORMANCE**

**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 2016/17 the SBDC contributed $6,699 towards the annual premium with individual Board members also making a personal contribution.

**Corporate resources**
The corporate resources team assists the SBDC to reach its objectives and goals through:
- financial management including budgeting and accounting services;
- human resource management;
- online services management;
- information technology infrastructure management;
- records, library and information management services;
- facilities management including assets, fleet, accommodation and procurement; and
- general administration.

**Other financial disclosures**

**Internal audit**
The SBDC outsources its internal audit function which focuses on the effectiveness of the key processes and controls to meet the compliance requirements of the *Financial Management Act 2006* and applicable Treasurer’s Instructions. The audit provides assurance to the SBDC Board and management in relation to the quality, reliability, adequacy and integrity of the systems of internal control, compliance and reporting.

**Governance disclosures**

**Pricing policies**
The SBDC collects the following:
- Alternative dispute resolution (mediation) fees; set at $125 per party in dispute. This represents partial cost recovery for government. The total cost of each mediation session is generally $900 with the SBDC subsidising the difference.
- Business Migration State Nomination application fees; set at $500 for a provisional business visa and $750 for a permanent business visa. The fees represent partial cost recovery for the processing of applications under the Business Innovation and Investment visa program.
- Business workshops fees; with the exception of the free Business Basics workshop, are set at $50 per participant.

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

**Our people**

**Workforce development**
The SBDC employs a Performance Development Plan (PDP) process to manage workforce development and foster two-way communication between managers and staff. Individual PDP sessions with team members have led to personal goals being more specific and measurable, resulting in staff making a more positive contribution to the agency.

A leadership development program was implemented during 2016-17. The program was designed to further develop the agency’s leadership capabilities to benefit both staff and the services delivered to the public. This program included the creation of an ‘extended leadership team (ELT)’. The ELT includes staff occupying key management roles within the agency and supports the corporate executive team in delivering key strategic and operational goals.

Development opportunities including expressions of interest to participate in learning development programs, knowledge sharing activities and acting opportunities continue to be used to cover short term vacancies and to assist with succession planning.

Staff were further supported through weekly in-house training sessions to develop knowledge about current small business issues.
AGENCY PERFORMANCE

Staffing summary – as at June 2017

<table>
<thead>
<tr>
<th>Employee profile</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent full-time</td>
<td>40</td>
</tr>
<tr>
<td>Permanent part-time</td>
<td>13</td>
</tr>
<tr>
<td>Fixed term contract</td>
<td>1</td>
</tr>
<tr>
<td>Casual</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59</strong></td>
</tr>
</tbody>
</table>

Reconciliation Action Plan 2015 – 2017

The SBDC’s Reconciliation Action Plan (RAP) has been developed to create awareness and understanding of the needs, skills and contribution to the State of Aboriginal and Torres Strait Islander (‘Aboriginal’) business operators, and to foster meaningful engagement across the organisation and the broader small business sector. In line with the agency’s overall strategic plan, the RAP further demonstrates how the SBDC values:

- **Enterprise** – through the development and empowerment of Aboriginal owned and operated small businesses;
- **Focus** – reinforcing existing and building new channels in support of Aboriginal small business operators;
- **Independence** – ensuring the SBDC is a trusted and credible partner in supporting Aboriginal enterprise development in WA;
- **Fairness** – advocating for an economic and policy environment where all Aboriginal small businesses can thrive; and
- **Collaboration** – actively engaging with partners to create more inclusive strategic relationships to deliver better outcomes and relationships for Aboriginal small business operators.

It is envisaged that the SBDC’s role in building relationships will create a better understanding and acknowledgement of the similarities, legitimacy, contribution and diversity of Aboriginal businesses within the broader economy.

Leading by example and creating a culturally inclusive environment increases accessibility to the SBDC’s services and enables the agency to promote success, assist business start-ups, ensure growth and development and raise the profile of Aboriginal businesses across WA.

Notable achievements associated with the RAP this year include:

- NAIDOC Week celebrations;
- Reconciliation Week morning tea held with staff;
- participation in the 2017 Reconciliation Week street banner project; and
- growth of the Aboriginal Business Directory WA to include more than 500 registered businesses.

The SBDC met its commitments stated in the RAP for the 2016-17 financial year; the 2018-20 plan is currently in development.

Occupational health and safety (OHS) and injury management

The SBDC is committed to ensuring operational activities are carried out with full regard for the health, safety and welfare of employees, contractors and the public. The agency’s management team support this through participation in training programs and communicating OHS matters via the intranet. OHS is a standard agenda item at all executive and ‘all of agency’ meetings and staff are encouraged to raise any issues.

The SBDC ensures compliance with the injury management requirements of the *Workers’ Compensation and Injury Management Act 1981* by adopting a systematic and practical approach that places a strong emphasis on employees receiving support from managers and human resources to ensure they return to work as soon as possible following injury or illness.

The Corporation recognises that consultation, communication and cooperation between managers and employees are essential to maintaining a safe and healthy workforce. The agency’s Occupational Health and Safety Management System outlines when it is necessary to consult with employees, including:

- investigating incidents;
- deciding on measures to control risks;
- reviewing the effectiveness of controls;
- changing work practices and procedures; and
- planning new work or work processes.
## AGENCY PERFORMANCE

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Actual results</th>
<th>Results against target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015-16</td>
<td>2016-17</td>
</tr>
<tr>
<td>Number of fatalities</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lost time injury/disease (LTI/D)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lost time injury/disease severity rate</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Percentage of injured workers returned to work:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) within 13 weeks</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>(ii) within 26 weeks</td>
<td>No injured workers</td>
<td>No injured workers</td>
</tr>
<tr>
<td>Percentage of managers trained in occupational safety, health and injury management responsibilities</td>
<td>80%</td>
<td>80%</td>
</tr>
</tbody>
</table>
DISCLOSURES AND LEGAL COMPLIANCE

Independent auditor’s report

Auditor General

INDEPENDENT AUDITOR’S REPORT
To the Parliament of Western Australia
SMALL BUSINESS DEVELOPMENT CORPORATION

Report on the Financial Statements

Opinion

I have audited the financial statements of the Small Business Development Corporation which comprise the Statement of Financial Position as at 30 June 2017, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Small Business Development Corporation for the year ended 30 June 2017 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the Financial Management Act 2006 and the Treasurer’s Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Corporation in accordance with the Auditor General Act 2006 and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
DISCLOSURES AND LEGAL COMPLIANCE

Responsibility of the Corporation 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, the Financial Management Act 2006 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.

In preparing the financial statements, the Corporation is responsible for assessing the agency’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Corporation.

Auditor’s Responsibility for the Audit of the Financial Statements
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Corporation.
- Conclude on the appropriateness of the Corporation’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Corporation regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
DISCLOSURES AND LEGAL COMPLIANCE

Report on Controls

Opinion
I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Small Business Development Corporation. The controls exercised by the 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, 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 2017.

The Corporation’s Responsibilities
The Corporation is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the Financial Management Act 2006, the Treasurer’s Instructions and other relevant written law.

Auditor General’s Responsibilities
As required by the Auditor General Act 2006, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 Assurance Engagements on Controls issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of Controls
Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.
DISCLOSURES AND LEGAL COMPLIANCE

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Small Business Development Corporation for the year ended 30 June 2017. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, 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 2017.

The 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 internal control as the Corporation determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Corporation is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer’s Instruction 904 Key Performance Indicators.

Auditor General’s Responsibility

As required by the Auditor General Act 2006, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency’s performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer’s Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
DISCLOSURES AND LEGAL COMPLIANCE

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators
I have complied with the independence requirements of the Auditor General Act 2006 and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory 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 2017 included on the Corporation’s website. The Corporation’s management is responsible for the integrity of the Corporation’s website. This audit does not provide assurance 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.

PATRICK ARULSINGHAM
ACTING ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
31 August 2017
DISCLOSURES AND LEGAL COMPLIANCE

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 reporting period ended 30 June 2017.

Kitty Prodonovich
Chair

David Eaton
Small Business Commissioner

16 August 2017
DISCLOSURES AND LEGAL COMPLIANCE

Key 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, the SBDC’s mission is “to deliver and facilitate the provision of relevant, practical support to small businesses and foster the development of policy conducive to the growth of a thriving small business sector”.

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

<table>
<thead>
<tr>
<th>Government goal</th>
<th>Desired outcome</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial and economic responsibility:</td>
<td>Development of new and existing small business in Western Australia.</td>
<td>Information, guidance, referral and business development services.</td>
</tr>
<tr>
<td>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.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In 2016-17, the SBDC achieved this desired outcome through:

The provision of specialised information, referral and business facilitation services for the effective development of enterprises in Western Australia. This included access to justice for small businesses through the Alternative Dispute Resolution (ADR) service.

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

Effectiveness indicator
The effectiveness of the SBDC in meeting its desired outcome is measured by client surveys of the following key stakeholder groups:

- small business owners – those already operating their own business; and
- small business starters – those planning or contemplating operating a business in the future.
Client opinions of the services provided by the 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 to the Report on Operations for details of these services). The SBDC also provides core business facilitation services across the State through the provision of funding for the Business Local Service. The effectiveness of small business services is measured by surveys of those clients who have contacted the SBDC and the Business Local Service during 2016-17.

The effectiveness indicator used to measure the SBDC’s performance is subject to regular review, and, where necessary is refined to reflect the services delivered to key client groups.

The measure reported below is based on two surveys conducted during 2016-17 of random samples of SBDC and Business Local service clients. The surveys have been carried out by an independent market research company to ensure maximum objectivity1.

High customer satisfaction with services has been maintained over several years with the effectiveness indicator measured in 2016-17 showing no statistically significant shifts at the 95% confidence level in comparison with the previous four years.

1 The performance evaluation for 2016-17 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 2016-17. 716 client surveys were completed to give a maximum standard error ratio of +/- 3.5% 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:

Summary of clients surveyed as part of SBDC’s 2016-17 performance evaluation.

<table>
<thead>
<tr>
<th>Business operators</th>
<th>Business starters</th>
<th>Total sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients – Direct advice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Business Services</td>
<td>197</td>
<td>193</td>
</tr>
<tr>
<td>Business Information Centre</td>
<td>68</td>
<td>72</td>
</tr>
<tr>
<td>Business Local Service</td>
<td>142</td>
<td>141</td>
</tr>
<tr>
<td>Total</td>
<td>407</td>
<td>406</td>
</tr>
</tbody>
</table>
**DISCLOSURES AND LEGAL COMPLIANCE**

**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?”* 93 per cent of survey participants rated the information/guidance provided as useful in 2016-17 including 67 per cent who indicated it was very useful and 26 per cent rating it as somewhat useful. Only 7 per cent of respondents felt the information or guidance was not useful. The target for 2016-17 was 93 per cent useful rating.

### Usefulness of the information or guidance provided

![Bar chart showing the percentage of client responses for different financial years.](chart)

- **Very or somewhat useful**
- **Not useful**
- **Neither or can’t say**

- **2012-13**
- **2013-14**
- **2014-15**
- **2015-16**
- **2016-17**

Financial year | % of client responses
--- | ---
Very or somewhat useful | 90, 90, 90, 90, 90
Not useful | 10, 10, 10, 10, 10
Neither or can’t say | 0, 0, 0, 0, 0

---

50 Small Business Development Corporation *Annual Report 2016-17*
Efficiency indicators

Efficiency indicators relate to the level of resource inputs required to produce the output (information, guidance, referral and business development services).

Four efficiency indicators are measured. The results for each indicator together with the target for 2016-17 and comparatives from the previous four years are set out below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost for direct client contacts</td>
<td>$22.12</td>
<td>$7,038,479</td>
<td>$39.89</td>
<td>$20.59</td>
<td>$19.24</td>
<td>$23.36</td>
</tr>
<tr>
<td>Number of direct client contacts¹</td>
<td>176,430</td>
<td>176,430</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of indirect client contacts</td>
<td>$2.68</td>
<td>$266,602</td>
<td>$5.86</td>
<td>$3.05</td>
<td>$2.44</td>
<td>$2.65</td>
</tr>
<tr>
<td>Number of indirect client contacts²</td>
<td>45,479</td>
<td>45,479</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Business Local service</td>
<td>$104.08</td>
<td>$4,201,233</td>
<td>$145.84</td>
<td>$139.47</td>
<td>$119.40</td>
<td>$107.11</td>
</tr>
<tr>
<td>Number of Business Local service client contacts</td>
<td>28,807</td>
<td>28,807</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy advice⁴</td>
<td>$1,412,104</td>
<td>$1,202,180</td>
<td>$1,184,508</td>
<td>$1,182,935</td>
<td>$1,270,455</td>
<td>$1,070,579</td>
</tr>
</tbody>
</table>

The target for 2016-17 is as published in the 2016-17 Budget Statements (Budget Paper No 2 Volume 2) Page 898.

¹ Direct client contacts have contacted the SBDC for guidance or information either by a personal visit, by telephone, have attended an SBDC workshop, downloaded a licence pack from the Business Licence Finder, or have visited SBDC websites for four minutes or more. The cost per direct client contact is greater than the 2015-16 result and the 2016-17 target due to a significant reduction in the number of clients visiting the SBDC websites, together with additional costs associated with the On-Demand Transport Reform Project.

² Indirect client contacts are exposed to a range of advisory, information, referral and business services that would impact on their growth and business development. It includes those who have attended expos, forums or award functions 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 website visits of between two and four minutes. The increase in the cost of indirect client contacts against the result achieved in 2015-16 and the target for 2016-17 is due to a significant reduction in the number of website visitors.

³ Business Local Service client contacts. The increase in cost per Business Local Service client contact against the 2016-17 target is due to the greater focus the new Business Local service places on complex business advice and support. As a consequence the contact takes more time, but delivers greater value to the client. The new program has delivered greater economic value to the state.

⁴ Policy advice includes policy and regulatory submissions, industry liaison, small business sector advocacy, investigative research and ministerial correspondence. 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 overheads. The reduction in the cost of policy advice against the 2016-17 target is due mainly to vacant positions and staff leave during the year.
DISCLOSURES AND LEGAL COMPLIANCE

Certification of financial statements for the year ended 30 June 2017

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 reporting period ended 30 June 2017 and the financial position as at 30 June 2017.

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.

Kitty Prodonovich  
Chair

David Eaton  
Small Business Commissioner

Ray Buttsworth  
Chief Finance Officer

16 August 2017
## Statement of Comprehensive Income

For the year ended 30 June 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COST OF SERVICES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>6</td>
<td>5,985,247</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>8</td>
<td>2,779,059</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>9</td>
<td>111,934</td>
</tr>
<tr>
<td>Communications expense</td>
<td></td>
<td>86,310</td>
</tr>
<tr>
<td>Maintenance expense</td>
<td></td>
<td>76,867</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>10</td>
<td>3,586,096</td>
</tr>
<tr>
<td>Other expenses</td>
<td>11</td>
<td>82,981</td>
</tr>
<tr>
<td><strong>Total cost of services</strong></td>
<td></td>
<td>12,708,494</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>User charges and fees</td>
<td>13</td>
<td>312,114</td>
</tr>
<tr>
<td>Grants and contributions</td>
<td>14</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Interest revenue</td>
<td>15</td>
<td>71,134</td>
</tr>
<tr>
<td>Other revenue</td>
<td>16</td>
<td>201,429</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td></td>
<td>1,584,677</td>
</tr>
<tr>
<td><strong>Total income other than income from State Government</strong></td>
<td></td>
<td>1,584,677</td>
</tr>
<tr>
<td><strong>NET COST OF SERVICES</strong></td>
<td></td>
<td>11,123,817</td>
</tr>
<tr>
<td><strong>Income from State Government</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service appropriation</td>
<td>17</td>
<td>12,706,000</td>
</tr>
<tr>
<td>Services received free of charge</td>
<td></td>
<td>123,671</td>
</tr>
<tr>
<td>Royalties for Regions Fund</td>
<td></td>
<td>216,000</td>
</tr>
<tr>
<td><strong>Total income from State Government</strong></td>
<td></td>
<td>13,045,671</td>
</tr>
<tr>
<td><strong>SURPLUS FOR THE PERIOD</strong></td>
<td></td>
<td>1,921,854</td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</strong></td>
<td></td>
<td>1,921,854</td>
</tr>
</tbody>
</table>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.
# Statement of Financial Position as at 30 June 2017

## ASSETS

### Current Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>18,30</td>
<td>3,323,623</td>
<td>2,341,104</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>19,30</td>
<td>806,540</td>
<td>88,455</td>
</tr>
<tr>
<td>Receivables</td>
<td>20</td>
<td>138,299</td>
<td>100,748</td>
</tr>
<tr>
<td>Amounts receivable for services</td>
<td>21</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Other current assets</td>
<td>22</td>
<td>238,736</td>
<td>226,298</td>
</tr>
</tbody>
</table>

**Total Current Assets**

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>4,567,198</td>
<td>2,816,605</td>
</tr>
</tbody>
</table>

### Non-Current Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts receivable for services</td>
<td>21</td>
<td>579,000</td>
<td>484,000</td>
</tr>
<tr>
<td>Furniture, plant and equipment</td>
<td>23</td>
<td>78,817</td>
<td>117,949</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>24</td>
<td>236,489</td>
<td>131,299</td>
</tr>
</tbody>
</table>

**Total Non-Current Assets**

|                                         |      | 894,306 | 733,248 |

**TOTAL ASSETS**

|                                         |      | 5,461,504 | 3,549,853 |

## LIABILITIES

### Current Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>26</td>
<td>78,981</td>
<td>73,234</td>
</tr>
<tr>
<td>Provisions</td>
<td>27</td>
<td>1,138,270</td>
<td>1,192,610</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>28</td>
<td>5,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>

**Total Current Liabilities**

|                                         |      | 1,222,251 | 1,275,844 |

### Non-Current Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions</td>
<td>27</td>
<td>264,099</td>
<td>280,709</td>
</tr>
</tbody>
</table>

**Total Non-Current Liabilities**

|                                         |      | 264,099 | 280,709 |

**TOTAL LIABILITIES**

|                                         |      | 1,486,350 | 1,556,553 |

## NET ASSETS

|                                         |      | 3,975,154 | 1,993,300 |

## EQUITY

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed equity</td>
<td>29</td>
<td>1,358,885</td>
<td>1,298,885</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td></td>
<td>2,616,269</td>
<td>694,415</td>
</tr>
</tbody>
</table>

**TOTAL EQUITY**

|                                         |      | 3,975,154 | 1,993,300 |

The Statement of Financial Position should be read in conjunction with the accompanying notes.
**Statement of Changes in Equity** for the year ended 30 June 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>Contributed equity $</th>
<th>Accumulated surplus/(deficit) $</th>
<th>Total equity $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 July 2015</td>
<td></td>
<td>1,238,885</td>
<td>(5,192)</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td></td>
<td>0</td>
<td>699,607</td>
</tr>
<tr>
<td>Transactions with owners in their capacity as owners:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital appropriations</td>
<td></td>
<td>60,000</td>
<td>0</td>
</tr>
<tr>
<td>Balance at 30 June 2016</td>
<td></td>
<td>1,298,885</td>
<td>694,415</td>
</tr>
<tr>
<td>Balance at 1 July 2016</td>
<td></td>
<td>1,298,885</td>
<td>694,415</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td></td>
<td>0</td>
<td>1,921,854</td>
</tr>
<tr>
<td>Transactions with owners in their capacity as owners:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital appropriations</td>
<td></td>
<td>60,000</td>
<td>0</td>
</tr>
<tr>
<td>Balance at 30 June 2017</td>
<td></td>
<td>1,358,885</td>
<td>2,616,269</td>
</tr>
</tbody>
</table>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.
## Statement of Cash Flows for the year ended 30 June 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM STATE GOVERNMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service appropriation</td>
<td>12,551,000</td>
<td>11,850,000</td>
</tr>
<tr>
<td>Capital appropriation</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Holding account drawdown</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Royalties for Regions Fund</td>
<td>216,000</td>
<td>256,000</td>
</tr>
<tr>
<td><strong>Net cash provided by State Government</strong></td>
<td><strong>12,887,000</strong></td>
<td><strong>12,226,000</strong></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>(6,063,140)</td>
<td>(6,051,462)</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>(2,636,136)</td>
<td>(2,450,305)</td>
</tr>
<tr>
<td>Communication expense</td>
<td>(86,857)</td>
<td>(92,298)</td>
</tr>
<tr>
<td>Maintenance expense</td>
<td>(101,562)</td>
<td>(25,102)</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>(3,586,096)</td>
<td>(3,531,243)</td>
</tr>
<tr>
<td>GST payments on purchases</td>
<td>(641,519)</td>
<td>(622,495)</td>
</tr>
<tr>
<td>Other payments</td>
<td>(81,090)</td>
<td>(152,690)</td>
</tr>
<tr>
<td>Receipts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>User charges and fees</td>
<td>312,114</td>
<td>286,000</td>
</tr>
<tr>
<td>Grants and contributions</td>
<td>1,000,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Interest received</td>
<td>64,790</td>
<td>46,547</td>
</tr>
<tr>
<td>GST receipts on sales</td>
<td>125,468</td>
<td>24,448</td>
</tr>
<tr>
<td>GST receipts from taxation authority</td>
<td>504,037</td>
<td>649,843</td>
</tr>
<tr>
<td>Other receipts</td>
<td>181,587</td>
<td>182,687</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td><strong>30</strong></td>
<td><strong>(11,008,404)</strong></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of non-current assets</td>
<td>(177,992)</td>
<td>(119,152)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td><strong>30</strong></td>
<td><strong>(177,992)</strong></td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>1,700,604</td>
<td>440,778</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>2,429,559</td>
<td>1,988,781</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</strong></td>
<td><strong>30</strong></td>
<td><strong>4,130,163</strong></td>
</tr>
</tbody>
</table>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.
Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Australian Accounting Standards

General
The Small Business Development Corporation’s (the “Corporation”) financial statements for the year ended 30 June 2017 have been prepared in accordance with Australian Accounting Standards. The term ‘Australian Accounting Standards’ includes Standards and Interpretations issued by the Australian Accounting Standards 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 any other Australian Accounting Standards that have been issued or amended (but not operative) by the Corporation for the annual reporting period ended 30 June 2017.

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 2006 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 reporting period.
Note 2. Summary of significant accounting policies (continued)

(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.

The transfers 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. 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.
Note 2. Summary of significant accounting policies (continued)

Royalties for Regions funds are recognised as revenue at fair value in the period in which the Corporation obtains control over the funds. The Corporation obtains control of the funds at the time the funds are deposited into the Corporation’s bank account.

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 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. For items of furniture, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Subsequent measurement
Subsequent to initial recognition of 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:
Computing equipment – 3 to 4 years
Furniture, fittings and equipment – 5 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 lives. Cost incurred below the threshold is 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.
Notes to the Financial Statements for the year ended 30 June 2017

Note 2. Summary of significant accounting policies (continued)

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
Website development costs – 5 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.

Website costs
Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website that can be reliably measured, are capitalised to the extent that they represent probable future economic benefits.

(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 a specialised 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.
Note 2. Summary of significant accounting policies (continued)

(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 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
- Other current liabilities

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 (and restricted 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 reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Corporation considers the carrying amount of accrued salaries to be equivalent to its fair value.
Notes to the Financial Statements for the year ended 30 June 2017

Note 2. Summary of significant accounting policies (continued)

(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) 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.

(o) Payables
Payables are recognised at the amounts payable 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.

(p) 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. An actuarial assessment of annual leave and long service leave had been undertaken by PricewaterhouseCoopers Securities Limited at 30 June 2017 using the present value of expected future payments.

Annual leave
Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be ‘other long term employee benefits’. The annual leave liability 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.

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.
Note 2. Summary of significant accounting policies (continued)

Long service leave
Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore 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.

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.

Unconditional long service leave provisions are classified as current liabilities 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. Pre-conditional and conditional long service leave provisions are 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 undiscounted amounts expected to be paid when the liabilities are settled.

Superannuation
The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary 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.
Note 2. Summary of significant accounting policies (continued)

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 have been able to choose their preferred superannuation fund provider. The Corporation makes contributions to GESB or other fund providers 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 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.

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 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’.

(q) Superannuation expense

Superannuation expense is recognised in the profit or loss of the Statement of Comprehensive Income and comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS or other superannuation funds.

(r) Services received free of charge or for nominal cost

Services received free of charge or for nominal cost that the Corporation would otherwise purchase if not donated, are recognised as income at the fair value of those services that can be reliably measured. A corresponding expense is recognised for services received.

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

(s) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current reporting period.
Notes to the Financial Statements for the year ended 30 June 2017

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 substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

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 reporting period.

Annual Leave and Long Service Leave
Several estimations and assumptions used in calculating the Corporation's annual leave and long service leave provisions 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 annual leave and long service leave provisions.
Notes to the Financial Statements for the year ended 30 June 2017

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, or adopted, for annual reporting periods beginning on or after 1 July 2016 that impacted on the Corporation.

AASB 1057 Application of Australian Accounting Standards

This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]

The Corporation establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]

The adoption of this Standard has no financial impact for the Corporation as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.

AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]

This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. As the Corporation has no joint ventures and associates, the application of the Standard has no financial impact.

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]

These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The Corporation has determined that the application of the Standard has no financial impact.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]

This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.

AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]

The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.

AASB 2015-10 Amendments to Australian Accounting Standards Effective Date of Amendments to AASB 10 & 128

This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & AASB 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. There is no financial impact.
Notes to the Financial Statements for the year ended 30 June 2017

Note 5. Disclosure of changes in accounting policy and estimates (continued)

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 or by an exemption from TI 1101. By virtue of a limited exemption, the Corporation has early adopted AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities. Where applicable, the Corporation plans to apply the following Australian Accounting Standards from their application date.

<table>
<thead>
<tr>
<th>Standard</th>
<th>Description</th>
<th>Operative for reporting periods beginning on/after</th>
</tr>
</thead>
<tbody>
<tr>
<td>AASB 9</td>
<td>Financial Instruments</td>
<td>1 Jan 2018</td>
</tr>
<tr>
<td>AASB 15</td>
<td>Revenue from Contracts with Customers</td>
<td>1 Jan 2019</td>
</tr>
<tr>
<td>AASB 16</td>
<td>Leases</td>
<td>1 Jan 2019</td>
</tr>
</tbody>
</table>

AASB 9 Financial Instruments

This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.

The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 Amendments to Australian Accounting Standards. The Corporation has not yet determined the application or the potential impact of the Standard.

AASB 15 Revenue from Contracts with Customers

This Standard establishes the principles that the Corporation shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The Corporation’s income is principally derived from appropriations which will be measured under AASB 1058 Income of Not-for-Profit Entities and will be unaffected by this change. However, the Corporation has not yet determined the potential impact of the Standard on ‘User charges and fees’ and ‘Sales’ revenues. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the Corporation has discharged its performance obligations.

AASB 16 Leases

This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating lease commitments for $5,971,057. The worth of non-cancellable operating leases which the Corporation anticipates most of this amount will be brought onto the statement of financial position, excepting amounts pertinent to short-term or low-value leases. Interest and amortisation expense will increase and rental expense will decrease.
## Notes to the Financial Statements for the year ended 30 June 2017

### Note 5. Disclosure of changes in accounting policy and estimates (continued)

**Future impact of Australian Accounting Standards not yet operative (continued)**

<table>
<thead>
<tr>
<th>Standard</th>
<th>Description</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>AASB 1058</td>
<td>Income of Not-for-Profit Entities</td>
<td>1 Jan 2019</td>
</tr>
<tr>
<td>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, or a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The Corporation has not yet determined the application or the potential impact of the Standard.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AASB 2010-7</td>
<td>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 &amp; 1038 and Int 2, 5, 10, 12, 19 &amp; 127]</td>
<td>1 Jan 2018</td>
</tr>
<tr>
<td>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Corporation has not yet determined the application or the potential impact of the Standard.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AASB 2014-1</td>
<td>Amendments to Australian Accounting Standards</td>
<td>1 Jan 2018</td>
</tr>
<tr>
<td>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Corporation to determine the application or potential impact of the Standard.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AASB 2014-5</td>
<td>Amendments to Australian Accounting Standards arising from AASB 15</td>
<td>1 Jan 2018</td>
</tr>
<tr>
<td>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Corporation has not yet determined the application or the potential impact of the Standard.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AASB 2014-7</td>
<td>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</td>
<td>1 Jan 2018</td>
</tr>
<tr>
<td>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Corporation has not yet determined the application or the potential impact of the Standard.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 5. Disclosure of changes in accounting policy and estimates (continued)

**Future impact of Australian Accounting Standards not yet operative (continued)**

<table>
<thead>
<tr>
<th>Standard Code</th>
<th>Description</th>
<th>Effective Date</th>
</tr>
</thead>
</table>
| AASB 2014-10  | Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]  
This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The mandatory effective date (application date) for the Standard has been deferred to 1 January 2018 by AASB 2015-10. The Corporation has determined that the Standard has no financial impact. | 1 Jan 2018 |
| AASB 2015-8   | Amendments to Australian Accounting Standards – Effective Date of AASB 15  
This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. For Not-For-Profit entities, the mandatory effective date has subsequently been amended to 1 January 2019 by AASB 2016-7. The Corporation has not yet determined the application or the potential impact. | 1 Jan 2019 |
| AASB 2016-2   | Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107  
This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact. | 1 Jan 2017 |
| AASB 2016-3   | Amendments to Australian Accounting Standards – Clarifications to AASB 15  
This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Corporation has not yet determined the application or the potential impact. | 1 Jan 2018 |
| AASB 2016-4   | Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities  
This Standard clarifies that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement. The Corporation has not yet determined the application or the potential impact. | 1 Jan 2017 |
Notes to the Financial Statements for the year ended 30 June 2017

Note 5. Disclosure of changes in accounting policy and estimates (continued)
Future impact of Australian Accounting Standards not yet operative (continued)

<table>
<thead>
<tr>
<th>Standard</th>
<th>Description</th>
<th>Operative for reporting periods beginning on/after</th>
</tr>
</thead>
<tbody>
<tr>
<td>AASB 2016-7</td>
<td>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</td>
<td>1 Jan 2017</td>
</tr>
<tr>
<td></td>
<td>This Standard amends the mandatory effective date (application date) of AASB 15 and defers the consequential amendments that were originally set out in AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 for not-for-profit entities to annual reporting periods beginning on or after 1 January 2019, instead of 1 January 2018. There is no financial impact.</td>
<td></td>
</tr>
<tr>
<td>AASB 2016-8</td>
<td>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</td>
<td>1 Jan 2019</td>
</tr>
<tr>
<td></td>
<td>This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.</td>
<td></td>
</tr>
<tr>
<td>AASB 2017-2</td>
<td>Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle</td>
<td>1 Jan 2017</td>
</tr>
<tr>
<td></td>
<td>This Standard clarifies the scope of AASB 12 by specifying that the disclosure requirements apply to an entity’s interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5. There is no financial impact.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries (a)</td>
<td>5,429,370</td>
<td>5,253,589</td>
</tr>
<tr>
<td>Superannuation – defined contribution plans (b)</td>
<td>555,877</td>
<td>529,700</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,985,247</strong></td>
<td><strong>5,783,289</strong></td>
</tr>
</tbody>
</table>

(a) Includes fringe benefit tax, leave entitlements including superannuation contribution component.
(b) Defined contribution plans include West State, Gold State, GESBS and other eligible funds.

Employment on-costs expenses such as workers’ compensation insurance and other employee related expenses are included at Note 11 ‘Other expenses’. Employment on-costs liability is included at Note 27 ‘Provisions’.
Notes to the Financial Statements for the year ended 30 June 2017

**Note 7. Compensation of Key Management Personnel**
The Corporation has determined that key management personnel include the Responsible Minister(s), members, and, senior officers of the Corporation. However, the Corporation is not obligated to compensate Ministers and therefore disclosures in relation to Ministers' compensation may be found in the Annual Report on State Finances.

Total compensation for key management personnel, comprising members of the accountable authority and other senior officers, of the Corporation for the reporting period are presented within the following bands:

**Compensation of members of the accountable authority**

<table>
<thead>
<tr>
<th>Compensation Band ($)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 10,000</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>10,001 – 20,000</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>20,001 – 30,000</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

**Compensation of other senior officers**

<table>
<thead>
<tr>
<th>Compensation Band ($)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>150,001 – 160,000</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>160,001 – 170,000</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>170,001 – 180,000</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>180,001 – 190,000</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>200,001 – 210,000</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>270,001 – 280,000</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>290,001 – 300,000</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

**Short term employee benefits**  
790,615  
798,353

**Post employment benefits**  
81,834  
81,624

**Other long term benefits**  
21,234  
28,155

**Total compensation of key management personnel**  
893,683  
908,132
## Notes to the Financial Statements for the year ended 30 June 2017

### Note 8. Supplies and services

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premises – accommodation expenses</td>
<td>1,146,421</td>
<td>1,115,126</td>
</tr>
<tr>
<td>Media, advertising and promotions</td>
<td>71,081</td>
<td>83,442</td>
</tr>
<tr>
<td>Travel and accommodation</td>
<td>57,216</td>
<td>81,287</td>
</tr>
<tr>
<td>Professional services</td>
<td>834,018</td>
<td>710,371</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>349</td>
<td>200</td>
</tr>
<tr>
<td>Other services</td>
<td>264,191</td>
<td>250,919</td>
</tr>
<tr>
<td>Consumable supplies</td>
<td>151,894</td>
<td>88,599</td>
</tr>
<tr>
<td>Royalties for Region Fund payments</td>
<td>253,889</td>
<td>284,587</td>
</tr>
</tbody>
</table>

Total Supplies and Services: $2,779,059

### Note 9. Depreciation and amortisation expense

**Depreciation**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computing equipment</td>
<td>26,791</td>
<td>46,080</td>
</tr>
<tr>
<td>Furniture, fittings and equipment</td>
<td>26,544</td>
<td>26,544</td>
</tr>
</tbody>
</table>

Total Depreciation: $53,335

**Amortisation**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets – software</td>
<td>50,216</td>
<td>57,075</td>
</tr>
<tr>
<td>Website development costs</td>
<td>8,383</td>
<td>0</td>
</tr>
</tbody>
</table>

Total Amortisation: $58,599

Total Depreciation and Amortisation: $111,934
## Notes to the Financial Statements for the year ended 30 June 2017

### Note 10. Grants and subsidies

<table>
<thead>
<tr>
<th>Business Local Service – Operational grants</th>
<th>$3,586,096</th>
<th>$3,530,097</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,586,096</td>
<td>3,530,097</td>
</tr>
</tbody>
</table>

### Note 11. Other expenses

| Employment on-costs (a)                     | $(407)     | $(418)     |
| Other employee related expenses (b)        | $35,808    | $84,049    |
| Audit fees (c)                             | $47,580    | $44,765    |

|                                             | $82,981    | $128,396   |

(a) Includes workers’ compensation insurance. The on-costs liabilities associated with the recognition of annual and long service leave liabilities are 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 31 ‘Remuneration of auditors’.
Note 12. Related Party Transactions

The Corporation is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, the Corporation is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to the State.

Related parties of the Corporation include:
- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government financial statements;
- associates and joint ventures, that are included in the whole of government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with government related entities

Significant transactions include:
- service appropriations (Note 17);
- capital appropriations (Note 29);
- services received free of charge from the Department of the Attorney General and the Department of Finance (Note 17);
- income from Royalties for Regions Fund (Note 17);
- lease rentals payments and outgoings for accommodation ($1,146,421) and fleet leasing ($24,022) to the Department of Finance;
- commitments for future lease payments to the Department of Finance (Note 32);
- insurance payments ($30,309) to the Insurance Commission and Riskcover fund;
- remuneration for services provided by the Auditor General (Note 31);
- funding returned to Department of Regional Development for Aboriginal Business Development – Ancillary Services (Note 14);
- income from Department of Transport for On Demand Transport Reform project (Note 14); and
- income from Department of Local Government and Communities for Culturally and Linguistically Diverse Small Business Development Program (Note 16).

Material transactions with related parties

The Corporation had no material related party transaction with Ministers/senior officers or their close family members or their controlled (or jointly controlled) entities for disclosure.

Material transactions with other related parties
- superannuation payments to GESB ($482,080).
### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 13. User charges and fees

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workshop income</td>
<td>70,091</td>
<td>58,954</td>
</tr>
<tr>
<td>Business Migration visa application fees</td>
<td>233,500</td>
<td>222,500</td>
</tr>
<tr>
<td>Fees for mediation services</td>
<td>8,523</td>
<td>4,546</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>312,114</td>
<td>286,000</td>
</tr>
</tbody>
</table>

#### Note 14. Grants and contributions

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aboriginal Business Development – Ancillary Services (a)</td>
<td>0</td>
<td>70,000</td>
</tr>
<tr>
<td>Funding for the On-Demand Transport Reform project</td>
<td>1,000,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,000,000</td>
<td>70,000</td>
</tr>
</tbody>
</table>

(a) Funding from the Department of Regional Development (DRD) for the delivery of restricted ancillary services to support the proposed External Adviser (Broker) role. During 2017, funding was returned to DRD as the program did not proceed.

#### Note 15. Interest revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank interest income</td>
<td>71,134</td>
<td>49,585</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>71,134</td>
<td>49,585</td>
</tr>
</tbody>
</table>

#### Note 16. Other revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsorships</td>
<td>20,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Return of unspent operational funding</td>
<td>104,387</td>
<td>136,132</td>
</tr>
<tr>
<td>Funding for the Culturally and Linguistically Diverse Small Business Development Program</td>
<td>20,000</td>
<td>0</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>57,042</td>
<td>19,729</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>201,429</td>
<td>170,861</td>
</tr>
</tbody>
</table>
## Note 17. Income from State Government

Appropriation received during the period:

<table>
<thead>
<tr>
<th>Service appropriation (a)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$12,706,000</td>
<td>$12,005,000</td>
</tr>
</tbody>
</table>

Services received free of charge from other State Government agencies during the period:

<table>
<thead>
<tr>
<th>Department</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of the Attorney General</td>
<td>$7,897</td>
<td>$1,925</td>
</tr>
<tr>
<td>Department of Finance</td>
<td>$115,774</td>
<td>$175,047</td>
</tr>
<tr>
<td>Total</td>
<td>$123,671</td>
<td>$176,972</td>
</tr>
</tbody>
</table>

Royalties for Regions Fund:

<table>
<thead>
<tr>
<th>Regional Community Services Account (b)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$216,000</td>
<td>$256,000</td>
</tr>
</tbody>
</table>

| Total Royalties for Regions Fund     | $13,045,671 | $12,437,972 |

(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 budgeted depreciation expense for the year and any agreed increase in leave liabilities during the year.

(b) This is a sub-fund within the overarching ‘Royalties for Regions Fund’. The recurrent funds are committed to projects and programs in WA regional areas.
## Notes to the Financial Statements for the year ended 30 June 2017

### Note 18. Cash and cash equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank account</td>
<td>2,823,373</td>
<td>1,840,854</td>
</tr>
<tr>
<td>Cash investments – investment with Department of Treasury</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,323,623</strong></td>
<td><strong>2,341,104</strong></td>
</tr>
</tbody>
</table>

### Note 19. Restricted cash and cash equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalties for Regions Fund</td>
<td>0</td>
<td>18,455</td>
</tr>
<tr>
<td>Funding from Department of Regional Development for Aboriginal Business Development – Ancillary Services</td>
<td>0</td>
<td>70,000</td>
</tr>
<tr>
<td>Funding from Department of Transport for On-Demand Transport Reform project</td>
<td>806,540</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>806,540</strong></td>
<td><strong>88,455</strong></td>
</tr>
</tbody>
</table>

### Note 20. Receivables

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other debtors</td>
<td>28,562</td>
<td>12,771</td>
</tr>
<tr>
<td>Net GST recoverable</td>
<td>87,913</td>
<td>72,498</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>21,824</td>
<td>15,479</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>138,299</strong></td>
<td><strong>100,748</strong></td>
</tr>
</tbody>
</table>

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

### Note 21. Amounts receivable for services (Holding Account)

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Non-current</td>
<td>579,000</td>
<td>484,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>639,000</strong></td>
<td><strong>544,000</strong></td>
</tr>
</tbody>
</table>

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.
# Notes to the Financial Statements for the year ended 30 June 2017

## Note 22. Other current assets
Prepayments

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$238,736</td>
<td>$226,298</td>
</tr>
</tbody>
</table>

## Note 23. Furniture, plant and equipment
Computing equipment at cost

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$211,235</td>
<td>$197,032</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>$(185,506)</td>
<td>$(158,715)</td>
</tr>
<tr>
<td></td>
<td>$25,729</td>
<td>$38,317</td>
</tr>
</tbody>
</table>

Furniture, fittings and equipment at cost

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$132,720</td>
<td>$132,720</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>$(79,632)</td>
<td>$(53,088)</td>
</tr>
<tr>
<td></td>
<td>$53,088</td>
<td>$79,632</td>
</tr>
</tbody>
</table>

Reconciliations:

Computing equipment

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at start of period</td>
<td>$38,317</td>
<td>$84,397</td>
</tr>
<tr>
<td>Additions</td>
<td>$14,203</td>
<td>$0</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$(26,791)</td>
<td>$(46,080)</td>
</tr>
<tr>
<td>Carrying amount at end of period</td>
<td>$25,729</td>
<td>$38,317</td>
</tr>
</tbody>
</table>

Furniture, fittings and equipment

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at start of period</td>
<td>$79,632</td>
<td>$106,176</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$(26,544)</td>
<td>$(26,544)</td>
</tr>
<tr>
<td>Carrying amount at end of period</td>
<td>$53,088</td>
<td>$79,632</td>
</tr>
</tbody>
</table>
## Notes to the Financial Statements for the year ended 30 June 2017

### Note 24. Intangible assets

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software at cost</td>
<td>655,533</td>
<td>571,844</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>(490,761)</td>
<td>(440,545)</td>
</tr>
<tr>
<td></td>
<td>164,772</td>
<td>131,299</td>
</tr>
<tr>
<td>Website development at cost</td>
<td>80,100</td>
<td>0</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>(8,383)</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>71,717</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>236,489</td>
<td>131,299</td>
</tr>
</tbody>
</table>

**Reconciliations:**

**Computer software**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at start of period</td>
<td>131,299</td>
<td>69,222</td>
</tr>
<tr>
<td>Additions</td>
<td>83,689</td>
<td>119,152</td>
</tr>
<tr>
<td>Amortisation expense</td>
<td>(50,216)</td>
<td>(57,075)</td>
</tr>
<tr>
<td><strong>Carrying amount at end of period</strong></td>
<td>164,772</td>
<td>131,299</td>
</tr>
</tbody>
</table>

**Website development costs**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at start of period</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Additions</td>
<td>80,100</td>
<td>0</td>
</tr>
<tr>
<td>Amortisation expense</td>
<td>(8,383)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Carrying amount at end of period</strong></td>
<td>71,717</td>
<td>0</td>
</tr>
</tbody>
</table>
### Note 25. Impairment of assets

There were no indications of impairment to furniture, plant and equipment and intangible assets at 30 June 2017.

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.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>458</td>
<td>458</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>58,271</td>
<td>72,776</td>
</tr>
<tr>
<td>Accrued salaries</td>
<td>20,252</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>78,981</td>
<td>73,234</td>
</tr>
</tbody>
</table>

### Note 26. Payables

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued salaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Note 27. Provisions

**Current**

<table>
<thead>
<tr>
<th>Provision Type</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual leave (a)</td>
<td>326,611</td>
<td>341,998</td>
</tr>
<tr>
<td>Purchased leave</td>
<td>6,629</td>
<td>1,659</td>
</tr>
<tr>
<td>Long service leave (b)</td>
<td>798,854</td>
<td>842,465</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,132,094</td>
<td>1,186,122</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other provisions</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment on-costs (c)</td>
<td>6,176</td>
<td>6,488</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,176</td>
<td>6,488</td>
</tr>
</tbody>
</table>

**Non-current**

<table>
<thead>
<tr>
<th>Provision Type</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long service leave (b)</td>
<td>262,656</td>
<td>279,171</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>262,656</td>
<td>279,171</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other provisions</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment on-costs (c)</td>
<td>1,443</td>
<td>1,538</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,443</td>
<td>1,538</td>
</tr>
</tbody>
</table>

| **Total**                             | 264,099 | 280,709 |
Note 27. Provisions (continued)

(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 end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 12 months of the end of the reporting period</td>
<td>276,420</td>
<td>285,924</td>
</tr>
<tr>
<td>More than 12 months after the end of the reporting period</td>
<td>50,191</td>
<td>56,074</td>
</tr>
<tr>
<td></td>
<td>326,611</td>
<td>341,998</td>
</tr>
</tbody>
</table>

(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 end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 12 months of the end of the reporting period</td>
<td>309,451</td>
<td>354,614</td>
</tr>
<tr>
<td>More than 12 months after the end of the reporting period</td>
<td>752,059</td>
<td>767,022</td>
</tr>
<tr>
<td></td>
<td>1,061,510</td>
<td>1,121,636</td>
</tr>
</tbody>
</table>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including 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 11 ‘Other expenses’.

Movements in other provisions

Movements in other provision during the period, other than employee benefits, is set out below:

<table>
<thead>
<tr>
<th>Employment on-cost provision</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at start of period</td>
<td>8,026</td>
<td>8,444</td>
</tr>
<tr>
<td>(Reversals of) provisions recognised</td>
<td>(407)</td>
<td>(418)</td>
</tr>
<tr>
<td>Carrying amount at end of period</td>
<td>7,619</td>
<td>8,026</td>
</tr>
</tbody>
</table>

Note 28. Other Current Liabilities

<table>
<thead>
<tr>
<th>Unearned revenue</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>

Unearned revenue being sponsorship income for the Western Australian Regional Small Business Awards.
Note 29. Equity
The Western Australian 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.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at start of period</td>
<td>1,298,885</td>
<td>1,238,885</td>
</tr>
<tr>
<td>Contributions by owners</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital appropriation</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Total contributions by owners</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Balance at end of period</td>
<td>1,358,885</td>
<td>1,298,885</td>
</tr>
</tbody>
</table>

Accumulated surplus/(deficit)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at start of period</td>
<td>694,415</td>
<td>(5,192)</td>
</tr>
<tr>
<td>Result for the period</td>
<td>1,921,854</td>
<td>699,607</td>
</tr>
<tr>
<td>Balance at end of period</td>
<td>2,616,269</td>
<td>694,415</td>
</tr>
<tr>
<td>Total equity at end of period</td>
<td>3,975,154</td>
<td>1,993,300</td>
</tr>
</tbody>
</table>
Note 30. Notes to the Statement of Cash Flows

Reconciliation of cash

Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>3,323,623</td>
<td>2,341,104</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>806,540</td>
<td>88,455</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,130,163</strong></td>
<td><strong>2,429,559</strong></td>
</tr>
</tbody>
</table>

Reconciliation of net cost of services to net cash flows used in operating activities

Net cost of services

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(11,123,817)</td>
<td>(11,738,365)</td>
</tr>
</tbody>
</table>

Non-cash items:

- Depreciation and amortisation expense
  - 2017: $111,934
  - 2016: $129,699

- Services received free of charge
  - 2017: $123,671
  - 2016: $176,972

Changes in assets and liabilities:

- (Increase)/Decrease in receivables
  - 2017: $(37,551)
  - 2016: $107,734

- (Increase)/Decrease in other current assets
  - 2017: $(12,438)
  - 2016: $5,609

- Increase/(Decrease) in payables
  - 2017: $5,747
  - 2016: $(190,226)

- (Decrease) in provisions
  - 2017: $(70,950)
  - 2016: $(97,493)

- (Decrease) in other current liabilities
  - 2017: $(5,000)
  - 2016: $(60,000)

Net cash used in operating activities

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(11,008,404)</td>
<td>(11,666,070)</td>
</tr>
</tbody>
</table>

Note 31. Remuneration of auditor

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
  - 2017: $28,200
  - 2016: $27,800

The amounts disclosed above differ from the amounts recognised in Note 11 ‘Other expenses’ and represents the totals of interim and final audit fees for the current year financial statement.
### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 32. Commitments

The commitments below are exclusive of GST.

**Non-cancellable operating lease commitments**

Commitments for minimum lease payments for motor vehicles and office accommodation are payable as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 1 year</td>
<td>$771,131</td>
<td>$744,385</td>
</tr>
<tr>
<td>Later than 1 year and not later than 5 years</td>
<td>$3,029,919</td>
<td>$2,925,571</td>
</tr>
<tr>
<td>Later than 5 years</td>
<td>$2,170,007</td>
<td>$2,827,561</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$5,971,057</td>
<td>$6,497,517</td>
</tr>
</tbody>
</table>

**Capital expenditure commitments**

Capital expenditure commitment, being the provision of services for the upgrade of the Client Relationship Management System is payable as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 1 year</td>
<td>$0</td>
<td>$41,920</td>
</tr>
</tbody>
</table>

**Other expenditure commitments**

Other expenditure commitments, being provision of venue and meals for the 2017 Western Australian Regional Small Business Awards and advisory services for the Business Local WA Program contracted for at the end of the reporting period but not recognised as liabilities are payable as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 1 year</td>
<td>$3,722,088</td>
<td>$3,637,750</td>
</tr>
<tr>
<td>Later than 1 year and not later than 5 years</td>
<td>$0</td>
<td>$3,668,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$3,722,088</td>
<td>$7,305,750</td>
</tr>
</tbody>
</table>

#### Note 33. Contingent liabilities and contingent assets

No contingent liabilities and contingent assets exist as at 30 June 2017.
Notes to the Financial Statements for the year ended 30 June 2017

Note 34. 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 inclusive of any allowance for impairment as shown in the table at Note 34(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 34(c) ‘Financial instrument disclosures’.
## Notes to the Financial Statements for the year ended 30 June 2017

**Note 34. Financial Instruments (continued)**

**(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:

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Assets</strong></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3,323,623</td>
<td>2,341,104</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>806,540</td>
<td>88,455</td>
</tr>
<tr>
<td>Receivables (i)</td>
<td>689,386</td>
<td>572,250</td>
</tr>
<tr>
<td><strong>Financial Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities measured at amortised cost</td>
<td>78,981</td>
<td>73,234</td>
</tr>
</tbody>
</table>

(i) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).
**Notes to the Financial Statements** for the year ended 30 June 2017

**Note 34. Financial Instruments (continued)**

**(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 and impaired financial assets. 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.

<table>
<thead>
<tr>
<th>Ageing analysis of financial assets</th>
<th>Carrying amount $</th>
<th>Not past due and not impaired $</th>
<th>Past due but not impaired</th>
<th>Implicit financial assets $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td></td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>2,823,373</td>
<td>2,823,373</td>
<td>1,840,854</td>
<td></td>
</tr>
<tr>
<td>Cash investments</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>Cash on hand</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td></td>
</tr>
<tr>
<td>Restricted cash at bank</td>
<td>806,540</td>
<td>806,540</td>
<td>806,540</td>
<td></td>
</tr>
<tr>
<td>Receivables (a)</td>
<td>50,386</td>
<td>50,386</td>
<td>28,250</td>
<td>11,000</td>
</tr>
<tr>
<td>Amount receivable for services</td>
<td>639,000</td>
<td>639,000</td>
<td>544,000</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>4,819,549</td>
<td>4,819,549</td>
<td>3,001,809</td>
<td></td>
</tr>
</tbody>
</table>

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).
Note 34. Financial Instruments (continued)
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.

<table>
<thead>
<tr>
<th>Weighted average effective interest rate %</th>
<th>Carrying amount $</th>
<th>Variable interest rate $</th>
<th>Non-interest bearing $</th>
<th>Nominal amount $</th>
<th>Maturity dates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Up to 1 month</td>
</tr>
<tr>
<td>2017 Financial Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank 1.98</td>
<td>2,823,373</td>
<td>2,823,373</td>
<td>0</td>
<td>2,823,373</td>
<td>2,823,373</td>
</tr>
<tr>
<td>Cash investments 1.98</td>
<td>500,000</td>
<td>500,000</td>
<td>0</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Cash on hand 250</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Restricted cash at bank 1.98</td>
<td>806,540</td>
<td>806,540</td>
<td>806,540</td>
<td>806,540</td>
<td>806,540</td>
</tr>
<tr>
<td>Receivables (a) 50,386</td>
<td>50,386</td>
<td>0</td>
<td>50,386</td>
<td>50,386</td>
<td>50,386</td>
</tr>
<tr>
<td>Amount receivable for services 639,000</td>
<td>0</td>
<td>639,000</td>
<td>639,000</td>
<td>0</td>
<td>60,000</td>
</tr>
<tr>
<td></td>
<td>4,819,549</td>
<td>4,129,913</td>
<td>689,636</td>
<td>4,819,549</td>
<td>4,180,549</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017 Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables 78,981</td>
<td>0</td>
<td>78,981</td>
<td>78,981</td>
<td>78,981</td>
<td>78,981</td>
</tr>
<tr>
<td></td>
<td>78,981</td>
<td>0</td>
<td>78,981</td>
<td>78,981</td>
<td>78,981</td>
</tr>
</tbody>
</table>
### Note 34. Financial Instruments (continued)

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

<table>
<thead>
<tr>
<th>Weighted average effective interest rate %</th>
<th>Carrying amount</th>
<th>Variable interest rate $</th>
<th>Non-interest bearing $</th>
<th>Nominal amount $</th>
<th>Maturity dates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Up to 1 month</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td><strong>Financial Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>2.27</td>
<td>1,840,854</td>
<td>0</td>
<td>1,840,854</td>
<td>1,840,854</td>
</tr>
<tr>
<td>Cash investments</td>
<td>2.27</td>
<td>500,000</td>
<td>0</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>2.27</td>
<td>250</td>
<td>0</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Restricted cash at bank</td>
<td>2.27</td>
<td>88,455</td>
<td>0</td>
<td>88,455</td>
<td>88,455</td>
</tr>
<tr>
<td>Receivables (a)</td>
<td>2.27</td>
<td>28,250</td>
<td>0</td>
<td>28,250</td>
<td>28,250</td>
</tr>
<tr>
<td>Amount receivable for services</td>
<td>2.27</td>
<td>544,000</td>
<td>0</td>
<td>544,000</td>
<td>544,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,001,809</td>
<td>2,429,309</td>
<td>572,500</td>
<td>3,001,809</td>
<td>2,457,809</td>
</tr>
<tr>
<td><strong>Financial Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>73,234</td>
<td>0</td>
<td>73,234</td>
<td>73,234</td>
<td>73,234</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>73,234</td>
<td>0</td>
<td>73,234</td>
<td>73,234</td>
<td>73,234</td>
</tr>
</tbody>
</table>

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).
**Note 34. Financial Instruments (continued)**

**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.

<table>
<thead>
<tr>
<th></th>
<th>Carrying amount</th>
<th>-100 basis points</th>
<th>+100 basis points</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Surplus</td>
<td>Equity</td>
<td>Surplus</td>
</tr>
<tr>
<td><strong>2017 Financial Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>2,823,373</td>
<td>(28,234)</td>
<td>28,234</td>
</tr>
<tr>
<td>Cash investments</td>
<td>500,000</td>
<td>(5,000)</td>
<td>5,000</td>
</tr>
<tr>
<td>Restricted cash at bank</td>
<td>806,540</td>
<td>(8,065)</td>
<td>8,065</td>
</tr>
<tr>
<td>Total Increase/(Decrease)</td>
<td>(41,299)</td>
<td>(41,299)</td>
<td>41,299</td>
</tr>
<tr>
<td><strong>2016 Financial Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>1,840,854</td>
<td>(18,409)</td>
<td>18,409</td>
</tr>
<tr>
<td>Cash investments</td>
<td>500,000</td>
<td>(5,000)</td>
<td>5,000</td>
</tr>
<tr>
<td>Restricted cash at bank</td>
<td>88,455</td>
<td>(885)</td>
<td>885</td>
</tr>
<tr>
<td>Total Increase/(Decrease)</td>
<td>(24,293)</td>
<td>(24,293)</td>
<td>24,293</td>
</tr>
</tbody>
</table>

**Fair Values**

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.
Note 35. Explanatory Statement
All variances between estimates (original budget) and actual results for 2017, and between the actual results for 2017 and 2016 are shown below. Narratives are provided for selected major variances, which are generally greater than:

a) 5% and $246,000 for the Statements of Comprehensive Income and Cash Flows; and
b) 5% and $56,000 for the Statement of Financial Position

<table>
<thead>
<tr>
<th>Variance Note</th>
<th>Original Budget 2017 $</th>
<th>Actual 2017 $</th>
<th>Actual 2016 $</th>
<th>Variance between estimate and actual $</th>
<th>Variance between actual results for 2017 and 2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement of Comprehensive Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COST OF SERVICES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>1</td>
<td>6,603,000</td>
<td>5,985,247</td>
<td>5,783,289</td>
<td>(617,753)</td>
</tr>
<tr>
<td>Supplies and services</td>
<td></td>
<td>2,838,000</td>
<td>2,779,059</td>
<td>2,614,531</td>
<td>(58,941)</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td></td>
<td>140,000</td>
<td>111,934</td>
<td>129,699</td>
<td>(28,066)</td>
</tr>
<tr>
<td>Communications expense</td>
<td></td>
<td>110,000</td>
<td>86,310</td>
<td>92,529</td>
<td>(23,690)</td>
</tr>
<tr>
<td>Maintenance expense</td>
<td></td>
<td>57,000</td>
<td>76,867</td>
<td>36,270</td>
<td>40,597</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td></td>
<td>3,586,000</td>
<td>3,586,096</td>
<td>3,530,097</td>
<td>56,999</td>
</tr>
<tr>
<td>Other expenses</td>
<td></td>
<td>180,000</td>
<td>82,981</td>
<td>128,396</td>
<td>(97,019)</td>
</tr>
<tr>
<td>Total cost of services</td>
<td></td>
<td>13,514,000</td>
<td>12,708,494</td>
<td>12,314,811</td>
<td>(805,506)</td>
</tr>
</tbody>
</table>
## Note 35. Explanatory Statement (continued)

<table>
<thead>
<tr>
<th>Variance Note</th>
<th>Original Budget 2017 $</th>
<th>Actual 2017 $</th>
<th>Actual 2016 $</th>
<th>Variance between estimate and actual $</th>
<th>Variance between actual results for 2017 and 2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>User charges and fees</td>
<td>252,000</td>
<td>312,114</td>
<td>286,000</td>
<td>60,114</td>
<td>26,114</td>
</tr>
<tr>
<td>Grants and contributions</td>
<td>0</td>
<td>1,000,000</td>
<td>70,000</td>
<td>1,000,000</td>
<td>930,000</td>
</tr>
<tr>
<td>Interest revenue</td>
<td>30,000</td>
<td>71,134</td>
<td>49,585</td>
<td>41,134</td>
<td>21,549</td>
</tr>
<tr>
<td>Other revenue</td>
<td>30,000</td>
<td>201,429</td>
<td>171,429</td>
<td>30,568</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>312,000</td>
<td>1,584,677</td>
<td>576,446</td>
<td>1,272,677</td>
<td>1,008,231</td>
</tr>
<tr>
<td><strong>Total income other than income from State Government</strong></td>
<td>312,000</td>
<td>1,584,677</td>
<td>576,446</td>
<td>1,272,677</td>
<td>1,008,231</td>
</tr>
<tr>
<td><strong>NET COST OF SERVICES</strong></td>
<td>13,202,000</td>
<td>11,123,817</td>
<td>11,738,365</td>
<td>(2,078,183)</td>
<td>(614,548)</td>
</tr>
</tbody>
</table>
### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 35. Explanatory Statement (continued)

<table>
<thead>
<tr>
<th>Income from State Government</th>
<th>Variance Note</th>
<th>Original Budget 2017</th>
<th>Actual 2017</th>
<th>Actual 2016</th>
<th>Variance between estimate and actual</th>
<th>Variance between actual results for 2017 and 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service appropriation</td>
<td>B</td>
<td>12,706,000</td>
<td>12,706,000</td>
<td>12,005,000</td>
<td>0</td>
<td>701,000</td>
</tr>
<tr>
<td>Services received free of charge</td>
<td></td>
<td>190,000</td>
<td>123,671</td>
<td>176,972</td>
<td>(66,329)</td>
<td>(53,301)</td>
</tr>
<tr>
<td>Royalties for Regions Fund</td>
<td></td>
<td>216,000</td>
<td>216,000</td>
<td>256,000</td>
<td>0</td>
<td>(40,000)</td>
</tr>
<tr>
<td><strong>Total income from State Government</strong></td>
<td></td>
<td>13,112,000</td>
<td>13,045,671</td>
<td>12,437,972</td>
<td>(66,329)</td>
<td>607,699</td>
</tr>
<tr>
<td><strong>SURPLUS/(DEFICIT) FOR THE PERIOD</strong></td>
<td>(90,000)</td>
<td>1,921,854</td>
<td>699,607</td>
<td>2,011,854</td>
<td>1,222,247</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</strong></td>
<td>(90,000)</td>
<td>1,921,854</td>
<td>699,607</td>
<td>2,011,854</td>
<td>1,222,247</td>
<td></td>
</tr>
</tbody>
</table>

**Major Estimate and Actual (2017) Variance Narratives**

1. Employee benefits expense underspent by $0.62 million (9.4%) due to delays in filling a number of vacancies and staff on secondment to other agencies.
2. Grants and contributions over estimates by $1 million (100%) mainly due to $1 million funding from Department of Transport for the On-Demand Transport Reform project.

**Major Actual (2017) and Comparative (2016) Variance Narratives**

A) Grants and contributions increased by $0.93 million (1328.6%) mainly due to $1 million funding from Department of Transport for the On-Demand Transport Reform project.
B) Service appropriation increased by $0.70 million (5.8%) mainly due to 2016/2017 Streamlined Budget Process Incentive funding, funding for the 90 Day Regulatory Reform project plus salary and general cost escalation.
## Notes to the Financial Statements for the year ended 30 June 2017

### Note 35. Explanatory Statement (continued)

<table>
<thead>
<tr>
<th>Variance Note</th>
<th>Original Budget 2017 $</th>
<th>Actual 2017 $</th>
<th>Actual 2016 $</th>
<th>Variance between estimate and actual $</th>
<th>Variance between actual results for 2017 and 2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Statement of Financial Position

#### ASSETS

#### Current Assets

- **Cash and cash equivalents**
  - 3,C: 1,396,000
  - Actual 2017: 3,323,623
  - Actual 2016: 2,341,104
  - Variance: 982,519

- **Restricted cash and cash equivalents**
  - 4,D: 15,000
  - Actual 2017: 806,540
  - Actual 2016: 791,540
  - Variance: 718,085

- **Receivables**
  - 2017: 138,000
  - Actual 2017: 138,299
  - Actual 2016: 100,748
  - Variance: 37,551

- **Amounts receivable for services**
  - 60,000
  - Actual 2017: 60,000
  - Actual 2016: 60,000
  - Variance: 0

- **Other current assets**
  - 276,000
  - Actual 2017: 238,736
  - Actual 2016: 226,298
  - Variance: 12,438

**Total Current Assets**: 1,885,000

#### Non-Current Assets

- **Amounts receivable for services**
  - E: 579,000
  - Actual 2017: 579,000
  - Actual 2016: 484,000
  - Variance: 0
  - Variance: 95,000

- **Furniture, plant and equipment**
  - 5: 239,000
  - Actual 2017: 78,817
  - Actual 2016: 117,949
  - Variance: (39,132)

- **Intangible assets**
  - 6,F: 89,000
  - Actual 2017: 236,489
  - Actual 2016: 131,299
  - Variance: 105,190

**Total Non-Current Assets**: 907,000

**TOTAL ASSETS**: 2,792,000
### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 35. Explanatory Statement (continued)

<table>
<thead>
<tr>
<th>Variance Note</th>
<th>Original Budget 2017</th>
<th>Actual 2017</th>
<th>Actual 2016</th>
<th>Variance between estimate and actual</th>
<th>Variance between actual results for 2017 and 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

#### LIABILITIES

**Current Liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2017</th>
<th>2016</th>
<th>(50,019)</th>
<th>5,747</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>129,000</td>
<td>78,981</td>
<td>73,234</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>7</td>
<td>1,007,000</td>
<td>1,138,270</td>
<td>1,192,610</td>
<td>131,270</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td></td>
<td>1,136,000</td>
<td>1,222,251</td>
<td>1,275,844</td>
<td>86,251</td>
</tr>
</tbody>
</table>

**Non-Current Liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2017</th>
<th>2016</th>
<th>(25,901)</th>
<th>(16,610)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions</td>
<td>290,000</td>
<td>264,099</td>
<td>280,709</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Non-Current Liabilities</td>
<td>290,000</td>
<td>264,099</td>
<td>280,709</td>
<td>(25,901)</td>
<td>(16,610)</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2017</th>
<th>2016</th>
<th>(25,901)</th>
<th>(16,610)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,426,000</td>
<td>1,486,350</td>
<td>1,556,553</td>
<td>60,350</td>
<td>(70,203)</td>
</tr>
</tbody>
</table>

**NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2017</th>
<th>2016</th>
<th>(115)</th>
<th>60,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed equity</td>
<td>1,359,000</td>
<td>1,358,885</td>
<td>1,298,885</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td>7,000</td>
<td>2,616,269</td>
<td>694,415</td>
<td>2,609,269</td>
<td>1,921,854</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td>1,366,000</td>
<td>3,975,154</td>
<td>1,993,300</td>
<td>2,609,154</td>
<td>1,981,854</td>
</tr>
</tbody>
</table>
Note 35. Explanatory Statement (continued)

Major Estimate and Actual (2017) Variance Narratives

3) Cash and cash equivalents exceeded estimates by $1.93 million (138.1%) mainly due to income received from unspent 2015/16 Business Local operational funding together with delays to a number of projects and salary savings resulting from a number of vacancies and staff on secondment to other agencies.

4) Restricted cash and cash equivalents exceeded estimates by $0.79 million (5276.9%) due to unspent funding relating to the On-Demand Transport Reform project received from the Department of Transport.

5) Furniture, plant and equipment underspent by $0.16 million (67.0%) as the amount was expended on software and website development costs.

6) Intangible assets overspent by $0.15 million (165.7%) due to additional spending on software and website development costs (see Note 5 above).

7) Non-current provisions exceeded estimates by $0.13 million (13.0%) due to an increase in long service leave provision including salary cost escalation.

Major Actual (2017) and Comparative (2016) Variance Narratives

C) Cash and cash equivalents increased by $0.92 million (42.0%) mainly due to income received from unspent 2015/16 Business Local operational funding together with delays to a number of projects and salary savings resulting from a number of vacancies and staff on secondment to other agencies.

D) Restricted cash and cash equivalents increased by $0.72 million (811.8%) due to unspent funding relating to the On-Demand Transport Reform project received from the Department of Transport.

E) Amount receivable for services increased by $0.09 million (19.6%) due to an increase in the accrued amount appropriated to cover leave entitlements and asset replacement.

F) Intangible assets increased by $0.11 million (80.1%) due to additional spending on software and website development costs.
Notes to the Financial Statements for the year ended 30 June 2017

Note 35. Explanatory Statement (continued)

<table>
<thead>
<tr>
<th>Variance Note</th>
<th>Original Budget 2017 $</th>
<th>Actual 2017 $</th>
<th>Actual 2016 $</th>
<th>Variance between estimate and actual $</th>
<th>Variance between actual results for 2017 and 2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Cash Flows</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH FLOWS FROM STATE GOVERNMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service appropriation</td>
<td>G 12,551,000</td>
<td>12,551,000</td>
<td>11,850,000</td>
<td>0</td>
<td>701,000</td>
</tr>
<tr>
<td>Capital appropriation</td>
<td>60,000</td>
<td>60,000</td>
<td>60,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Holding account drawdown</td>
<td>60,000</td>
<td>60,000</td>
<td>60,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Royalties for Regions Fund</td>
<td>216,000</td>
<td>216,000</td>
<td>256,000</td>
<td>0</td>
<td>(40,000)</td>
</tr>
<tr>
<td>Net cash provided by State Government</td>
<td>12,887,000</td>
<td>12,887,000</td>
<td>12,226,000</td>
<td>0</td>
<td>661,000</td>
</tr>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>8 (6,555,000)</td>
<td>(6,063,140)</td>
<td>(6,051,462)</td>
<td>491,860</td>
<td>(11,678)</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>(2,680,000)</td>
<td>(2,636,136)</td>
<td>(2,450,305)</td>
<td>43,864</td>
<td>(185,831)</td>
</tr>
<tr>
<td>Communication expense</td>
<td>(110,000)</td>
<td>(86,857)</td>
<td>(92,298)</td>
<td>23,143</td>
<td>5,441</td>
</tr>
<tr>
<td>Maintenance expense</td>
<td>(5,000)</td>
<td>(101,562)</td>
<td>(25,102)</td>
<td>(44,562)</td>
<td>(76,460)</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>(3,586,000)</td>
<td>(3,586,096)</td>
<td>(3,531,243)</td>
<td>96</td>
<td>(5,853)</td>
</tr>
<tr>
<td>GST payments on purchases</td>
<td>(680,000)</td>
<td>(641,519)</td>
<td>(622,495)</td>
<td>38,481</td>
<td>(19,024)</td>
</tr>
<tr>
<td>Other payments</td>
<td>(180,000)</td>
<td>(81,090)</td>
<td>(152,690)</td>
<td>98,910</td>
<td>71,600</td>
</tr>
<tr>
<td>Receipts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>User charges and fees</td>
<td>252,000</td>
<td>312,114</td>
<td>286,000</td>
<td>60,114</td>
<td>26,114</td>
</tr>
<tr>
<td>Grants and contributions</td>
<td>9,H 0</td>
<td>1,000,000</td>
<td>700,000</td>
<td>1,000,000</td>
<td>930,000</td>
</tr>
<tr>
<td>Interest received</td>
<td>30,000</td>
<td>64,790</td>
<td>46,547</td>
<td>34,790</td>
<td>18,243</td>
</tr>
<tr>
<td>GST receipts on sales</td>
<td>10,000</td>
<td>125,468</td>
<td>24,448</td>
<td>115,468</td>
<td>101,020</td>
</tr>
<tr>
<td>GST receipts from taxation authority</td>
<td>670,000</td>
<td>504,037</td>
<td>649,843</td>
<td>(165,963)</td>
<td>(145,806)</td>
</tr>
<tr>
<td>Other receipts</td>
<td>30,000</td>
<td>181,587</td>
<td>182,687</td>
<td>151,587</td>
<td>(1,100)</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>(12,856,000)</td>
<td>(11,008,404)</td>
<td>(11,666,070)</td>
<td>1,847,596</td>
<td>657,666</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements for the year ended 30 June 2017

Note 35. Explanatory Statement (continued)

<table>
<thead>
<tr>
<th>Variance Note</th>
<th>Original Budget 2017</th>
<th>Actual 2017</th>
<th>Actual 2016</th>
<th>Variance between estimate and actual</th>
<th>Variance between actual results for 2017 and 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>CASH FLOWS FROM INVESTING ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of non-current physical assets</td>
<td>(120,000)</td>
<td>(177,992)</td>
<td>(119,152)</td>
<td>(57,992)</td>
<td>(58,840)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(120,000)</td>
<td>(177,992)</td>
<td>(119,152)</td>
<td>(57,992)</td>
<td>(58,840)</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents</td>
<td>(89,000)</td>
<td>1,700,604</td>
<td>440,778</td>
<td>1,789,604</td>
<td>1,259,826</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of period</td>
<td>1,500,000</td>
<td>2,429,559</td>
<td>1,988,781</td>
<td>929,559</td>
<td>440,778</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</td>
<td>1,411,000</td>
<td>4,130,163</td>
<td>2,429,559</td>
<td>2,719,163</td>
<td>1,700,604</td>
</tr>
</tbody>
</table>

Major Estimate and Actual (2017) Variance Narratives
8) Employee benefits expense underspent by $0.49 million (7.5%) due to delays in filling a number of vacancies and staff on secondment to other agencies.
9) Grants and contributions over estimates by $1 million (100%) mainly due to $1 million funding from Department of Transport for the On-Demand Transport Reform project.

Major Actual (2017) and Comparative (2016) Variance Narratives
G) Service appropriation increased by $0.70 million (5.9%) mainly due to 2016/2017 Streamlined Budget Process Incentive funding, funding for the 90 Day Regulatory Reform project plus salary and general cost escalation.
H) Grants and contributions increased by $0.93 million (1328.6%) mainly due to $1 million funding from Department of Transport for the On-Demand Transport Reform project.
**DISCLOSURES AND LEGAL COMPLIANCE**

**Other legal requirements**

**Disability Access and Inclusion Plan (DAIP) outcomes**

The SBDC is committed to creating a community that is accessible and inclusive to help to minimise the impacts of disability. The agency’s DAIP covers the period 2012-16 and includes seven outcome areas, such that people with disability:

1. Have the same opportunities as other people to access the services of, and any events organised by, the SBDC.
2. Have the same opportunities as other people to access the SBDC’s buildings and other facilities.
3. Receive information from the SBDC in a format that will enable them to access it as readily as other people.
4. Receive the same level and quality of service from the staff of the SBDC as other people.
5. Have the same opportunities as others to make complaints to the SBDC.
6. Have the same opportunities as others to participate in any public consultation by the SBDC.
7. Have the same opportunities as other people to obtain and maintain employment within the SBDC.

The SBDC’s 2017-2021 Disability Access and Inclusion Plan is currently in the final stages of development. In the meantime, the SBDC will continue to meet obligations under the Disability Services Act 1993, including annual progress reports to the Disability Services Commission.

**Equal employment opportunity (EEO)**

The SBDC continues to meet its obligations under section 145 (preparation and implementation of management plans) of the Equal Opportunity Act 1984 by progressing EEO initiatives outlined in the agency’s EEO Management Plan.

The three high-level outcomes relating to EEO are:

- The SBDC values EEO and diversity and the work environment is free from sexual and racial harassment.
- The workplace is free from employment practices that are biased or discriminate unlawfully against employees or potential employees.
- Employment programs and practices recognise and include strategies to achieve workforce diversity.

Initiatives to monitor and improve the workplace culture through the development of internal values will continue to be the drivers to meet these high level outcomes in EEO.

**Compliance with public sector standards and ethical codes**

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

During 2016-17 the SBDC received no claims against the public sector standards and no reports of non-compliance with the WA Code of Ethics or the agency’s own Code of Conduct.

The SBDC maintains this standard of compliance through the following measurements and initiatives:

- Quality feedback is provided to applicants as part of all recruitment processes.
- Training is provided to recruitment panel members by accredited providers underpinned by the provision of recruitment guidelines specific to the SBDC.
- Information about Public Sector Standards are included on the SBDC website and covered at inductions.
- Employees commencing and leaving the agency are surveyed on all aspects of their employment including questions relating to staff behaving in accordance with the Code of Conduct.
DISCLOSURES AND LEGAL COMPLIANCE

Record-keeping plan
The SBDC’s record-keeping plan was approved by the State Records Office in August 2014 and the retention and disposal schedule DA2014-005 was approved in December 2014.

Monitoring the efficiency and effectiveness of record-keeping systems is ongoing and changes will be made as necessary. This will lead to significant benefits for the overall management of the agency’s records.

During the year, the SBDC continued to maintain an effective record-keeping training program. All new staff and contractors received comprehensive induction training, detailing policies and procedures, and their record-keeping responsibilities.

Additional training materials are available from the SBDC’s intranet for staff and tailored training to meet specific needs is available on request. The effectiveness of training is regularly monitored to ensure it meets the needs of the SBDC and State Records Office.

Advertising expenditure
In accordance with Section 175ZE of the Electoral Act 1907, set out below are details of expenditure incurred during 2016-17 in relation to:

<table>
<thead>
<tr>
<th>Market research organisations:</th>
<th>$105,180</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Advantage Communications and Marketing</td>
<td>$11,680</td>
</tr>
<tr>
<td>• Edith Cowan University</td>
<td>$22,000</td>
</tr>
<tr>
<td>• Painted Dog Research</td>
<td>$71,500</td>
</tr>
<tr>
<td>Media advertising organisations:</td>
<td>$35,233</td>
</tr>
<tr>
<td>• Carat Australia Media Services</td>
<td>$35,233</td>
</tr>
<tr>
<td>Polling organisations</td>
<td>Nil</td>
</tr>
<tr>
<td>Direct mail organisations</td>
<td>Nil</td>
</tr>
<tr>
<td>Total expenditure for 2016-17:</td>
<td>$140,413</td>
</tr>
</tbody>
</table>

Legislation impacting on activity
In the performance of its functions, the SBDC complies with the following legislation:

- A New Tax System (Goods and Services Tax) Act 1999 (Cth)
- 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
- Criminal Code Act Compilation Act 1913
- Disability Services Act 1993
- Electoral Act 1907
- Electronic Transaction 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
- Legal Deposit Act 2012
- Minimum Conditions of Employment Act 1993
- 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
DISCLOSURES AND LEGAL COMPLIANCE

Government policy requirements

Corruption prevention
The SBDC is committed to the highest level of integrity, ethics and equity. Corruption prevention forms part of the agency’s overall risk management strategy as an important element of internal control. Staff and Board members 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 policies on the SBDC intranet and regular internal communications also seek to ensure staff are aware of and understand their responsibilities.

Publications
The SBDC produces a wide range of publications, in hard copy and electronic format, including:

- **Annual reports**: Each financial year, the annual report highlights the agency’s business and financial activities. Electronic (PDF) copies of previous reports are available from the SBDC website.
- **Media releases**: Releases are sent to a range of media outlets and key stakeholders on topical issues relating to the small business sector.
- **Promotional publications**: Outlining the SBDC’s services.
- **Information leaflets and guides**: Providing advice and support for small business operators. They are available in hard copy or can be downloaded from the SBDC website.
- **E-news**: The SBDC produces a monthly e-newsletter which provides relevant business and SBDC updates. It is available free of charge and subscribers can sign-up from the SBDC website.
DISCLOSURES AND LEGAL COMPLIANCE

• To support improvements for small businesses involved in the building and construction industry, the Corporation successfully advocated for reforms to the operation of the Construction Contracts Act 2010, including improved access to rapid adjudication for payment disputes. The Corporation also has a defined role under the new Western Australian Building and Construction Industry Code of Conduct 2016 to consider matters of non-compliance in practices and payment for subcontractors working on State Government construction projects. The code came into effect on 1 January 2017.

• The Alternative Dispute Resolution service continues to resolve disputes involving small businesses in a timely, non-legalistic and cost-effective manner. Through this service, small business operators receive personalised, practical assistance to better understand their rights and responsibilities; clarify issues; and explore options to resolve the dispute, with access to subsidised mediation.

• The Corporation is working with the Curtin University of Technology (the University) on mutually beneficial opportunities to enhance educational experiences of University law students whilst improving access to legal services for small businesses. As a result the University has established the John Curtin Law Clinic (JCLC), a dedicated law clinic, offering clinical legal education to law students and pro-bono legal services. The Corporation promotes awareness of the JCLC’s services in addition to other legal service providers.

• The Corporation continues to influence the development of small business policies and regulatory settings across all tiers of government by advocating on behalf of individual small business operators, industry cohorts and the sector as a whole. This includes contributing to major policy and legislative reviews in order to foster a fair and conducive operating environment for small businesses in Western Australia. The Corporation also continued to provide guidance to State Government agencies as part of the State’s Regulatory Impact Assessment process.

• The Corporation partnered in a national inquiry into payment practices in Australia. As improving cash flow for small businesses underpins resilience and creates more jobs, payment terms and times will continue to be a key focus of the Corporation with advocacy occurring across government and the private sector.

• To assist small business to remain competitive, innovative and engaged in the digital age, the Corporation provided tailored, practical advice and guidance on transacting within the digital economy, by delivering workshops on website planning, online marketing and conducting business through digital channels.

• The Corporation’s Business Local outreach service continues to deliver small business advice and guidance throughout the State. Delivered by a network of third party providers in 12 service areas across Western Australia, the free service is particularly focused on supporting higher quality business start-ups, with stronger business foundations and, as a consequence, greater resilience. This service also underpins the creation of new job opportunities by assisting small businesses to grow their operations and explore new market initiatives as the State transitions to a more diversified, resilient economy.

• The Western Australian Business Migration program is a key investment attraction, job creation and job retention initiative for the State. Under this program, the Corporation provides State nominations for business migrants in a range of business and investment visa categories and promotes Western Australian opportunities in prime overseas markets. The program is expected to deliver over $1 billion in new capital into the State over the forward estimates.
Stakeholder representation and collaboration

The SBDC is a strong advocate for the Western Australian small business sector across a broad range of State and Federal Government working groups collaborating on key small business issues. Such representation provides a coordinated policy response and ensures the interests of Western Australian small businesses are represented.

The SBDC worked with the:

- Small Business Commissioners Group;
- Australian Competition and Consumer Commission's Small Business and Franchising Consultative Committee;
- Chamber of Commerce and Industry of Western Australia;
- Regional Chambers of Commerce and Industry WA;
- Department of Training and Workforce Development’s Workplace Essentials SME Project Steering Committee;
- Department of Finance’s Regulatory Impact Assessment Working Group;
- Department of Finance’s Regulatory Champions Working Group;
- Department of Commerce’s Regional Telecommunications Project Steering Committee;
- Department of Agriculture and Food WA;
- Australian Small Business and Family Enterprise Ombudsman;
- Australian Securities and Investments Commissions; and
- Small Enterprise Association of Australia and New Zealand.

The SBDC has also formed a number of alliances with other stakeholders in the development and delivery of services, support and programs to the State’s small business sector, including:

- Office of Multicultural Interests;
- Tourism WA;
- Migration Institute of Australia (Western Australian branch);
- Western Australian Chinese Chamber of Commerce;
- Department of Immigration and Border Protection;
- Department of Regional Development (Royalties for Regions program);
- Department of Training and Workforce Development;
- Regulatory Gatekeeping Unit, Department of Finance;
- Tourism Council of Western Australia;
- Curtin University; and
- Edith Cowan University.