

Annual Report

2019-20



Small Business
Development Corporation

The Small Business Development Corporation acknowledges and thanks the following small businesses whose stories and photographs appear in this annual report:

- Michelle Rimmer and Jackie Finn, Hills Massage, Roleystone
- Renata Taylor, Grouch & Co, Myaree
- Lee Bardsley and Reece Beazley, The Doorstep Grocers, Canning Vale
- Glenn Robson, Emma Robson and Paul Twyman, Aspen Coaching, Mt Hawthorn
- Gavin Barnes, Tech Window, Busselton
- Jennene Riggs and David Riggs, Riggs Australia, Esperance

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This report is available in alternative formats on request.

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Statement of compliance for the year ended 30 June 2020

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 reporting period ended 30 June 2020.

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

Steven Dobson
Chair

Overview of agency

About the SBDC

The Small Business Development Corporation (SBDC) is an independent statutory authority of the Government of Western Australia (WA), established in 1984 under the *Small Business Development Corporation Act 1983* (SBDC Act).

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 WA.

This is achieved by providing advice, guidance and business skill development programs to small business owners. The SBDC also offers a dispute resolution service, maintains a drop-in information centre with a comprehensive range of business resources (closed since March due to COVID-19 restrictions) and delivers workshops for existing and aspiring 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 Corporation also provides advice and support to the Minister for Small Business on matters affecting 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 settings that nurture the growth and diversity of the sector.

Responsible Minister

As at 30 June 2020, the Hon. Paul Papalia CSC MLA, Minister for Small Business, has responsibility for the SBDC.



Hon Paul Papalia CSC MLA
Minister for Small Business

Enabling legislation

The SBDC Act 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 provide dispute resolution services, and for incidental and other purposes.

Our vision

A strong and enterprising small business sector in WA.

Our mission

To facilitate relevant, practical support to small businesses and advocate on their behalf.

Our values

Enterprise — we value a solution-focused and inventive culture.

Collaboration — we actively work with others to achieve shared goals.

Integrity — we act with courage, honesty and respect.



Our strategic objectives

In accordance with our strategic plan, the SBDC strives to:

- offer targeted, contemporary and practical services across WA
- evolve our business model to be agile and future-focused
- build strategic alliances and partnerships
- advocate for small business
- contribute to the growth and diversity of the WA economy.

What is small business?

The SBDC Act defines a 'small business' as a business undertaking that 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:

1. has a relatively small share of the market in which it operates
2. is managed personally by the owner or owners or directors, as the case requires
3. 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

As at June 2019, there were 226,411 actively trading small businesses in WA, which represent 97 per cent of all businesses in the state.



The top five industries with the largest number of small businesses in WA are:

(ABS Cat. No. 8165.0 Counts of Australian Business, including Entries and Exits, June 2015 to June 2019)



17%

construction
(39,242 small businesses)



12%

professional, scientific
and technical services
(27,588)



11%

rental, hiring and
real estate services
(24,924)



10%

financial and
insurance services
(21,389)



9%

transport, postal
and warehousing
(19,223)

Executive summary

Chair's report

On behalf of the Small Business Development Corporation (SBDC) Board I am proud to report that the agency has performed impeccably during one of the most challenging periods on record for government and business.

Like so many of our small business clients, the agency was forced to adapt rapidly to a new phase of service delivery in the COVID-19 environment. Seamless transition to working from home for many staff during the height of social distancing meant the SBDC could continue to deliver our high standards of service to the WA small business community during a time of unprecedented demand, particularly when accurate, accessible advice and reassurance was most needed. We were also able to continue to support government stakeholders who rely on our agency for policy and advocacy advice.

At the height of the pandemic, the internal and external environments were subject to continual and rapid change. Developments often required immediate response and interpretation from the agency to create material that small business owners could quickly understand and implement. As a measure of the SBDC's reputation as a source of reliable business information, our website traffic more than doubled between March and June (compared to the previous year).



Chair's report continued

An important part of the policy response was our work on the *Commercial Tenancies (COVID-19 Response) Act 2020* including rent relief measures to help small business tenants who suffered financially during the pandemic. The agency stands ready to assist in the dispute resolution measures provided in the legislation.

The Corporation continues to advocate with passion for the small business community of WA. New legislation was passed in April this year to assist the Small Business Commissioner to investigate and report on instances of unfair treatment of small business.

To support the Commissioner, a new Investigations and Inquiry Unit has been staffed with highly competent investigators and will fill a much needed role protecting the interests of small business owners who have been mistreated.

The SBDC continues to assist small business in regional WA through the Business Local service

and the exceptional support it provides to local communities. In 2019, our Board had the privilege of visiting the South West, meeting with and receiving positive feedback from business owners who had engaged with Business Local providers. They reported that the support they received had enabled them to strengthen their business, hone their target clientele, expand their reach and in many cases, employ more regional Western Australians.

The Minister for Small Business, the Hon. Paul Papalia CSC MLA, and his staff, have demonstrated a genuine desire to see the small business sector thrive. This government has been exceptional in equipping the SBDC with resources and opportunities to continue to provide impartial and professional advice to the state's small business sector. The agency and its leadership team, under the outstanding guidance of the Commissioner, is fortunate to be made up of people who have an overarching passion and empathy for small business owners and their daily struggles. Internal and external audits of the SBDC demonstrated that the strong corporate governance and financial controls are providing a measurable system of accountability for State Government funding.

I would like to thank the SBDC Board members, who have been superb in their governance and impact on the direction of the agency during this year of many challenges.



Steven Dobson
Chair, SBDC Board

Year

in review 2019-20

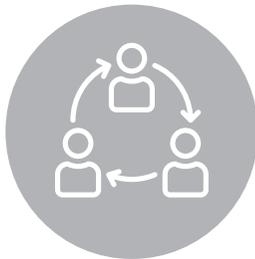


1,100+

workshops and information sessions delivered

4,000

commercial tenancy related enquiries handled



50

organisations partnered with through SBDC Outreach



96%

of clients satisfied with their overall experience



17,400

workshop and information session participants



\$404m+

injected into the WA economy by business migrants



58,000

services delivered

97%



of clients said accessing SBDC services was easy

Operational structure

SBDC Board

The SBDC is governed by an independent Board, drawn from the private sector under the auspices of the SBDC Act.

Membership as at 30 June 2020

- Steven Dobson (Chair)
- Danelle Cross
- Grant Cucel
- Sophie Dwyer
- Nicolle Jenkins
- Anthony Masi
- David Eaton (ex officio)

(For Board members' biographies see pages 47-48).

Small Business Commissioner

David Eaton is the WA 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 its key services including:

- small business advisory
- commercial tenancy advisory
- dispute resolution services
- business migration program



- policy review and development, advocacy and advice to all tiers of government
- Business Local.

The Commissioner can also undertake inquiries and investigations into poor practices that impact on the operating environment of small businesses. This function was enhanced by the passing of the *SBDC Amendment Act 2019* this year.

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 (suspended since March 2020 due to COVID-19 restrictions), by phone and email. General information is also distributed through third parties, and traditional and social media. Before COVID-19, walk-in clients were able to access services at the SBDC's business information centre in Perth's CBD. Workshops to develop business skills across a range of topics are delivered throughout the state. (See page 18 for details of 2019-20 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 the

assistance of specialist commercial tenancy advisers. The service is supported with publications providing detailed information on commercial tenancy matters, which are available to download from the SBDC website. During COVID-19, the SBDC was the lead agency to interpret and advise on the WA code of conduct for commercial tenancy rent relief. The Corporation also co-delivered the Land Tax Assistance for Landlords grant program. (See page 23 for details of 2019-20 achievements.)

Dispute resolution service (DRS)

The DRS is a low-cost, non-litigious means of resolving business-to-business and business-to-government disputes involving small businesses. Clients find the service to be particularly useful in resolving retail tenancy disputes. In many cases, 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 35 for details of 2019-20 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 32 for details of 2019-20 achievements.)

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 regulation and improving the operating environment. (See page 42 for details of 2019-20 achievements.)

Investigations and inquiry

A specialist unit within the SBDC oversees and investigates complaints into poor practices including delayed payments and breaches of contract experienced by subcontractors and other small businesses in relation to larger organisations or government entities. Legislation passed by Parliament in April 2020 gave the Small Business Commissioner additional authority to gain access to information or documents, conduct inquiries based on industry intelligence and protect complainants from retribution by maintaining their confidentiality. (See page 44 for details of 2019-20 achievements.)

Business Local service

Business Local provides outreach business advisory services in regional areas on behalf of the SBDC. Managed by six providers across 10 designated regions, services are delivered in ways that best suit the needs of their local small business communities. (See page 21 for details of 2019-20 achievements.)



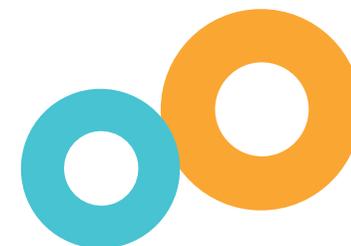
Organisational structure



Outcome-based management framework

Government goal: Future jobs and skills — grow and diversify the economy, create jobs and support skills development.

Desired outcome	Effectiveness indicator	Services	Efficiency indicators
Development of new and existing small businesses in WA.	<ul style="list-style-type: none"> The extent to which the information or guidance provided was useful. The extent to which the information or guidance provided contributed to a decision to start or buy a business. Total value of capital inflow to the State from the Business Migration program. Number of jobs created through the Business Migration program. 	Information, guidance, referral and business development services.	<ul style="list-style-type: none"> Cost per client serviced directly by the agency. Cost per client serviced through third-party delivery. Cost of policy development, advice and reform projects as a percentage of the total cost of service.
		Access to justice for small business.	<ul style="list-style-type: none"> Cost per client serviced directly in the provision of dispute resolution. Cost of subcontractor support services as a percentage of the total cost of service.



Changes to the outcome-based management framework

As a result of a review of the framework and key performance indicators in 2018-19, a number of changes came into effect on 1 July 2019 to better reflect the services of the SBDC and more accurately measure the agency's effectiveness and efficiency. The table below describes the redundant outcome-based management framework and key performance indicators.

Desired outcome	Effectiveness indicator	Services	Efficiency indicators
Development of new and existing small businesses 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.	<ul style="list-style-type: none"> • Average cost per direct client contact. • Average cost per indirect client contact. • Average cost per Business Local service client contact. • Cost of policy advice.

Shared responsibility with other agencies

The SBDC continued to work collaboratively with the Department of Primary Industries and Regional Development (Agriculture and Food) to deliver the farm debt mediation service. The Corporation also worked closely with the Department of Mines, Industry Regulation and Safety on the development of the WA commercial tenancy code of conduct, and with the Department of Local Government, Sport and Cultural Industries to deliver the Land Tax Assistance for Landlords program. The grant program, which commenced in April 2020, provides partial compensation to landlords who gave rent relief to their small business tenants affected by COVID-19 and is linked to the landlord's land tax obligations.



Agency performance

Financial targets



	2019-20 Target \$'000 ¹	2019-20 Actual \$'000	Variation \$'000	Explanation of significant variations ²
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)	14,570	13,980	590	The variance is due mainly to lower than expected expenditure for programs including Business Local and the Investigations and Inquiry Unit (subcontractor support).
Net cost of services (sourced from Statement of Comprehensive Income)	14,248	13,530	718	In addition to the variation in Total Cost of Services the agency received higher than expected income for the period.
Total equity (sourced from Statement of Financial Position)	2,769	3,532	763	The increase in total equity is due primarily to a higher than expected surplus for the period.
Net increase/ (decrease) in cash held (sourced from Statement of Cash Flows)	(16)	1,072	1,088	The increase is due to under expense in the Business Local service and the Investigations and Inquiry Unit (subcontractor support), together with additional income received.
Approved full-time equivalent (FTE) staff level	57	55	2	

1. As specified in the 2019-20 Budget Statements (Budget Paper No 2 Volume 1) pages 238-246.

2. Further explanations are contained in Note 8.5 "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
- value to businesses of the guidance or information received.

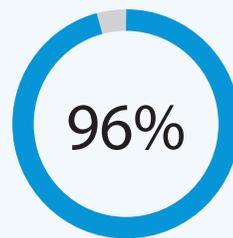
Similar to previous reporting periods, very high levels of satisfaction were achieved during 2019-20.

- 95 per cent of survey participants rated the information/guidance provided as very or somewhat useful.
- 89 per cent believed support provided had contributed to their decision to start or buy a business.

- 86 per cent of business owners said the information or advice had benefited the operations of their business.
- 90 per cent of those surveyed said they valued the information or guidance received.

The SBDC achieved an overall customer service index rating of 93 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.

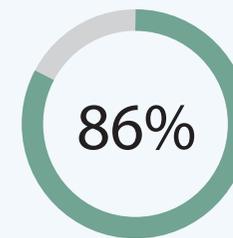
Telephone surveys were undertaken with a random selection of clients who had directly sought information and guidance during 2019-20. 735 client surveys were completed, giving a maximum standard error ratio of $\pm 3.5\%$ at the 95% confidence level. The overall response rate for the survey was 88.5%.



Likely to use service again



Satisfied with overall SBDC experience



Information and advice was of benefit to their business



Information and advice was useful



Accessing the service was easy



Chief Executive Officer's report

The 2019-20 year has tested the whole community, including the SBDC, as never before.

The start of the year saw encouraging new statistics about the contribution of small business to our state economy, with more than \$50 billion generated by businesses with fewer than 20 employees. Small businesses also accounted for almost 25 per cent of private sector economic activity and it was shown that they employed more than 40 per cent of the WA private sector workforce, pushing close to half a million (493,650) Western Australians.

In speaking to many colleagues across industry associations, and state and local government, there was a sense of optimism and opportunity as we expected the strongest economic growth in six years, the strongest business investment growth in seven years and the lowest unemployment rate in five years. It was into this environment that COVID-19 arrived.

Early in the pandemic, recognising the significant impact COVID-19 would have on businesses, the State Government designated the SBDC as the COVID-19 Business Assistance Centre.

The SBDC was there to provide critical resources and support for WA business owners in the face of a rapidly evolving situation, with our 133 140 number being the first line of contact.



Australian small business commissioners' meeting online

Call volumes to our agency more than doubled for the period March until June, in comparison to the previous year. Our experienced advisers addressed numerous complex questions from often anxious business owners trying to navigate the new environment. Commercial tenancy enquiries to our specialist team increased fourfold when the *Commercial Tenancies (COVID-19 Response) Act 2020* legislation was announced.

To help manage the unprecedented demand, the planned launch of a live chat system on our website was accelerated. This technology helped to efficiently manage the heightened volume of enquiries and was readily embraced by clients, accounting for nearly a quarter of all enquiries between April and June.

Our creation of easy to understand content analysing the latest government announcements, published on our website and social media channels, was critical in giving small business owners up to date, reliable information on which to base their decisions. Engagement levels on our website grew significantly, with visitor traffic more than doubling for the period from March to June, compared to the previous year. Our Facebook posts alone organically reached more than a quarter of a million people during the same period.



Chief Executive Officer's report continued

Digital delivery of enterprise skills was fully embraced as workshops were rapidly moved online, free of charge, ensuring we could support and upskill business owners dealing with the changing operating environment.

Behind the scenes, our team saw the SBDC Amendment Bill pass through Parliament. This important legislation allows me to investigate and report on complaints of mistreatment of small business in a broad range of situations including unfair contracts, bullying and non-payment.

This legislation underpins our new Investigations and Inquiry Unit and complements our dispute resolution service, ensuring there is an independent avenue for business owners to turn to.

The Corporation was also a significant contributor to the development of the WA Government's COVID Safety Plans, which are the foundation for the phased reopening of our economy, and the drafting of the Commercial Tenancy (COVID-19 Response) regulations which provided a basis for rent relief negotiations between commercial landlords and tenants.

Our collaboration with local governments on a number of small business friendly initiatives also continued. Our Small Business Friendly Approvals pilot concluded and funding has been provided to

expand next year. Also, 11 new local governments signed up to our Small Business Friendly Local Governments initiative, bringing the total to 44.

I would like to acknowledge the outstanding contribution of all levels of the SBDC, from the Board and our Executive team who showed extraordinary leadership through the COVID-19 crisis, through to each and every member of our hardworking staff. Their expertise, commitment to WA's small business sector and genuine desire to help support business owners is at the heart of our agency.

Finally, I want to recognise the resilience and perseverance of our small business owners — from the sole operators looking after their families through to those entrepreneurs leading larger teams. We know this year has been harder for you than ever before. I am confident that the tenacity I have witnessed throughout this challenging period means that WA small business will recover and emerge from 2020 even stronger, more adaptable and resilient.



David Eaton

Small Business Commissioner

Chief Executive Officer

Small Business Development Corporation



Activity reports

Delivery of targeted, contemporary and practical services across WA

The SBDC provides a range of products and services to assist small businesses throughout the state. This includes the provision of free, confidential and independent information and advice across a broad range of critical areas of business management and operations. Services are delivered through a range of channels including online, business advisory sessions and workshops. They are aimed at intenders or people starting out in business, through to existing and more mature business operators.

In 2019-20, the SBDC was designated the WA Government's COVID-19 Business Assistance Centre to provide key support to small businesses during the pandemic. COVID-19 social distancing restrictions to protect public health also meant that the format of some service delivery changed.

Where appropriate, activity reports have highlighted changes made to accommodate the COVID-19 environment to show the impact on the Corporation's usual services.

Online services

The SBDC's services play a key role in supporting WA businesses. The growing importance of online delivery can be seen across the SBDC. For small businesses at every stage of development, free, practical online tools covering financial management, industry research, business planning, marketing and debt recovery are available on the Corporation's website. During COVID-19, the availability of uninterrupted online access to services was critical in helping provide a high level of assistance to small business owners.

Online subscription services

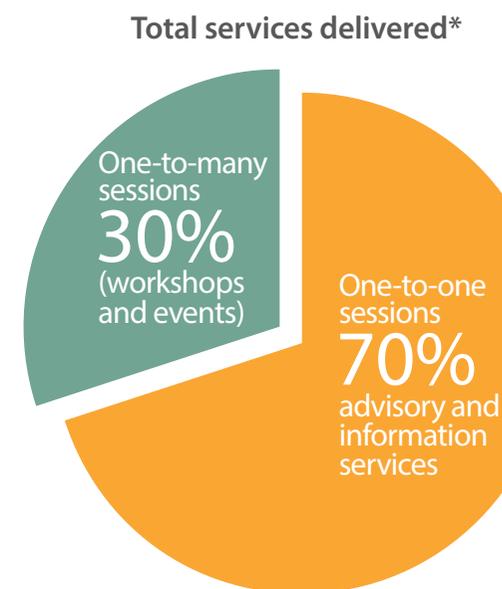
Ensuring prospective and current business owners can access accurate and up-to-date information about their industry can help them make better decisions about their business. The online Business Licence Finder enables individuals to search, discover and inform themselves about their business compliance obligations across all levels of government. During 2019-20, 12,344 existing and aspiring business owners accessed this service.

More than 1,700 clients were assisted to access detailed market research information about their chosen industry sector and financial performance, including 1,152 searches using IBISWorld industry data and 399 Australian financial benchmarking reports. By using these tools, business clients

were able to build a detailed insight to help them understand their market, learn more about their industry, customers and competitors and uncover new opportunities.

Live chat

At the end of March 2020, live chat was implemented on the Corporation's website, giving visitors a new channel to seek business advice and further expanding the range of ways in which clients can engage with the SBDC. In the first three months since launching, nearly one quarter of all business advisory enquiries came through live chat.



*all services were delivered remotely from 17 March 2020

COVID-19 case study

Hills Massage

Hills Massage is a remedial massage clinic operating in the Perth hills suburb of Kalamunda since 2003. The business employs three therapists in addition to the owner, Michelle Rimmer.

When government restrictions were placed on massage services, each team member's shift was reduced to one day a week to keep everyone employed during the downturn. Unable to treat clients in person, Hills Massage introduced online group stretching classes and 'hands free' mini consults. The remote sessions included assessments and advice on strength activities, stretches, postural and ergonomic issues and minor soft tissue injuries to help clients take care of themselves at home. One-on-one classes on basic seated massage and Swedish massage were also introduced to help those in isolation address anxiety.

"When COVID-19 hit, our attitude was — we will not be beaten! We weren't sure if our changes would pay all the bills but we decided to give it a red hot go. Luckily, our business was allowed to re-open after being closed for five weeks. While it certainly was difficult going through the closure, since being able to open again we are quite busy and have implemented some positive changes as a result, such as paperless client forms."

Michelle Rimmer — Hills Massage, Kalamunda



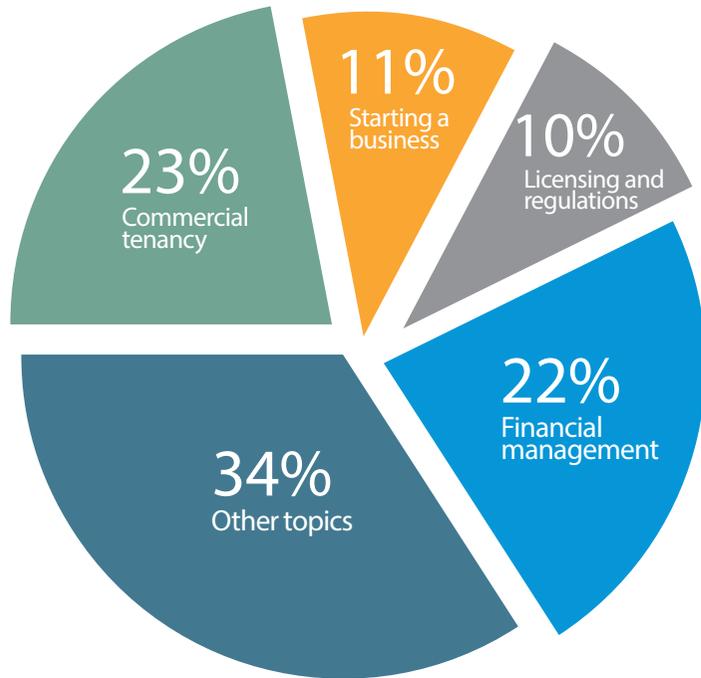
Activity reports

Business advisory service

General advice

The SBDC provides advice to small businesses throughout the state either in person, through digital channels or via third party service providers. Assistance is provided on a range of topics, including start-up strategies, business growth plans, business resilience guidance and help with business exits.

Categories of information sought by clients



When the agency was designated as the COVID-19 Business Assistance Centre in March 2020 to provide dedicated and timely advice to business owners in relation to the pandemic and associated restrictions, it resulted in a significant increase in enquiries. There were 15,180 client enquiries for information and advice received by the SBDC (excluding third party service providers) in 2019-20, representing a 28 per cent increase on the previous year. Of these enquiries, eight per cent were related to a dispute and 28 per cent were from pre-start or new business owners seeking information and advisory services.

To support COVID-19 social distancing, face-to-face meetings were temporarily discontinued on 17 March 2020 and did not resume before 30 June. During the fourth quarter of 2019-20, call volume more than doubled compared to the previous quarter.



Activity reports

Business Local – regional support

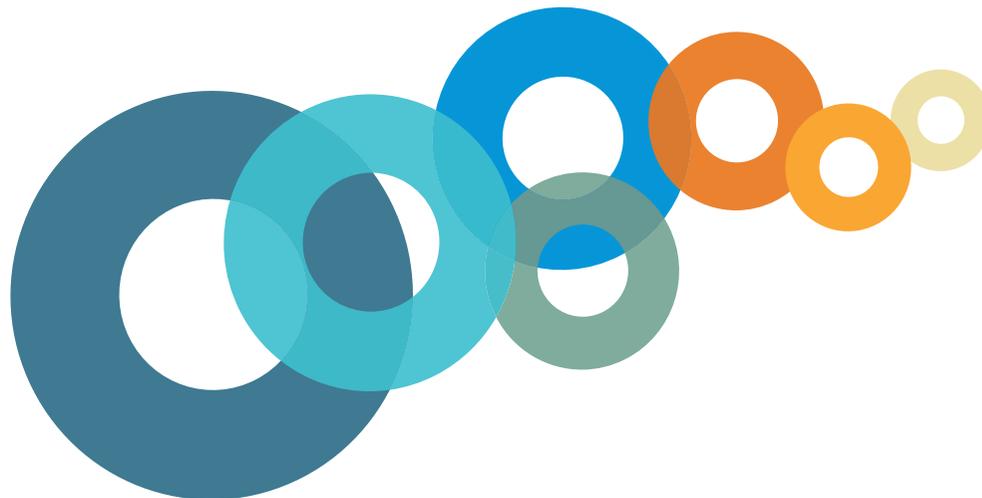
Business Local is the SBDC's business advisory outreach service in regional WA, with six providers delivering the service across 10 regions.

In 2019-20, the Business Local regional service provided 10,995 one-to-one advisory sessions. In addition, a further 6,494 hours of advice were delivered through workshops. The service was accessed by 4,412 small business owners for the first time.

During COVID-19, Business Local providers adapted their services to respond to local small business needs, including delivering more services through digital channels. Business Local providers worked closely with other community stakeholders to ensure businesses had rapid access to business advice, including referrals to the SBDC's COVID-19 Business Assistance Centre.

Business Local services 2019-20 services

	Pre COVID-19 1 July 2019 – 29 February 2020	COVID-19 environment 1 March – 30 June 2020	Total
One-to-one advisory sessions delivered	6,407	4,588	10,995
Hours of advice delivered through workshops	4,912	1,582	6,494
Small businesses accessing the service for the first time	2,896	1,516	4,412



COVID-19 case study

Tech Window

Busselton IT and telecommunications retail and repair shop Tech Window took its service on the road as a result of COVID-19, purchasing a decommissioned ambulance to offer a mobile repair service to customers throughout the South West. By focusing on different zones each day, they were able to minimise their callout fee making the service affordable as well as convenient. The change in how they delivered their services was embraced by existing and new customers.

“Before COVID-19, I was the only full-time staff member, with one part-time employee. As a result of the business transformation I was able to increase the hours of my part-time staff member to full-time and am currently in the process of welcoming two additional team members to meet increased demand.”

With health and safety in mind, the mobile service was contactless, with repairs made inside the van and sanitised devices returned to customers at their door. The service was promoted via radio, email and social media advertising as well as vehicle branding, and a booking form added to the company website.

The challenge created by the pandemic has led to a new direction for Tech Window, with the business now looking to expand its mobile service.

Gavin Barnes — Tech Window, Busselton



Activity reports

Commercial leasing advice

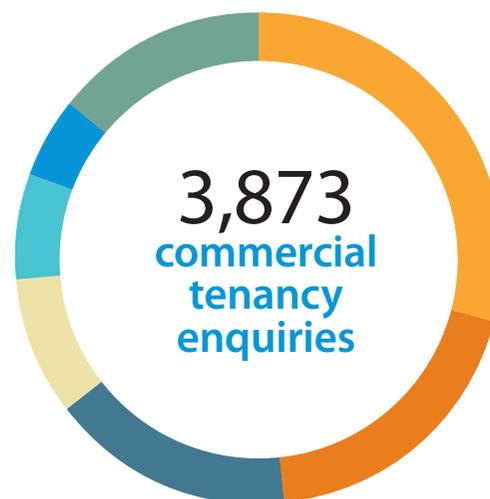
A lease for business premises is vital to many small businesses and is frequently central to the goodwill, value and future sale of the business. Leasing business premises is a significant financial decision. In addition to the initial capital investment, ongoing occupancy costs such as rent are significant business overheads.

The SBDC assists small business tenants, landlords and other industry stakeholders by providing specialist information and guidance on:

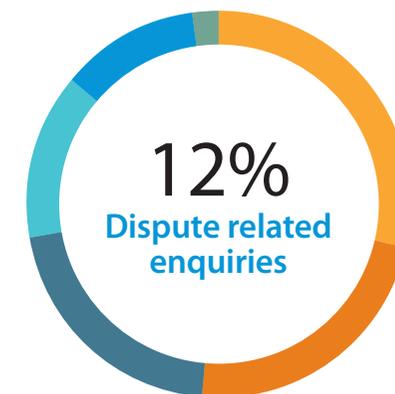
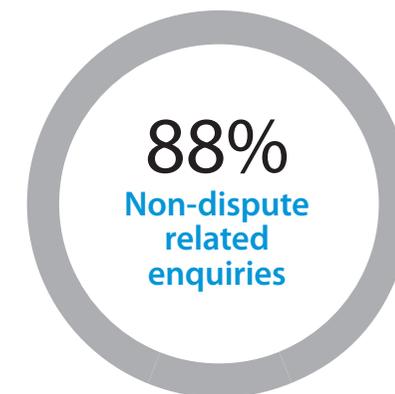
- the *Commercial Tenancy (Retail Shops) Agreements Act 1985*
- negotiating and leasing business premises, including those in shopping centres
- commercial tenancy disputes.

In response to COVID-19, the *Commercial Tenancies (COVID-19 Response) Act 2020* and an associated WA code of conduct passed into law in April and May 2020 respectively. The two parts of the legislation were designed to protect small business tenants who suffered a financial impact from a range of prohibited actions during the emergency period (30 March to 29 September 2020), and to help tenants and landlords negotiate rent relief. The SBDC provided input into the drafting of the Act and the code, and became the key agency to advise small business tenants and landlords on the legislation as well as provide assistance to resolve disputes. Commercial rent relief disputes unable to be resolved through the SBDC's dispute resolution process could be referred to the State Administrative Tribunal (SAT) for determination.

Outcomes for 2019-20



- Rent and rent review 30%
- COVID-19 Response Act 19%
- Termination of tenancy 16%
- Starters advice 9%
- Operating expenses 7%
- Repairs and maintenance 5%
- Other 14%



- Rent and rent review 29%
- COVID-19 Response Act 23%
- Termination of tenancy 20%
- Operating expenses 14%
- Repairs and maintenance 12%
- Other 2%

COVID-19 case study

Grouch & Co

Specialty coffee roasting business Grouch & Co has been operating for six years in Myaree, building a loyal local following along the way. Government restrictions on dine-in services meant that Grouch & Co had to close their café and offer takeaway services only. To adapt, they introduced a 'text and takeaway' service so that customers could order their coffee and have it waiting for collection. If coffee lovers did not want to pick up from the takeaway window, a team member would deliver the order to their car.

"Despite it being very challenging not to be able to offer our in-person service, which is a significant point of difference for our business, the changes we made went very well. We saw lots of kindness every day, for instance people paying for coffees for staff working at the hospitals. Others bought gift vouchers to use at a later date so we had some money coming in."

As a provider of wholesale beans, the Grouch & Co team also called their café clients to check-in and make sure they were OK and staying mentally healthy. Once cafés were able to reopen with social distancing provisions in place, owner Renata Taylor reported that patrons returned and the business was busy.

Renata Taylor — Grouch & Co, Myaree



Activity reports

Enterprise skills development

The SBDC recognises enterprise skills development as being critical to small business growth. Small business owners with strong enterprise and entrepreneurial attributes are more likely to contribute to job creation and productivity growth.

By providing access to quality, supportive and affordable workshops, the SBDC continues to build the skills of WA's small business community. SBDC workshops focus on the development of skills in areas such as digital and financial literacy, contracting and procurement, strategic planning and risk management, innovation, and business management.

This comprehensive program delivers practical information to businesses in the early stages of development via a series of foundation workshops, as well as more specialised or advanced topics for established business operators.

In January 2020, the cost of all the SBDC's workshops, excluding the free 'Starting a Business' workshop for business intenders, was reduced from \$50 to \$20 to improve financial accessibility. In mid-March 2020, face-to-face workshops were suspended in response to COVID-19 and rapidly

converted to an interactive online delivery format. All charges were also temporarily removed, allowing clients to access the SBDC's entire catalogue of enterprise skills workshops free of charge.

Foundation workshops

Foundation workshops include seven titles and focus on providing key information and skills for small business intenders or those just starting out. In addition to starting a business, topics include how to write a business plan, marketing a business and financial skills. More than 1,600 people attended the 'Starting a Business' workshop and more than 2,300 attended the other foundation workshops in 2019-20.

17,400

participants attended
workshops and information
sessions



Activity reports

Non-foundation workshops

In the Perth metropolitan area, non-foundation workshops are available to new and established businesses. These workshops are delivered by 15 contracted service providers, many of whom are small business operators. Workshops are delivered in various formats, including after-hours and weekend presentations, and are designed to build participants' capacity by providing practical and applicable information. In January 2020, Perth metropolitan workshops were rebranded from 'Business Local' to 'SBDC' to provide a single consistent approach to the positioning and promotion of all SBDC workshops.

Non-foundation workshops cover a range of topics including digital literacy, financial literacy, strategy and risk management, tendering and contracting, and business management.

At the start of the COVID-19 pandemic restrictions, service providers demonstrated their agility by converting all content into online workshops. Several additional workshops were added which addressed the specific needs of the small business community during the pandemic, including online workshops focused on crisis management and responding to COVID-19 challenges, as well as the JobKeeper payments.

This workshop program has expanded the reach of the SBDC's services to cater to more established business operators, in addition to those in the early stages of development usually engaged through the foundation workshops. Throughout 2019-20, 417 workshops (including those online) were delivered in the metropolitan area and were attended by more than 5,400 participants.

Facebook Community Boost workshops

In 2019-20, Facebook Australia approached the SBDC to deliver a series of collaborative Community Boost workshops throughout regional WA to communities including Merredin, Kununurra, Newman, Pinjarra, Manjimup and Carnarvon. The workshop series provided insight into the creation of content for social media channels and showcased the benefits of connecting to a wider customer base through social media. Sixteen workshops, including two specifically targeting Aboriginal-run small businesses, were delivered, attracting more than 500 small business operators. Three small business participants were selected for inclusion in Facebook Australia's Christmas 2019 gift guide promotion.



SBDC staff participate in a Facebook Community Boost workshop

COVID-19 case study

The Doorstep Grocers

When hospitality supply business Citrus WA experienced an 80 per cent decline in turnover as bars, nightclubs and restaurants emptied the week before they were closed by restrictions, quick thinking was needed to stay afloat. Inspired by the marines' motto 'improvise, adapt, overcome', the owners decided to use their existing supply chains and infrastructure to deliver affordable, healthy food to people isolating at home.

The business transformed into The Doorstep Grocers, making daily deliveries of fruit, vegetables, eggs and staples throughout the Perth metro area. Strict hygiene measures including PPE for staff and contactless doorstep delivery were part of making the service as safe and appealing as possible. Social media accounts, an ecommerce website and route optimisation software were used to make the business as successful and efficient as possible. The Doorstep Grocers also gathered fans by donating produce to key organisations and individuals, including healthcare workers.

"Although the volume was more intense and the profit margins lower than our previous business, we were stoked to have been able to keep going through the shutdown and to re-employ our team, including seven new members."

Following the hospitality sector's reopening, the original business Citrus WA was able to recommence operations alongside The Doorstep Grocers, with a third business idea already in the planning stages.

Lee Bardsley and Reece Beazley — The Doorstep Grocers, Canning Vale



Activity reports

Collaboration with strategic partners

To expand the reach and general awareness of the SBDC's services and to support as many small businesses as possible, it is essential to leverage relationships with strategic partners. Providing opportunities for all sections of the community to access SBDC resources remains an important objective.

An accessible version of the '8 Steps to Start your Business' workshop and a companion resource book was developed for people with disability. The SBDC delivered this workshop on behalf of Western Australia's Individualised Services (WAIS) on two occasions during 2019-20.

The SBDC's *Preparing for local construction works* guide was developed into a practical one hour workshop to help small businesses affected by disruption and delivered to businesses in Fremantle affected by the Water Corporation's Pipes for Perth project. As an extension of the Small Business Friendly Local Governments initiative, SBDC business advisers took part in small group sessions hosted by local authorities to discuss issues affecting their small business communities.

During COVID-19, in person presentations were converted to online video-conferencing for groups including the Financial Counsellors' Association and the City of Kalamunda.

'Make a small change' was a collaborative marketing campaign delivered in late October 2019, led by the SBDC, working with more than 30 local governments. The promotional campaign provided resources including downloadable posters and social media tiles to encourage communities to buy local to support small businesses. Participating local governments were also encouraged to create their own activities to support businesses in their communities.

The SBDC collaborated with the Rural, Regional and Remote Women's Network to deliver an intensive two day entrepreneurial program in Merredin and Busselton. The program brought together women from diverse backgrounds to explore their innovative business ideas and to develop strategies to grow their businesses. The SBDC was also invited to participate in a working group chaired by the Western Australian Council of Social Services, to ensure small business owners facing extreme financial hardship as a result of COVID-19 could access appropriate support services.



SBDC staff with Western Australia's Individualised Services workshop participants

Activity reports

SBDC Outreach

SBDC Outreach extends the reach of SBDC services by collaborating with industry and business associations, local governments, tertiary institutions, and other organisations to cost effectively reach a greater number of intending and existing small business owners. The program provides them with quality information and advice to assist the development of their business, leading to a stronger and more sustainable small business sector.

Events were generally held at an organisation's premises, with information delivered by a range of specialist presenters. They were usually free of charge, and offered at a time and location convenient for the stakeholder's members or networks. Most topics covered were based on the SBDC's foundation workshop suite.

In 2019-20 SBDC Outreach attended transition seminars held by the Department of Defence to support defence force veterans transitioning to civilian life by presenting to participants in the Prince's Trust Australia 'Enterprise for Veterans' program.

Supporting people who are actively considering starting a business is another major focus. During 2019-20, the SBDC collaborated with 50 organisations to deliver 168 workshops and events across the metropolitan area, working with almost 3,300 participants. This included presentations to 387 New Enterprise Incentive Scheme (NEIS) participants, potentially representing almost 400 new businesses. SBDC Outreach participated in more than 40 events using teleconferencing technology between March and June when most in-person events were suspended due to COVID-19.

SBDC Outreach activities

	Pre COVID-19 1 July 2019 – 29 February 2020	COVID-19 environment 1 March – 30 June 2020	Total
Organisations collaborated with	40	10	50
Workshops/events presented	125	43	168



SBDC staff at Curtin Careers Fair

COVID-19 case study

Riggs Australia

For wildlife documentary producers Riggs Australia, the sudden onset of COVID-19 meant the cancellation of killer whale expeditions and upcoming filming and production opportunities that had been months in the making — resulting in a decline in revenue and uncertainty about when normal operations could resume.

The Esperance-based duo embraced digital transformation, partnering with a local funeral service to live-stream funerals and create memorial keepsake videos, so people could pay their respects even when unable to attend in person. Other pivots included running webinars on digital content creation for the Esperance Chamber of Commerce, selling stock footage, making a community-led campaign video encouraging people to stay home, and creating a YouTube documentary series about community supported agriculture.

“Thanks to a government digital transformation grant, we had already planned to diversify our services beyond nature documentaries and had just launched our new website. All it took was a few Facebook posts to get word out about our other services. But we also know COVID-19 impact is an ongoing thing and we’ll need to keep reaching out to our audience and clients and thinking of other ways to adapt.”

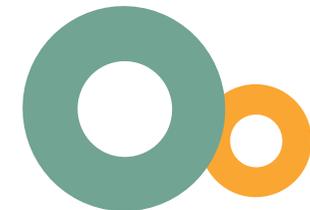
Jennene and David Riggs — Riggs Australia, Esperance



Activity reports

The Outreach team collaborated with a range of organisations, including:

- Industry associations — Australian Lottery and Newsagents Association, Australian Sign Language Interpreters' Association (WA), Circuit West Dog Groomers Association of WA Inc, Law Society of WA, Master Painters & Decorators Australia, Nursery & Garden Industry WA, Podiatry WA, Road Freight Transport Industry Council, Royal Agricultural Society of WA, Speech Pathology Australia, WA Mobile Food Vendors Association, Wesbuilders Co-operative
- Department of Justice — Bandyup, Boronia, Karnet, Hakea, Woorlooo and Casuarina prisons
- Educational institutions and training providers — ABS Institute, Business Foundations, Curtin University, Konekt Employment/APM Employment Services, The Prince's Trust, MPA Skills, Murdoch University, North Metropolitan TAFE
- Local government authorities — cities of Armadale, Canning, Cockburn, Joondalup, Kwinana, and Subiaco, Shire of Mundaring, Town of East Fremantle
- Local business associations — Baysie Rollers, Bayswater and Beyond Chamber of Commerce, Chamber of Commerce and Community, East Metropolitan Regional Council, Kalamunda Chamber of Commerce, Melville Cockburn Chamber of Commerce, Mundaring Chamber of Commerce, South West Group, Tonkin Business Network and Wanneroo Business Association
- Collaborative working spaces — WeWork
- Government departments and agencies — Australian Taxation Office, Department of Defence, Department of Jobs, Tourism, Science and Innovation, Water Corporation and Lotterywest
- Multicultural groups — Australia India Business Association
- Financial institutions — Financial Counsellors' Association of WA
- Disability services — Western Australia's Individualised Services
- Other organisations — Midland Women's Health Care Place, Faith Ministries, Omega Fire Ministry



Activity reports

WA Business Migration program

The SBDC is responsible for managing the WA Business Migration program on behalf of the State Government. This program is a key investment attraction initiative for WA, as business migrants make a significant contribution to the state's economy through investment, establishing businesses and generating export income and employment.

The strategy for growing and protecting WA's market share in key international markets is to work through and grow a network of migration agents and other organisations who refer clients to the state. Overseas markets are visited on a regular basis to support promotional activities and meet with potential business migrants.

The SBDC promotes the state 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 visas, and living, working and establishing a business in WA
- supporting qualifying clients with State nomination to become eligible to lodge a visa application with the Department of Home

Affairs (DHA) 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, the SBDC has strategic alliances with the:

- Department of Jobs, Tourism, Science and Innovation's international trade and investment offices, jointly participating in events, presentations and attending appointments with potential business migrants
- Migration Institute of Australia and Migration Alliance, providing them with up-to-date information on the policies and criteria for State nomination for distribution to migration agents in WA and overseas
- DHA, as a member of the national Skilled Migration Officials Group. The SBDC assists with business migration policy development, strategies and initiatives.

New business migrants

During 2019-20, the SBDC approved State nomination for business migrants from 27 countries to invest and establish businesses in WA. China, including Hong Kong, remains the top market for business migrants coming to the state (49 per cent), ahead of the combined markets of Malaysia and Singapore (13 per cent) and Vietnam

and Cambodia (13 per cent). South Africa was the fourth most significant market for WA business migrants (9 per cent).

Representatives from the SBDC and WA's international trade and investment offices participated in business migration activities in Perth, China, Malaysia and Singapore. There were also visits to the emerging markets of Indonesia and Cambodia and the growing market in Vietnam. Forty-two presentations and events were held internationally and in WA, attracting 1,905 participants.

The SBDC received an annual allocation of 300 State nominations from the DHA for WA; all were allocated by 12 June 2020. Receiving a decision by DHA on a business visa application can take more than a year. It can then take a further two to six years before the total investment reaches the WA economy.

During COVID-19, and in response to ongoing border closures, client interviews previously conducted in person in Perth or in Shanghai were undertaken by telephone. State nomination were transformed from hard copy applications to being submitted, processed and assessed in an electronic format. Overseas visits by SBDC representatives to target markets were suspended until international borders reopen.

COVID-19 case study

Aspen Coaching

Mt Hawthorn's Aspen Coaching had to temporarily discontinue their personal and group training sessions following the mandatory closures of gyms in March 2020. The movement and strength training studio reorganised their classes to run online, revising their membership pricing structure and allowing clients to book their sessions via an app — flipping their in-person model to online, overnight.

“The most challenging part of pivoting so quickly was ensuring we stayed on top of client communications and managed expectations. Recognising that members could not access our facility or see us in person, we reduced our coaching rates and created a Facebook group and some online social meetups to maintain a community connection. It's been a juggle but we feel it's paying off.”

An unexpected outcome of their pivot was that while club members commented that they missed the studio atmosphere, the option of doing online personal training sessions was saving them commuting time and fitted better into their schedules; something they were keen to continue. Aspen Coaching plans to grow their online membership portal to continue offering members the flexibility to train at home.

Glenn Robson, Emma Robson and Paul Twyman —
Aspen Coaching, Mt Hawthorn



Activity reports

Finalised business migrants

In this financial year, 122 business migrants who received their State nomination and visa approval between two and six years ago confirmed finalisation of their investment and/or business establishment in WA. Investments and businesses established by migrants covered a variety of industries, including construction, retail trade, wholesale distribution, accommodation and food services. Of the 12 export businesses, products included wine, agricultural goods, health products, beef and seafood.

Confirmed and finalised economic contribution to WA by Permanent Residency Business Visa holders

	2016-17	2017-18	2018-19	2019-20
Jobs created	148	257	1,032	267
Business exporting	15	8	15	12
Total net assets in WA	\$305.1M	\$396.5M	\$752.5M	\$404.2M
Net assets in business	\$78.3M	\$161.4M	\$584.1M	\$171.3M
Treasury Bonds and investments	\$34.7M	\$63.7M	\$41M	\$70.3M

Notes:

- State nomination application fees generated \$312,750 during the financial year to assist with funding of the program, including visits to international target markets.
- 250 employees were retained in 2019-20 following purchase of a business by a business migrant.
- The significant increase for the 2018-19 program year was because two finalised business migrants made a combined economic contribution of 855 new jobs and \$348.7M in total net assets in WA.



Activity reports

Access to justice

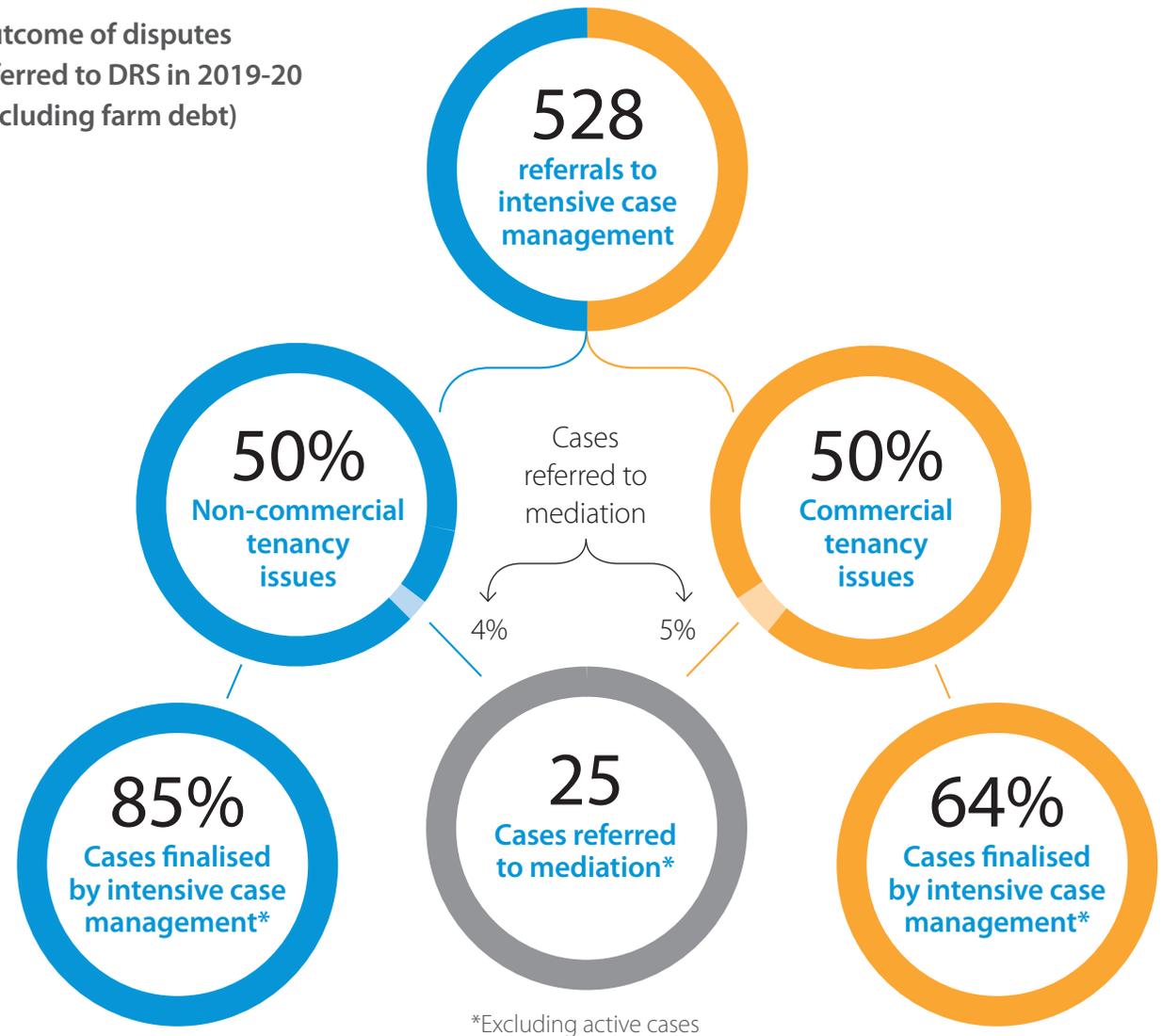
The SBDC works to improve access to justice for the small business sector by providing advice, information and low cost assistance to resolve disputes.

Dispute resolution service

The dispute resolution service (DRS) offers low-cost and practical assistance to small businesses in dispute with another business or government agency. It is a voluntary service and can provide parties with an opportunity to pursue negotiated solutions in a confidential environment. This may assist in avoiding the time and expense associated with legal proceedings. Parties are able to maintain control of their dispute while also considering options for resolution that may be more suitable to their circumstances when compared with traditional litigation.

As part of the service, DRS case managers provide independent and objective guidance to both parties in dispute through a process of intensive case management (ICM). Through ICM parties are assisted to identify the relevant issues in dispute, clarify their individual rights and responsibilities and consider possible pathways to resolution. The process can be tailored to meet the individual needs of each party.

Outcome of disputes referred to DRS in 2019-20 (including farm debt)



*Excluding active cases

Activity reports

The DRS also provides a subsidised mediation service that can be offered to parties who could benefit from the assistance of a professionally accredited mediator in resolving their dispute. Mediations are typically held at the SBDC offices and each party is required to pay a small fee of \$125. Case managers work with the parties and mediator to ensure they are fully prepared for mediation and to maximise the potential for settlement on the day.

Additionally, the DRS has a prescribed role under the *Commercial Tenancy (Retail Shops) Agreements Act 1985 (CTA)*. Commercial tenancy disputes involving landlords or tenants seeking to enforce rights or obligations under the CTA are required to first attempt resolution of their dispute through the DRS. If the parties cannot achieve resolution through ICM or mediation, the Small Business Commissioner may provide a party with a certificate to enable them to apply to the State Administrative Tribunal (SAT) to have the dispute formally determined.

In 2019-20, a total of 476 disputes were referred to the DRS team for ICM, plus 52 cases were carried over from 2018-19. Cases were evenly split between commercial tenancy and non-commercial tenancy matters. Across the 528 cases, 64 per cent of commercial tenancy and 85 per cent of non-commercial tenancy disputes were finalised*

by case managers, with an estimated value of \$28 million (based on client estimations).

As at 30 June 2020, 114 cases remained active and will be finalised during the next financial year.

This year, DRS case managers encountered higher proportions of commercial tenancy disputes related to rent and rent review, due to the COVID-19 Response Act. These topics accounted for 45 per cent of commercial tenancy dispute subjects. The remaining topics for commercial tenancy disputes included operating expenses, repairs and maintenance, bond money and other matters.

A total of 25 disputes were referred to mediation (excluding farm debt mediations). The value of disputes successfully resolved through the SBDC mediation process this year was conservatively estimated at \$6.1 million.

Twenty seven certificates were issued by the Small Business Commissioner to parties who intended to apply to the SAT for determination of their commercial tenancy related dispute.

* 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 parties no longer wanting to proceed, or the matter being taken to court.

COVID-19 service changes

As part of the response to the COVID-19 pandemic, on 29 May 2020 the WA Government passed the *Commercial Tenancies (COVID-19 Response) Act 2020* and associated regulations. The Act makes temporary modifications to WA law in relation to retail and commercial leases during the emergency period from 30 March to 29 September 2020. The modifications prevent landlords taking various prohibited actions against tenants of small commercial leases during the emergency period, including termination of leases, re-entry to premises, payment of interest or damages or calling on a tenant's security, such as a bank guarantee or cash bond. The regulations include a code of conduct applicable to eligible tenants of small commercial leases that requires landlords to provide tenants with proportionate rent relief for the emergency period.

The DRS team provided emergency assistance and guidance to tenants and landlords affected by the pandemic to resolve their disputes, or to transfer the parties to the SAT for determination. Help was provided to tenants and landlords to clarify their rights and obligations under the code of conduct and to formulate and negotiate rent relief arrangements specific to their individual circumstances.

Activity reports

Since March 2020, the SBDC has managed a large number of enquiries arising from COVID-19 emergency measures implemented by the WA Government, while continuing to provide support and assistance to small businesses in relation to other disputes and commercial tenancy matters. Due to the COVID-19 Response Act being passed into legislation in late May, negotiations between tenants and landlords were ongoing at 30 June 2020. It is expected that commercial tenancy disputes arising from the legislation will be reflected in the 2020-21 results.

Farm Debt Mediation Scheme

The Farm Debt Mediation Scheme (FDMS) provides an opportunity for farmers or pastoralists and their financial institution to meet face-to-face to resolve commercial debt disputes through the DRS. The confidential FDMS relies on the voluntary participation of parties and is a joint project between the SBDC and the Rural Business Development Corporation. It is partially funded by the Department of Primary Industries and Regional Development through a memorandum of understanding.

Commercial farm debt disputes are complex, as there is often an intergenerational link to the land through the agribusiness and family home. Applications this year involved high debt levels

and have originated from a variety of farming sectors including horticulture, dairy, cattle and egg production. Successful outcomes from mediation have resulted in agribusinesses continuing to operate and strengthened ongoing commercial relationships with banks.

While mediation is a focus, ICM also prepares agribusinesses to consider workable options based on their needs and interests, which is an integral part of the success of the scheme. The SBDC also has an ongoing relationship with Rural West (previously known as the Rural Financial Counselling Service) to assist agribusinesses on-site with specialist financial expertise.

During the year, six applications were referred to the SBDC under the FDMS. One case was finalised through ICM and four were finalised through mediation, with an overall estimated value of \$32.4 million. One case remained active to carry over to 2020-21.

John Curtin Law Clinic and pro-bono legal services

Sharing a common interest in improving justice for the small business sector by improving access to legal advice, the SBDC continues its affiliation with the John Curtin Law Clinic, under a memorandum of understanding with the Curtin University Law School.

The John Curtin Law Clinic, opened in early 2017, provides free legal services to eligible WA small businesses in a clinical legal education environment. Small business clients can arrange an appointment with final-year law students to assist them by carrying out legal research, identifying legal options, and preparing court documentation and referrals, all under the supervision of qualified lawyers. All student advice is reviewed by a qualified lawyer holding a current practising certificate.

To complement their professional skills, the SBDC regularly meets final-year law students and provides an introduction to its services, focusing on contemporary issues encountered by small businesses.

Small business clients are also referred to other pro-bono or low cost providers, including Law Access, Law Society of Western Australia, Subiaco Justice Centre, Legal Aid WA and Citizens Advice Bureau.

During COVID-19, John Curtin Law Clinic students produced a video with input from the SBDC on preparing to attend a SAT hearing for landlords and tenants undertaking rent relief negotiations.

In 2019-20, 67 small business clients were referred by the SBDC and assisted by the John Curtin Law Clinic.

Activity reports

Listening and responding to small business

The SBDC's role includes responding to the current concerns of small business clients, while also preparing for the issues that will affect the sector in the future. This insight is used to assess the readiness of existing services to meet these new challenges and ensure support can be delivered to clients via the most effective channels.

During 2019-20, work on developing new channels and improvements to existing ones was undertaken, through initiatives such as 'live chat' on the SBDC website. The technology provides an easier, more direct means for clients to reach SBDC business advisers. A project to create instructional videos on the essential steps to starting a business was also advanced this year.

Undertaking regular online surveys, along with a commitment to capture significant client interaction in the Corporation's client record management database, creates a significant volume of data and intelligence about the sector. This has been used to influence change by other government agencies and contributed to SBDC policy submissions. Insights shared with the Australian Competition and Consumer Commission (ACCC) resulted in an investigation and successful prosecution, while case studies shaped policy submissions on a variety of topics.

SBDC staff also provided input to national groups, such as the National Business Simplification Initiative, the Australian Business Licence and Information Service Management Group and the Scams Awareness Network to promote the needs of small business operators.

Members of the SBDC team also participated in judging for a number of award programs including Innovator of the Year and the Regional New Industries Fund.



COVID-19 case study

Latasha's Kitchen

Latasha's Kitchen creates concentrated food pastes and condiments to help home chefs create Asian-inspired meals, with products sold through events including markets, and via retailers and distributors to customers around the world. The immediate cancellation of events and potential export orders at the onset of the pandemic left the business with excess stock and a 70 per cent fall in income. To add to the challenge, the manufacturing kitchen used by the business changed their payment terms due to their own supply chains being affected.

"There is no doubt the situation affected my creative energy and made staying mentally focused a daily challenge. However, I was enveloped by a sea of consumers, old and new, who rallied around our small business by sharing us with their wider community."

To adjust to the challenge, Latasha's Kitchen heavily promoted online sales through their website, offering free local delivery and flat rate shipping within Australia.

They achieved reasonable success in selling direct to consumers in both Australia and the US, and are now trialling further online marketplaces to extend their reach.

Latasha Menon — Latasha's Kitchen, Mt Hawthorn



Activity reports

Small Business Friendly Local Governments (SBFLG) initiative

The SBFLG initiative was launched in August 2016 as a method of recognising better practice local governments that are actively supporting their local small business community, and to encourage other local governments to provide similar support for the benefit of their local economies.

To demonstrate their commitment to being small business friendly, local government chief executive officers and mayors sign up to the SBFLG charter. The charter sets out the minimum commitments that are necessary for the local government to support their local small business community. This includes paying small business suppliers on time, improving communication and consultation with small business stakeholders, and having a dispute resolution process in place. Local governments are also required to introduce at least three other initiatives of their choosing to improve the operating environment for small businesses.

As at 30 June 2020, 44 metropolitan and regional local governments around the state were participating in the SBFLG initiative (an increase of 11 local governments from the previous year). This means that nearly 70 per cent of all small businesses in WA now operate within a 'small business friendly' local government area.

During COVID-19, communication to SBFLG stakeholders was increased by sharing details of the State Government's 'Small business needs our business' campaign and the SBDC's range of support services. The SBDC also participated in a local government Q&A session with small businesses and engaged with local governments on how they could assist their business communities.



Local government and SBDC staff at Small Business Friendly Local Governments presentation event

Activity reports

Small Business Friendly Approvals (SBFA) pilot project

Building on the work of the SBFLG initiative, the SBFA project aims to work closely with participating local governments to fast track reform of their approvals processes. The cities of Canning and Stirling were selected to participate in the pilot project due to the number of small businesses within their boundaries, the size of their local economies and their active participation in the SBFLG initiative.

Through the two pilot projects completed during 2019-20, the SBFA identified ways to make it easier to start, operate and grow a small business within the cities of Canning and Stirling. The initiative mapped each local government's approvals pathways for small businesses and identified obstacles and opportunities to ease the compliance burden on local small businesses. The project then designed reforms to achieve more streamlined approval processes and supported the local governments to implement the identified reforms.

The two pilots resulted in the development of 61 recommendations for reform across the two cities. Once implemented, they are projected to save \$3.7 million annually for small businesses that apply for a development approval, equating to an average saving of \$11,000 per business.

Following the pilot, the State Government has committed \$2.25 million over two years as part of Streamline WA reforms to support the state's economic recovery to rollout the SBFA to 20 more local governments.

Small Business Friendly Projects (SBFP) initiative

Launched in 2018, the SBFP initiative aims to minimise the effect that construction work undertaken by State Government works agencies and local governments has on small businesses. Government infrastructure and works projects can have significant financial and non-financial impacts on neighbouring small businesses, including a loss of turnover, reduction in custom and disruption to deliveries.

To help minimise disruption, the SBDC developed best practice guidelines and online tools to assist State Government agencies to better engage with affected small businesses. Separate guidance material was also produced to support local governments and small business owners.

Throughout the year, the SBDC has collaborated with a major METRONET head contractor to maximise the benefits of associated construction projects and procurement activities for subcontractors, including through small business capacity building opportunities.



Small Business Commissioner David Eaton
at The Italian Corner, Perth

Activity reports

Policy and advocacy

The SBDC works to influence the development and implementation of policies and initiatives across government that support the growth of the small business sector for the benefit of the state's economy.

The core activities underpinning the agency's policy and advocacy work are:

- developing and reviewing small business policies and initiatives at all levels of government
- making submissions to regulatory reviews, including those related to:
 - security of payment protections for the construction industry
 - procurement reforms
 - faster payment times
 - privacy and responsible information sharing
 - unfair contract term protections for small businesses
 - work health and safety regulations.
- representing small business interests on government committees and working groups

- undertaking liaison and consultation with the business community and advocating to government
- providing advice to the Minister for Small Business on, among other issues:
 - improving support for subcontractors in the construction industry
 - business disruption caused by government construction projects
 - payment terms, times and practices impacting on small businesses
 - the economic contribution of small businesses to the WA economy
 - procurement reforms at the State and local government levels
 - insurance issues impacting on classes of small business.

The SBDC also provided advice to support the Minister when attending small business community forums and events during the year, including:

- with the Regional Chambers of Commerce and Industry WA (RCCIWA) and individual chambers

- with the Western Australian Local Government Association (WALGA)
- 'town hall' physical and virtual meetings.

During the COVID-19 period, the policy team focused most of its attention on pandemic-response related activity. This included liaison, negotiation, advocacy, research, analysis and writing various reports on such things as:

- leading the passage of amendments to the *Small Business Development Corporation Act 1983* through the Parliament, enhancing the Small Business Commissioner's investigative and reporting functions
- negotiating and coordinating the SBDC's involvement in commercial tenancy reforms
- providing a small business perspective on various government-led COVID-19 economic, industry and regional recovery efforts
- advocating on behalf of classes of small businesses particularly hard hit by government trading and travel restrictions.

Activity reports

Reviews, submissions and consultations

An important function of the SBDC is to monitor and review policy and regulatory reforms and proposed amendments to legislation that will affect small business. This includes liaising with government agencies and stakeholders to ensure that the impacts of policy and regulatory decisions are understood and addressed.

The SBDC regularly consults with key small business representative groups, including the Australian Small Business and Family Enterprise Ombudsman, the Pharmacy Guild of Western Australia and Regional Chambers of Commerce and Industry WA, and regulators such as the Department of Mines, Industry Regulation and Safety (DMIRS), the Australian Competition and Consumer Commission (ACCC) and the Australian Taxation Office (ATO) to keep informed of issues and emerging trends.

During the year, the SBDC contributed to a number of significant reviews and regulatory proposals at federal and state levels, including the:

- Building and Construction Industry (Security of Payment) Bill 2020
- national payment times reporting framework and rules

- privacy and responsible information sharing for the WA public sector
- enhancement of unfair contract term protections for small businesses
- extending the protection of unfair contract terms to insurance contracts
- franchising taskforce issues paper and regulation impact statement
- WA Work Health and Safety Regulations
- Australian domain names registration
- strata title regulations
- progress payments and deposits in the WA cabinet making industry
- review of the *Disposal of Uncollected Goods Act 1970 (WA)*
- various ACCC authorisations.

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 reforms to business regulation. This includes providing submissions and feedback to legislative reviews and national reforms as well as involvement

in intergovernmental and across-government working groups.

During the year, the SBDC reviewed whole-of-government procurement reforms in order to improve access to government purchasing and increase the capacity of small businesses to win supply contracts. The SBDC also provided guidance to local governments on local purchasing policies and tendering guides. In addition, the agency participated in a working group to provide a small business perspective on the WA Government's action plan for planning reform.

In working with Streamline WA and ServiceWA, the SBDC identified how small businesses can be better supported through improved regulation and government service delivery. The WA Government's Regulatory Impact Assessment (RIA) process was also replaced during the year by the Better Regulation Program (BRP). While initially due to commence on 31 March 2020, the new BRP was not implemented as a result of the impact of COVID-19. The SBDC continues to work with State regulators to address regulatory impacts, minimise compliance burdens and advocate for a fairer operating environment.



Activity reports

Security of payments in the construction industry

The SBDC is committed to supporting subcontractors in the building and construction industry with payment disputes and improving conduct in the industry supply chain by advocating on behalf of small businesses on government reform initiatives.

The agency provided insight to two advisory groups established by the State Government to improve protections for subcontractors. This led to the development of the proposed Building and Construction Industry (Security of Payment) Bill 2020, which the SBDC has provided in-depth feedback on. The SBDC continues to advocate for the introduction of cascading statutory trusts as a key protection mechanism for small subcontractors.

Investigations and Inquiry Unit

In December 2018, the State Government announced an enhanced role for the Small Business Commissioner through the establishment of a unit within the SBDC to support subcontractors and investigate payment disputes. In April 2020, reforms to the SBDC Act were passed, giving the Small Business Commissioner the authority to compel government entities,

companies and businesses to provide documents during the course of investigations and shield complainants who lodge complaints from retribution by protecting their identity. The SBDC can investigate any matter impacting the commercial activities of small business in WA.

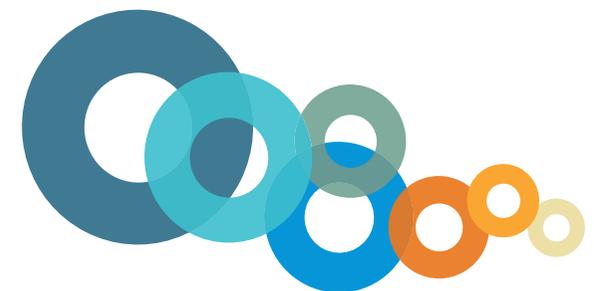
In 2019-20, a dedicated Investigations and Inquiry Unit (IIU) was established within the SBDC to support the Commissioner by providing investigative services directed at improving business behaviour and removing unfair practices that affect small businesses, particularly within the construction industry. It also provides a way for individuals to make confidential complaints concerning unfair or potentially unlawful business practices and supports the Commissioner to exercise his powers and to interact with other agencies in the referral of cases and sharing of intelligence.

The IIU investigates complaints that affect small business, including from subcontractors, concerning breaches of contract and payment terms. It also aims to educate the industry, primarily targeting subcontractors in the construction industry. Of particular focus is how subcontractors working on government projects are treated in terms of contract fairness and payments.

The IIU received a total of 248 enquiries and complaints in 2019-20, the majority of which were related to the construction industry:

- 44 per cent involved the non-payment of invoices for work completed
- 15 per cent sought general advice
- 15 per cent referred to unfair contracts, bullying and unreasonable delays in the release of retentions.

During COVID-19, the IIU extended its investigative authority outside of the construction sector to examine eight matters related to an unfair act or omission, three concerning the failure to pass on a government rent waiver and four relating to insurance coverage for adventure tourism operators. The unit also worked closely with the Department of Local Government, Sport and Cultural Industries to undertake governance assessments of some applications to the Land Tax Assistance for Landlords grant program.



Activity reports

Communications and marketing

The SBDC increasingly looks to its online channels to engage with clients and stakeholders. The agency's communications are focused on raising awareness of the small business sector and its value to the state's economy, disseminating relevant and practical information to small business owners and operators, and promoting the SBDC's small business support services. A broad range of promotional activities are employed, including public relations, marketing, advertising, social media, speaking opportunities, content marketing and distributing news stories to local, state and interstate media.

Advertising

Building on extensive research into the health and associated values of the SBDC brand, an advertising agency was appointed to develop a campaign to raise awareness of the SBDC's brand and promote its range of services. 'Turn to us' was developed as an overarching strapline with the premise that as a small business owner, you're in charge of everything and the one person everyone — customers, employees and suppliers — turns to all day. While this can be incredibly rewarding, it is also extremely demanding. But when you're faced with something that falls outside your area of expertise, who do you turn to? The SBDC, of course.

The campaign was launched in February 2020 and ran across radio, social media, digital news homepage takeovers, sponsored media opportunities and email marketing. The onset of COVID-19 and the associated huge increase in demand for the SBDC's services made it necessary to pause the advertising. It was subsequently restarted in mid-May 2020 once the state started to reopen for business. The advertising provided a significant boost in engagement, particularly in promoting the SBDC's business advisory services and workshops. It also had an impact on boosting levels of activity on the Corporation's Facebook, Instagram and LinkedIn channels.

Digital communications

As audiences continue to search for information through online media, the agency has a greater focus on digital communications, reaching new milestones across a number of its channels. Each edition of the SBDC's monthly newsletter, providing practical and timely information on legislative changes and tips and hints to help small business owners, was delivered to almost 7,000 subscribers.

Stakeholder engagement through the SBDC's Facebook page continued to grow and there was a significant increase in user activity during the COVID-19 pandemic. Interest was also boosted by the 'Turn to us' advertising campaign. The number of people 'liking' the page increased by 19 per cent compared to the previous year. There were 215 posts made during the year, viewed more than four million times.

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. 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





Activity reports

posted every day. The group is monitored in and out of office hours by members of the Communications and Marketing team to ensure adherence to the group's guidelines and the swift removal of gratuitous advertising. Membership grew by 23 per cent during the year.

The SBDC's and Commissioner's LinkedIn profiles continued to grow; with 82 posts made to the SBDC page and an audience uplift of 67 per cent in followers.

SBDC website

The website remains a popular source of information for those starting or operating a small business in WA. Content is reviewed regularly to ensure it remains current and relevant. Traffic and engagement levels grew significantly during the COVID-19 pandemic, with visitor traffic more than doubling for the period from March to June, compared to the previous year.

The SBDC Blog continued to provide users with access to practical and timely advice, with 120 posts added or updated during 2019-20. It was also named one of the best small business blogs in Australia by the Feedspot website for the third consecutive year.

During the height of COVID-19, the SBDC Blog became a go-to resource for people seeking easy to understand explanations of government

initiatives. Information on the JobKeeper payment and its implications for the small business sector was one of the most sought-after topics.

Media and public relations

The SBDC used a variety of earned media to promote the agency's services and distribute information relevant to the small business sector. Over the past year, the SBDC has promoted a range of topics and activities via releases distributed to statewide print and electronic media, including articles written for business and industry magazines.

In 2019-20, key topics for earned media and public relations coverage included advice on business planning, buying a franchise, managing stress, digital marketing, fair trading and consumer law, as well as promoting the SBDC's general advisory and dispute resolution services.

Articles created by the SBDC were featured in a number of publications, including *The Grower* (Vegetables WA), *The West Australian* and the Chung Wah Association magazine. Regular fortnightly columns 'From the Small Business Commissioner' were distributed to 11 titles across the Community Newspaper Group. Topics included the difference between a hobby and a business, turning a business idea into a career, preventing shoplifting and securing finance.

Each month, a member of SBDC staff was interviewed on the monthly RTRFM radio show, Taking Care of Business, covering a diverse range of topics to assist small businesses. Discussions included questions frequently asked of small business advisers, pop-up shop leases, digital marketing and preparing for business disruption from COVID-19.

The SBDC also contributed small business information about COVID-19 support to newsletters managed by other agencies including Tourism WA and the Department of Primary Industries and Regional Development. The SBDC is recognised as a reliable source of small business information and statistics. Links to the Corporation's website are regularly featured in articles created by third parties, as well as on partner websites.

Speaking opportunities at small business focused events were leveraged by the Minister for Small Business and the Commissioner throughout the year. Supporting speeches and briefing notes developed by the Communications and Marketing team promoted the significance of the small business sector and the services of the SBDC.

Sponsorship of regional small business award programs remained an ongoing program for the agency.

Corporate governance

Governance disclosures

Enabling legislation

The SBDC Act 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 provide dispute resolution services, and for incidental and other purposes.

SBDC Board

Steven Dobson

Steven Dobson initially joined the Board in September 2012 and was appointed to the position of Chair in December 2018. Mr Dobson is a director of Dobson Financial Planning, a family owned small business. He was previously a police officer with the Western Australian Police Force.

Mr Dobson is a Member of the Gaming and Wagering Commission of WA, a trustee director of the Association of Financial Advisers Investment Fund, Member of the ASIC Financial Advisers Consultative Panel, Vice President of Bull Creek Leeming Junior Football Club and a Justice of the Peace. Mr Dobson previously served on the boards of Perth NRM, Kids are Kids and Meritum Financial Group Advisory Board.

Mr Dobson holds a Master of Business Administration from Murdoch University, a Bachelor of Business (Financial Planning) from RMIT and is a graduate member of the Australian Institute of Company Directors.

Danelle Cross

Danelle Cross was appointed to the Board in July 2019. Ms Cross is co-owner/director of a small business, Gourmet and More, a gourmet food wholesaler and distributor.

She also currently heads up the executive education area within the Faculty of Business and Law at Curtin University and has more than 18 years' experience in strategic marketing, communications, stakeholder relations, learning and development and program management across education, FMCG and media.

Ms Cross holds a Bachelor of Commerce, double major in Marketing and PR from Curtin University. She is a mentor and connector for a number of WA business founders.

Grant Cucel

Grant Cucel was appointed to the Board in October 2017. Mr Cucel is self-employed, Pilbara born and raised and resides in Karratha. He has an extensive business background having run his

own recruitment business for 10 years. Mr Cucel has a Bachelor of Business from Curtin University. He was the 2012 inductee into the Western Australian Regional Small Business Hall of Fame and was recognised as the 2013 City of Karratha Citizen of the Year. For nine years, he held the role of Chair of the Small Business Centre West Pilbara and strongly advocated for small and medium enterprises in regional WA. Having sold his recruitment business to a publicly listed company, Mr Cucel now has a strong focus on assisting a cross-section of organisations in a voluntary capacity.

Sophie Dwyer

Sophie Dwyer was appointed to the Board in August 2017. In July 2018, Ms Dwyer joined GHD Advisory after selling the small business she had owned and run for 13 years. She has extensive experience in the finance and agribusiness sectors. Ms Dwyer is a graduate member of the Australian Institute of Company Directors. She also holds a Master of Business Administration from Curtin University and a Bachelor of Science (Horticulture) with Honours from The University of Western Australia. Ms Dwyer is a member of a number of company and not-for-profit boards.



Corporate governance

Nicolle Jenkins

Nicolle Jenkins was appointed to the Board in December 2015. Ms Jenkins established her own business, The Hub Marketing Communications, in 2005 and works across a variety of industries Australia-wide. Ms Jenkins is co-founder of Small Business Matters, a small business movement tasked to celebrate entrepreneurship and small business. She is also President of the Chamber of Commerce and Industry WA and a Director of the Australian Chamber of Commerce and Industry. Ms Jenkins was awarded the National Certified Practising Marketer of the Year in 2016 as a Fellow of the Australian Marketing Institute and has won numerous national and state marketing awards. She was a 40 Under 40 award winner (2012), a finalist in the 2011 Telstra Business Awards and a finalist in the 2011 Telstra Business Woman of the Year awards.

Anthony Masi

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 WA since 1991. These include a camera store, a health food shop, an IGA grocery store and two pharmacies. He is a former board member of Kimberley Pilbara Medicare Local and is a Branch Committee Member of the Pharmacy

Guild of Australia (WA Branch). Mr Masi is also an active member of the Kyle Andrews Foundation, a Broome-based children's cancer charity. He was Chair from 2008-2010 and is currently the organisation's treasurer.

David Eaton (ex officio)

David Eaton was appointed WA's first Small Business Commissioner in December 2011. In his dual role as Chief Executive Officer of the SBDC, he is responsible for the day-to-day operations of the agency, including its dispute resolution service. The Commissioner also provides advice on policy and regulatory matters affecting the small business sector, to all tiers of government and in particular to the Minister for Small Business. Mr Eaton has extensive business management experience, both as a small business owner and in senior executive positions in WA and Victoria. He holds a Master in Business Administration from The University of Western Australia, is a Graduate Member of the Australian Institute of Company Directors and a member of the Curtin Law School Advisory Board.



Corporate governance

Functions of the Board

As the SBDC's governing body, the Board has responsibility for performing the functions set out in the SBDC Act. The SBDC Board has four strategic roles:

- setting the direction of the agency
- determination of standards
- coordination of planning, policies, and decision-making framework
- 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
- delegation of operational decision making to officers within the SBDC.

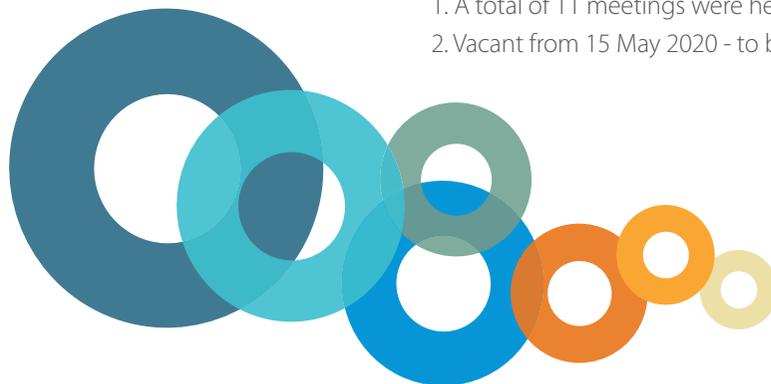
Members current as at 30 June 2020

Terms of appointment/meetings attended

Name	Initially appointed	Term expires	2019-20 meetings attended ¹
Mr Steven Dobson	10/09/2012	30/11/2021	11
Ms Danelle Cross	01/07/2019	30/06/2022	9
Mr Grant Cucel	28/08/2017	30/06/2021	11
Ms Sophie Dwyer	28/08/2017	30/06/2021	10
Ms Nicolle Jenkins	07/12/2015	30/11/2020	10
Mr Anthony Masi	07/04/2014	30/06/2020	8
Vacant ²			
Mr David Eaton (ex officio)			10

1. A total of 11 meetings were held during the 2019-2020 reporting period.

2. Vacant from 15 May 2020 - to be filled in 2020.



Corporate governance

Position	Name	Type of remuneration	Period of membership	Gross actual remuneration (\$)
Chair	Mr Steven Dobson	Annual	Full year	22,977.44
Member	Ms Danelle Cross	Annual	Full year	9,070.70
Member	Mr Grant Cucel	Annual	Full year	10,976.92
Member	Ms Sophie Dwyer	Annual	Full year	9,105.72
Member	Ms Nicolle Jenkins	Annual	Full year	9,395.40
Member	Mr Anthony Masi	Annual	Full year	9,407.43
Member	Ms Colette McEntee ³	Annual	Part year	9,971.52 ³

3. Resigned 15 May 2020.

Corporate resources

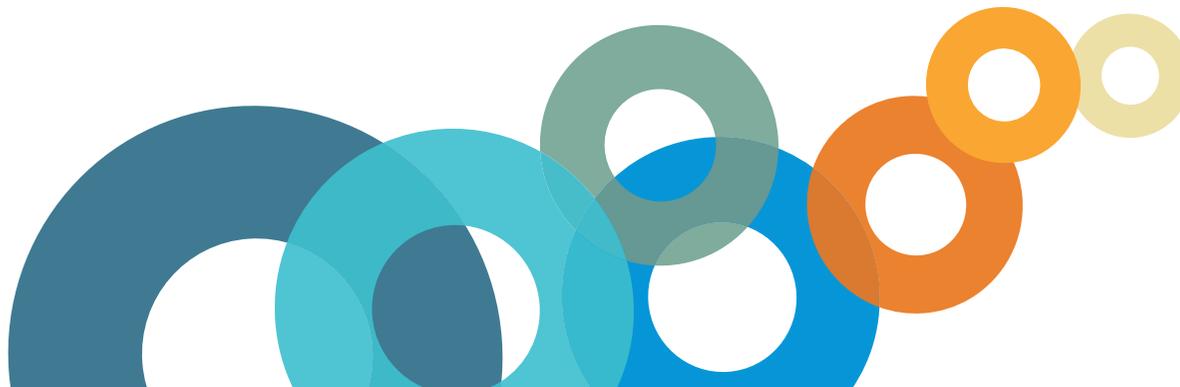
The Corporate Resources team assists the SBDC to reach its objectives and goals through:

- financial management including budgeting and accounting services
- human resource management
- information communications technology management
- records and information management services
- facilities management including assets, fleet, accommodation and procurement
- 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.



Corporate governance

Governance disclosures

Pricing policies

The SBDC collects the following fees and charges:

- DRS (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 \$1,000 with the SBDC subsidising the difference.
- Business Migration State Nomination application fees set at \$750 for both provisional and permanent business visas. The fees represent partial cost recovery for the processing of applications under the Business Innovation and Investment visa program.
- Business workshop fees, with the exception of the free 'Starting a Business' workshop, were reduced from \$50 to \$20 per participant in January 2020. In response to COVID-19, the SBDC moved to online workshop delivery and temporarily ceased charging fees from mid-March 2020.

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) to support workforce development and foster two-way communication between managers and staff. Individual PDP sessions focus on specific and measurable personal and professional goals, resulting in staff making a more positive contribution to the agency and its clients.

Opportunities, including individual and group training and skills development, knowledge sharing and acting opportunities, continue to be used to cover short-term vacancies and to assist with longer term succession planning. Leadership development remains a key focus for the SBDC, including the continued development of current leaders as well as identifying and supporting the development of potential future leaders.

A new Workforce and Diversity Management Plan is in development. The plan will be finalised before the end of 2020 and will help shape the agency's approach to workforce development through to 2024.

Staffing summary – as at June 2020

Employee profile	2019-20
Permanent full-time	40
Permanent part-time	12
Fixed term contract	4
Total	56



Corporate governance

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 supports this through participation in training programs and by 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 agency recognises that consultation, communication and cooperation between managers and employees is essential to maintaining a safe and healthy workforce. The agency's OHS 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
- planning new work or work processes.

Indicator	Actual results		Results against target	
	2018-19	2019-20	Target	Comment on result
Number of fatalities	0	0	0	No injured workers
Lost time injury/disease (LTI/D)	0	0	0 or 10% reduction on previous year	No injured workers
Lost time injury/disease severity rate	0	0	0 or 10% reduction on previous year	No injured workers
Percentage of injured workers returned to work:				
(i) within 13 weeks	No injured workers	No injured workers	100%	Target met
(ii) within 26 weeks	No injured workers	No injured workers	100%	Target met
Percentage of managers trained in occupational safety, health and injury management responsibilities	85%	100%	Greater than or equal to 80%	Target exceeded

Corporate governance

COVID-19 OHS provisions

As a direct response to the COVID-19 pandemic in support of social distancing recommendations, 85 per cent of SBDC staff regularly worked from home over a 12 week period commencing in late March 2020. To facilitate these temporary arrangements, staff were required to complete a self-assessment checklist to ensure their temporary workstation was fit for purpose. By 30 June, the majority of staff had returned to working from the Corporation's premises at 140 William Street, Perth.

As part of a commitment to provide a safe working environment for staff, a number of steps were taken to manage their safe return to the office following working from home. This included:

- signage in both lobbies encouraging physical distancing and to stay away if unwell
- hand sanitiser dispensers placed throughout the office, also in lobbies and car parks
- the number of staff permitted in lifts and meeting rooms was significantly reduced and advisory signage displayed
- additional cleaning of shared facilities (kitchens, lifts, toilets)
- anti-bacterial wipes placed throughout the tenancy
- ensuring staff seating arrangements met minimum physical distancing standards.

A plan to share further reminders regarding hygiene and cleaning habits was put in place for the 2020 winter flu season and to support further progression through the WA Government's staged roadmap to easing COVID-19 restrictions.

The SBDC continued to support a healthy workforce with fully-funded flu vaccinations for staff.



Disclosures and legal compliance

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 2020, 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 2020 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.

Responsibility of the Board for the financial statements

The Board 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 Board 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 Board 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

Independent auditor's report

influence the economic decisions of users taken on the basis of the financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

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 Board 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 2020.

The Board's responsibilities

The Board 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 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.

Independent auditor's report

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 non-compliance 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.

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 2020. The key performance indicators are the Under-Treasurer approved key effectiveness indicators and 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 agency's performance and fairly represent indicated performance for the year ended 30 June 2020.

The Board's responsibility for the key performance indicators

The Board 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 Board 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 Board 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 entity'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

Independent auditor's report

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.

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 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 2020 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 contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



Don Cunninghame

Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western
Australia
Perth, Western Australia
21 August 2020

Certification of key performance indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Small Business Development Corporation's performance, and fairly represent the performance of the Small Business Development Corporation for the financial year ended 30 June 2020.



Steven Dobson

Chair



David Eaton

Small Business Commissioner

19 August 2020

Key performance indicators

The Small Business Development Corporation (Corporation) operates under the broad high level government strategic goal “Future jobs and skills – grow and diversify the economy, create jobs and support skills development”.

To meet this goal, the Corporation’s mission is “to facilitate relevant, practical support to small businesses and advocate on their behalf”.

The desired outcome and services that link with this government goal are shown in the table below:

Government goal	Desired outcome	Services
Future Jobs and Skills: Grow and diversify the economy, create jobs and support skills development.	A strong and enterprising small business sector that contributes to the State’s economy through job creation and business investment.	<ol style="list-style-type: none"> 1. Information, guidance, referral and business development services. 2. Access to justice for small business.

Key performance indicators

The Corporation adopted a revised Outcome Based Management framework and key performance indicators with effect from 1 July 2019 to better reflect the services and more accurately measure the Corporation's effectiveness and efficiency.

In 2019-20, the Corporation achieved the desired outcome through the provision of specialised information, referral and business facilitation services for the effective development of enterprises in Western Australia (WA).

This included access to justice for small businesses through the Alternative Dispute Resolution (ADR) service and the Investigation and Inquiry Unit.

Effectiveness indicators

Key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes.

The effectiveness of the Corporation 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.
- Business Migration Program - the value of capital inflow to the State and the number of jobs created.

Client opinions of the services provided by the Corporation

The Corporation 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 Corporation also provides core business facilitation services across the State through the provision of funding for the Business Local Service (BLS). The effectiveness of small business services is measured by surveys of those

clients who have contacted the Corporation and the BLS during 2019-20.

The effectiveness indicators used to measure the Corporation's performance are subject to regular review and, where necessary, are refined to reflect the services delivered to key client groups.

The measures, "the extent to which the information or guidance provided was useful", and "the extent to which the information or guidance provided contributed to a decision to start or buy a business" reported below are based on two surveys conducted during 2019-20 of random samples of Corporation and BLS clients. The surveys have been carried out by an independent market research company to ensure maximum objectivity.¹

High customer satisfaction with services has been maintained over several years with the effectiveness indicators measured in 2019-20 showing no statistically significant shifts at the 95% confidence level in comparison with the previous two years.

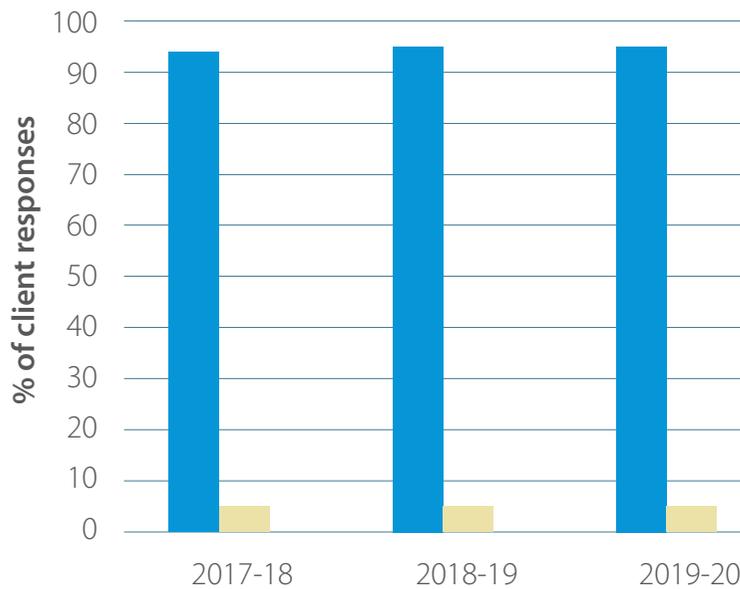
Key performance indicators

The extent to which the information or guidance provided was useful¹

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

95% of survey participants rated the information/ guidance provided as useful in 2019-20 including 73% that indicated it was very useful and 22% rating it as somewhat useful. Only 5% of respondents felt the information or guidance was not useful. The target for 2019-20 was 93% useful rating.

Usefulness of the information/guidance provided



Very or somewhat useful Not useful Neither or can't say

- The performance evaluation for 2019-20 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 2019-20. 735 client surveys were completed to give a maximum standard error ratio of + / - 3.5% at the 95% confidence level. The overall response rate for the survey was 88.5%.

The valid sample for each service area was as follows:

	Business owners			Business starters			Total sample		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Clients - Direct advice									
Small Business Services	211	209	211	61	60	61	272	269	272
Business Information Centre	80	71	87	125	131	121	205	202	208
Business Local service	152	183	190	103	74	65	255	257	255
Total	443	463	488	289	265	247	732	728	735

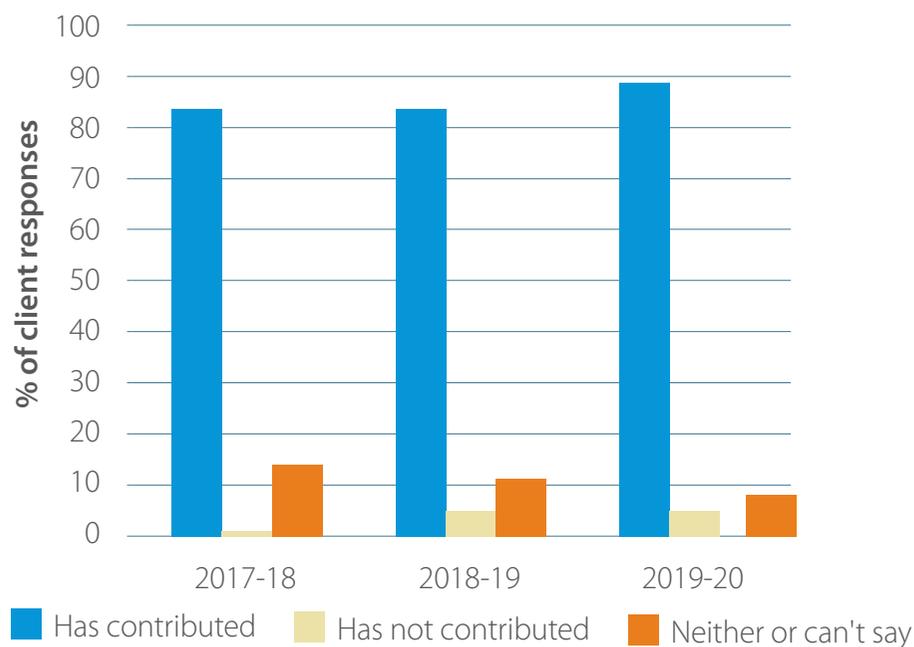
Key performance indicators

The extent to which the information or guidance provided contributed to a decision to start or buy a business (new indicator in 2019-20)¹

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

89% of respondents believed the services of the Corporation / BLS had directly contributed to their decision on whether or not to start or buy a business. The target for 2019-20 was 83%.

Information or guidance received contributed to decision to buy or start a business



Key performance indicators

Western Australian Business Migration Program (new indicator in 2019-20)

The Corporation is responsible for managing the WA Business Migration program on behalf of the State Government. This program is a key investment attraction initiative for WA, as business migrants make a significant contribution to the state's economy through investment, establishing businesses and generating export income and employment.

Confirmed and finalised economic contribution and job creation to WA by Permanent Residency Business Visa holders for 2019-20 and the previous 2 years is as follows:

Business Migration Program ²	2019-20 Target ³	2019-20 Actual ³	2018-19 Actual ⁴	2017-18 Actual
Total value of capital inflow to the State from the Business Migration program	\$350M	\$404.2M	\$752.5M	\$396.5M
Number of jobs created through the Business Migration program	175	267	1,032	257

2. Note: The reported total capital inflow to the State and number of jobs created is sourced from the final investment declared by the applicant in meeting the economic terms of their State nomination agreement.
3. Note: The 2019-20 target for both total value of capital inflow and number of jobs created is the forecast investment into the State under the program based on results from previous periods. There is a timing difference of up to 4 years between when the business migrant nominates their proposed level of investment and when that investment is finalised. The actual result in 2019-20 for both capital inflow and jobs created was higher than the target when the investment was finalised.
4. Note: The significant increase for the 2018-19 program year was due to two finalised business migrants making a combined economic contribution of 855 new jobs and \$348.7M in total net assets in WA.

Key performance indicators

Efficiency indicators

Key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

Service 1 - Information, guidance, referral and business development services.

The Corporation provides specialised information, referral and business facilitation services for the effective development of enterprises in Western Australia. Three efficiency indicators are measured. The results for each indicator together with the target for 2019-20 and comparatives from the previous two years are set out below:

Efficiency indicators (new indicators in 2019-20)	2019-20 Target	2019-20 Actual	2018-19 Actual	2017-18 Actual
Cost per client serviced directly by the agency ⁵	\$31.78	\$25.51	\$33.15	\$33.95
Cost per client serviced through third party delivery ⁶	\$155.47	\$132.24	\$147.86	\$139.89
Cost of policy development, advice and reform projects as a percentage of the total cost of service ⁷	10.53%	11.64%	9.59%	14.55%

5. Clients serviced directly include those that have contacted the Corporation for information or guidance either by a personal visit, by telephone, have attended a Corporation workshop, have visited Corporation websites for two minutes or more or have had a direct engagement through the Corporation social media (Facebook page or group, Instagram and LinkedIn). The reduction in the cost against the 2019-20 target and 2018-19 result is predominately due to an increase in the number of client engagements, largely COVID-19 related.
6. Clients serviced through third party delivery comprise Business Local Service regional clients and metropolitan workshop clients. A client contact is the equivalent of a one hour engagement either through one-to-one service delivery or through a workshop (one-to-many). The reduction in the cost against the 2019-20 target and 2018-19 result is due to an increase in demand for services during COVID-19, along with increased workshop participants, including regional, as the workshops were made available online.
7. Policy development, advice and reform projects include policy and regulatory submissions, industry liaison, advocacy, investigative research, ministerial correspondence, together with small business sector reform projects. The increase in the cost (as a percentage of the total cost of the service) in 2019-20 against the 2019-20 target and 2018-19 result is mainly due to an increase in staffing and expenses associated with 2 sector reform projects.

Key performance indicators

Service 2 - Access to justice for small business (new service in 2019-20).

The Corporation provides access to justice through the dispute resolution service and support for subcontractors. Two efficiency indicators are measured. The results for each indicator together with the target for 2019-20 and comparatives from the previous two years are set out below:

Efficiency indicators (new indicators in 2019-20)	2019-20 Target	2019-20 Actual	2018-19 Actual	2017-18 Actual
Cost per client serviced directly in the provision of dispute resolution ⁸	\$1,078.09	\$1,211.03	\$1,279.09	\$1,181.27
Cost of subcontractor support services as a percentage of the total cost of service ⁹	65.88%	41.51%	35.69%	Not applicable

8. The Dispute Resolution Service offers low cost and practical assistance to small businesses in dispute with another business or Government agency. The increase in 2019-20 actual compared to the 2019-20 target is due to additional staffing to meet increased demand for the service and the level of complexity of cases. Actual cost is lower than the 2018-19 result.
9. Subcontractor support is a new service created in January 2019 to investigate complaints of non-payment and provide direct support to subcontractors with security of payment issues. The lower than expected cost in 2019-20 (as a percentage of the total cost of the service) is due mainly to the ongoing establishment of the service and resources. This included delays until April 2020 in the passage of Legislation empowering the Small Business Commissioner to compel parties to provide information or documents, offer resolution services and protect complainants from retribution by maintaining their confidentiality.

Certification of financial statements for the reporting period ended 30 June 2020

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 2020 and the financial position as at 30 June 2020.

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



Steven Dobson
Chair



David Eaton
Small Business Commissioner



Ray Buttsworth
Chief Finance Officer

19 August 2020

Financial statements

Statement of Comprehensive Income

for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1 (a)	7,007,765	6,197,883
Supplies and services	2.2	6,636,137	5,927,379
Depreciation and amortisation expenses	4.1.1,4.2,4.3.1	136,975	137,715
Finance costs	6.2	636	0
Communications expense		102,305	101,802
Maintenance expense		8,180	10,780
Other expenses	2.2	88,484	74,961
Total cost of services		13,980,482	12,450,520
Revenue and Income			
User charges and fees	3.2	366,057	411,182
Grants and contributions	3.3	0	105,273
Interest revenue		33,873	57,464
Other revenue	3.4	50,873	84,397
Total revenue		450,803	658,316
Total income other than income from State Government		450,803	658,316
NET COST OF SERVICES		13,529,679	11,792,204
Income from State Government	3.1		
Service appropriation		13,881,000	12,611,000
Services received free of charge		130,491	123,244
Total income from State Government		14,011,491	12,734,244
SURPLUS FOR THE PERIOD		481,812	942,040
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		481,812	942,040

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

Financial statements

Statement of Financial Position

as at 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6.3	4,099,045	3,026,948
Receivables	5.1	230,102	256,120
Amounts receivable for services	5.2	60,000	60,000
Other current assets	5.3	350,531	455,040
Total Current Assets		4,739,678	3,798,108
Non-Current Assets			
Amounts receivable for services	5.2	829,000	720,000
Furniture, plant and equipment	4.1	117,690	135,903
Right-of-use assets	4.2	20,899	0
Intangible assets	4.3	56,834	124,426
Total Non-Current Assets		1,024,423	980,329
TOTAL ASSETS		5,764,101	4,778,437
LIABILITIES			
Current Liabilities			
Payables	5.4	430,039	287,267
Contract liabilities	5.5	27,750	0
Lease liabilities	6.1	11,922	0
Employee related provisions	2.1(b)	1,432,433	1,197,709
Total Current Liabilities		1,902,144	1,484,976
Non-Current Liabilities			
Lease liabilities	6.1	9,776	0
Employee related provisions	2.1(b)	320,113	292,955
Total Non-Current Liabilities		329,889	292,955
TOTAL LIABILITIES		2,232,033	1,777,931
NET ASSETS		3,532,068	3,000,506
EQUITY			
Contributed equity		1,551,885	1,478,885
Accumulated surplus		1,980,183	1,521,621
TOTAL EQUITY		3,532,068	3,000,506

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

Financial statements

Statement of Changes in Equity

for the year ended 30 June 2020

	Notes	Contributed equity \$	Accumulated surplus/ (deficit) \$	Total equity \$
Balance at 1 July 2018		1,418,885	579,581	1,998,466
Surplus/(deficit)		0	942,040	942,040
Total comprehensive income for the period		0	942,040	942,040
Transactions with owners in their capacity as owners:				
Capital appropriations		60,000	0	60,000
Balance at 30 June 2019		1,478,885	1,521,621	3,000,506
Balance at 1 July 2019		1,478,885	1,521,621	3,000,506
Initial application of AASB 15	8.1	0	(23,250)	(23,250)
Restated balance at 1 July 2019		1,478,885	1,498,371	2,977,256
Surplus/(deficit)		0	481,812	481,812
Total comprehensive income for the period		0	481,812	481,812
Transactions with owners in their capacity as owners:				
Capital appropriations		73,000	0	73,000
Balance at 30 June 2020		1,551,885	1,980,183	3,532,068

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

Financial statements

Statement of Cash Flows

for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		13,712,000	12,456,000
Capital appropriations		73,000	60,000
Holding account drawdown		60,000	60,000
Net cash provided by State Government		13,845,000	12,576,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(6,689,240)	(6,076,858)
Supplies and services		(6,326,711)	(5,675,497)
Finance costs		(636)	0
Communication expense		(101,739)	(100,510)
Maintenance expense		(8,040)	(11,491)
GST payments on purchases		(636,082)	(588,445)
Other payments		(91,223)	(85,868)
Receipts			
User charges and fees		370,556	411,182
Grants and contributions		0	105,273
Interest received		45,101	55,902
GST receipts on sales		10,997	27,016
GST receipts from taxation authority		644,539	436,899
Other receipts		59,450	73,597
Net cash used in operating activities		(12,723,028)	(11,428,800)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(37,319)	(180,814)
Net cash used in investing activities		(37,319)	(180,814)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Principal elements of lease payments		(12,556)	0
Net cash used in financing activities		(12,556)	0
Net increase in cash and cash equivalents		1,072,097	966,386
Cash and cash equivalents at the beginning of the period		3,026,948	2,060,562
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.3	4,099,045	3,026,948

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

Financial statements

Summary of Consolidated Account Appropriations

for the year ended 30 June 2020

	2020 Budget Estimate \$	2020 Supplementary Funding \$	Revised Budget \$	2020 Actual \$	2020 Variance \$
<u>Delivery of Services</u>					
Item 48 Net amount appropriated to deliver services	13,777,000	0	13,621,000	13,621,000	0
Amount Authorised by Other Statutes					
- Salaries and Allowances Act 1975	260,000	0	260,000	260,000	0
Total appropriations provided to deliver services	14,037,000	0	13,881,000	13,881,000	0
<u>Capital</u>					
Item 124 Capital appropriations	753,000	0	74,000	73,000	1,000
GRAND TOTAL	14,790,000	0	13,955,000	13,954,000	1,000

No supplementary income was received by the Corporation.

Notes to the Financial Statements

for the year ended 30 June 2020

1. Basis of preparation

The Corporation is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Corporation is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Corporation on 19 August 2020.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006* (FMA)
- 2) The Treasurer's Instructions (TIs)
- 3) Australian Accounting Standards (AASs) - Reduced Disclosure Requirements
- 4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions take precedence over AASs. Several AASs are modified by TIs to vary application, disclosure format and wording. 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.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

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

Notes to the Financial Statements

for the year ended 30 June 2020

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.

2. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Corporation's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Corporation in achieving its objectives and the relevant notes are:

	Notes	2020 \$	2019 \$
Employee benefits expenses	2.1(a)	7,007,765	6,197,883
Employee related provisions	2.1(b)	1,752,546	1,490,664
Other expenditure	2.2	6,724,621	6,002,340
2.1(a) Employee benefits expenses			
Employee benefits		6,373,125	5,631,926
Superannuation - defined contribution plans		634,640	565,957
Total employee benefits expenses		7,007,765	6,197,883
Add: AASB 16 Non-monetary benefits		14,487	0
Less: Employee contributions		(8,291)	0
Net employee benefits		7,013,961	6,197,883

Notes to the Financial Statements

for the year ended 30 June 2020

Employee Benefits: Include wages, salaries, accrued and paid leave entitlements and paid sick leave.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

AASB 16 Non-monetary benefits: Non-monetary employee benefits, that are employee benefits

expenses, predominantly relating to the provision of vehicle benefits is measured at the cost incurred by the Corporation.

2.1(b) Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2020 \$	2019 \$
Current		
<u>Employee benefits provisions</u>		
Annual leave (a)	516,917	405,027
Long service leave (b)	894,659	779,433
Purchased leave (c)	13,041	6,716
	1,424,617	1,191,176
<u>Other provisions</u>		
Employment on-costs (d)	7,816	6,533
Total current employee related provisions	1,432,433	1,197,709
Non-current		
<u>Employee benefits provisions</u>		
Long service leave (b)	318,380	291,367
<u>Other provisions</u>		
Employment on-costs (d)	1,733	1,588
Total non-current employee related provisions	320,113	292,955
Total employee related provisions	1,752,546	1,490,664

Notes to the Financial Statements

for the year ended 30 June 2020

(a) **Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

(b) **Long service leave liabilities:** 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.

The provision for long service leave is calculated at present value as the Corporation does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration

rate expected to apply at the time of settlement, and 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.

(c) **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.

(d) **Employment on-costs:** 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.

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, Note 2.2' and are not included as part of the Corporation's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

Notes to the Financial Statements

for the year ended 30 June 2020

	2020 \$	2019 \$
<u>Employment on-cost provision</u>		
Carrying amount at start of period	8,121	7,439
Additional provisions recognised	1,428	682
Carrying amount at end of period	9,549	8,121

Key sources of estimation uncertainty – annual leave and long service leave

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

Several estimates and assumptions are used in calculating the Corporation's annual leave and long service leave provisions. These 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. Any gain or loss following revaluation of the present value of annual leave and long service leave liabilities is recognised as employee benefits expense.

Notes to the Financial Statements

for the year ended 30 June 2020

	2020 \$	2019 \$
2.2 Other expenditure		
Supplies and services		
Premises - accommodation expenses	1,181,839	1,173,246
Media, advertising and promotions	497,396	189,446
Travel and accommodation	49,216	75,065
Professional services	4,295,149	4,002,729
Sponsorships	5,159	13,474
Other services	425,168	337,806
Consumable supplies	182,210	83,763
Royalties for Region Fund payments	0	51,850
Total supplies and services expenses	6,636,137	5,927,379
Other expenses		
Employment on-costs	1,428	682
Other employee related expenses	37,621	28,359
Audit fees	49,435	45,920
Total other expenses	88,484	74,961
Total other expenditure	6,724,621	6,002,340

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. A review by the Department of Finance in relation to the classification of its Memorandum of Understanding (MOU) arrangements with agencies for Government Office Accommodation properties has resulted in the arrangement now out of scope of AASB 16 and the Corporation is no longer required to report on balance sheet. Thus, accommodation expenses for lease have been recorded here.

Other expenses:

Employment on-costs includes workers' compensation insurance. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at Note 2.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Other employee related expenses include staff recruitment, staff training and staff amenities.

Notes to the Financial Statements

for the year ended 30 June 2020

3. Our funding sources

How we obtain our funding

This section provides additional information about how the Corporation obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Corporation and the relevant notes are:

	Notes	2020 \$	2019 \$
Income from State Government	3.1	14,011,491	12,734,244
User charges and fees	3.2	366,057	411,182
Grants and contributions	3.3	0	105,273
Other revenue	3.4	50,873	84,397

3.1 Income from State Government

Appropriation received during the period:

Service appropriation	13,881,000	12,611,000
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Services received free of charge from other State government agencies during the period:

Department of Justice - legal services	20,171	15,194
Department of Finance - Building Management and Works	110,320	108,050

Total services received

130,491	123,244
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Total income from State Government

14,011,491	12,734,244
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Notes to the Financial Statements

for the year ended 30 June 2020

Service Appropriations are recognised as income at the fair value of consideration received 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 in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Service appropriations fund the net cost of services delivered. Appropriation revenue comprises the following:

- Cash component; and
- A receivable (asset).

The application of AASB 15 and AASB 1058 from 1 July 2019 has had no impact on the treatment of income from State Government.

	2020 \$	2019 \$
3.2 User charges and fees		
Workshop income	51,784	80,818
Business Migration visa application fees	308,250	320,250
Fees for mediation services	6,023	10,114
Total user charges and fees	366,057	411,182

Revenue from workshop and mediation fees is recognised once the service has been delivered. For business migration visa application fees, revenue is recognised when the application process is finalised.

3.3 Grants and contributions

Funding for staging of the 2019 China Business Forum	0	105,273
	0	105,273

Notes to the Financial Statements

for the year ended 30 June 2020

	2020 \$	2019 \$
3.4 Other revenue		
Return of unspent operational funding	0	45,342
Miscellaneous (a)	50,873	39,055
Total other revenue	50,873	84,397

(a) Comprises mainly of intensive case management service fee received from Department of Primary Industries and Regional Development for Farm Debt Mediation Scheme.

Until 30 June 2019, revenue was recognised and measured at the fair value of consideration received or receivable.

From 1 July 2019, revenue is recognised at a point-in-time at the transaction price when the Corporation transfers control of the services to customers.

4. Key assets

Assets the Corporation utilises for economic benefit or service potential

This section includes information regarding the key assets the Corporation utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2020 \$	2019 \$
Furniture, plant and equipment	4.1	117,690	135,903
Right-of-use assets	4.2	20,899	0
Intangible assets	4.3	56,834	124,426
Total key assets		195,423	260,329

Notes to the Financial Statements

for the year ended 30 June 2020

4.1 Furniture, plant and equipment

Year ended 30 June 2020	Computing equipment \$	Furniture, fittings and equipment \$	Total \$
1 July 2019			
Gross carrying amount	358,997	139,950	498,947
Accumulated depreciation	(229,785)	(133,259)	(363,044)
Carrying amount at start of period	129,212	6,691	135,903
Additions	37,319	0	37,319
Disposals	(32,094)	0	(32,094)
Depreciation	(54,086)	(1,446)	(55,532)
Accumulated depreciation written back on disposals	32,094	0	32,094
Carrying amount at 30 June 2020	112,445	5,245	117,690
Gross carrying amount	364,222	139,950	504,172
Accumulated depreciation	(251,777)	(134,705)	(386,482)

Initial recognition

Items of furniture, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, the cost is valued at its fair value at the date of acquisition. 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).

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.

Notes to the Financial Statements

for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
4.1.1 Depreciation and impairment			
Charge for the period			
<u>Depreciation</u>			
Computing equipment	4.1	54,086	28,493
Furniture, fittings and equipment	4.1	1,446	27,083
Total depreciation for the period		55,532	55,576

As at 30 June 2020, there were no indications of impairment to computing equipment, furniture, fittings and equipment. All surplus assets at 30 June 2020 have either been classified as assets held for sale or have been written-off.

Finite useful lives

All furniture, fittings and equipment 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 generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. The estimated useful lives for the different asset classes for current and prior years are:

Computing equipment	3 to 4 years
Furniture, fittings and equipment	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments are made where appropriate.

Notes to the Financial Statements

for the year ended 30 June 2020

Impairment

Non-financial assets, including items of furniture, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

As the Corporation is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

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 declining replacement costs.

	Notes	2020 \$	2019 \$
4.2 Right-of-use assets			
Vehicles		20,899	0
Net carrying amount at 30 June 2020		20,899	0

Additions to right-of-use assets during the 2020 financial year were \$33,841.

Notes to the Financial Statements

for the year ended 30 June 2020

Initial recognition

Right-of-use assets include all leased assets which are measured at cost including the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date less any lease incentives received.

The Corporation has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.1.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2020 \$	2019 \$
Right-of-use asset depreciation - vehicles	13,851	0
Lease interest expense	636	0

The total cash outflow for leases in 2020 was \$13,192.

Notes to the Financial Statements

for the year ended 30 June 2020

The Corporation's leasing activities and how these are accounted for:

The Corporation has leases for vehicles and office accommodation.

The Corporation has entered into a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

Up to 30 June 2019, the Corporation classified leases as operating leases. From 1 July 2019, the Corporation recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 6.1.

4.3 Intangible assets

Year ended 30 June 2020	Computer software \$	Website development \$	Total \$
1 July 2019			
Gross carrying amount	692,292	86,850	779,142
Accumulated amortisation	(613,265)	(41,451)	(654,716)
Carrying amount at start of period	79,027	45,399	124,426
Amortisation expense	(50,222)	(17,370)	(67,592)
Carrying amount at 30 June 2020	28,805	28,029	56,834
Gross carrying amount	692,292	86,850	779,142
Accumulated amortisation	(663,487)	(58,821)	(722,308)

Notes to the Financial Statements

for the year ended 30 June 2020

Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at significantly less than fair value, the cost is their fair value at the date of acquisition.

Acquisitions of intangible assets costing \$5,000 or more are capitalised. Costs incurred below the threshold are immediately expensed directly to the Statement of Comprehensive Income.

Subsequent measurement

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

	2020 \$	2019 \$
4.3.1. Amortisation and impairment		
Charge for the period		
<u>Amortisation</u>		
Computer software	50,222	65,091
Website development	17,370	17,048
Total amortisation for the period	67,592	82,139

As at 30 June 2020 there were no indications of impairment to intangible assets.

Notes to the Financial Statements

for the year ended 30 June 2020

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.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Corporation have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

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

Computer software	3 to 4 years
Website development costs	5 years

Computer Software

Software that is an integral part of the related hardware is recognised as part of the tangible asset. 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 development costs

Website costs are expensed when incurred unless they directly relate to the acquisition or development of an intangible asset. In this instance 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.

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.1.

Notes to the Financial Statements

for the year ended 30 June 2020

5. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Corporation's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2020 \$	2019 \$
Receivables	5.1	230,102	256,120
Amounts receivable for services	5.2	889,000	780,000
Other current assets	5.3	350,531	455,040
Payables	5.4	430,039	287,267
Contract liabilities	5.5	27,750	0

5.1 Receivables

Trade and other debtors	2,640	1,980
Net GST recoverable	221,469	236,919
Accrued interest	5,993	17,221
Total receivables	230,102	256,120

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

5.2 Amounts receivable for services (Holding Account)

Current	60,000	60,000
Non-current	829,000	720,000
Balance at end of period	889,000	780,000

Amounts receivable for services represent 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 2020

Amounts receivable for services are considered not impaired (i.e. there is no expected credit loss of the Holding Account).

	2020 \$	2019 \$
5.3 Other current assets		
Prepayments	350,531	451,807
Other	0	3,233
	350,531	455,040

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.4 Payables

Trade payables	40,609	458
Accrued expenses	314,504	264,700
Accrued salaries	74,926	22,109
Balance at end of period	430,039	287,267

Payables are recognised as 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.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight after the reporting period. 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 2020

	2020 \$	2019 \$
5.5 Contract Liabilities		
Opening balance at the beginning of the period	0	0
Additions	27,750	0
Revenue recognised in the reporting period	0	0
Closing balance at the end of period	27,750	0

The Corporation's contract liabilities relate to business migration visa application fees received where applications have not been finalised at the end of the reporting period. Typically, the Corporation will receive consideration in advance of satisfying the performance obligation.

6. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Corporation.

		Notes
Lease liabilities	21,698	6.1
Finance costs	636	6.2
Cash and cash equivalents	4,099,045	6.3
	2020 \$	2019 \$
6.1 Lease liabilities		
Current	11,922	0
Non-current	9,776	0
	21,698	0

Notes to the Financial Statements

for the year ended 30 June 2020

The Corporation measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Corporation uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Fixed lease payments are included by the Corporation as part of the present value calculation of lease liability.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Corporation if the lease is reasonably certain to be extended (or not terminated).

This section should be read in conjunction with note 4.2.

Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

These will be within the scope of AASB 16 Leases

6.2 Finance costs

	2020 \$	2019 \$
Lease interest expense	636	0
Finance costs expensed	636	0

'Finance cost' includes the interest component of lease liability repayments.

Notes to the Financial Statements

for the year ended 30 June 2020

	2020 \$	2019 \$
6.3 Cash and cash equivalents		
Cash and cash equivalents		
-Bank account	3,598,795	2,526,698
-Cash investments - investment with Department of Treasury	500,000	500,000
-Cash on hand	250	250
Balance at end of period	4,099,045	3,026,948

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

Notes to the Financial Statements

for the year ended 30 June 2020

7. Financial Instruments and Contingencies

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2

7.1 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:

	2020 \$	2019 \$
<u>Financial Assets</u>		
Cash and cash equivalents	4,099,045	3,026,948
Financial assets at amortised cost (a)	897,633	799,201
Total financial assets	4,996,678	3,826,149
<u>Financial Liabilities</u>		
Financial liabilities at amortised cost	430,039	287,267
Total financial liability	430,039	287,267

(a) The amount of Financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

No contingent assets and contingent liabilities exist as at 30 June 2020.

Notes to the Financial Statements

for the year ended 30 June 2020

8. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Initial application of Australian Accounting Standards	8.1
Key management personnel	8.2
Related party transactions	8.3
Remuneration of auditors	8.4
Explanatory statement	8.5

8.1 Initial application of Australian Accounting Standards

(a) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue and AASB 111 Construction Contracts for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price of the contract
- Allocating the transaction price to each of the performance obligations
- Recognising revenue as each performance obligation is satisfied.

Notes to the Financial Statements

for the year ended 30 June 2020

Revenue is recognised at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 Income of Not-for-Profit Entities. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Corporation.

The Corporation adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information is restated under this approach, and the Corporation recognises the cumulative effect of initially applying the Standards as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, the Corporation elects to not to apply the standards retrospectively to non-completed contracts at the date of initial application.

Refer to note 3.1 and 3.2 for the revenue and income accounting policies adopted from 1 July 2019.

The effect of adopting AASB 15 and AASB 1058 are as follows:

	30 June 2020	Adjustments	30 June 2020 under AASB 118 and 1004
	\$	\$	\$
User charges and fees	366,057	4,500	370,557
Other revenue	50,873	0	50,873
Net result	416,930	4,500	421,430

(b) AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases and related Interpretations. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

Notes to the Financial Statements

for the year ended 30 June 2020

The Corporation applies AASB 16 Leases from 1 July 2019 using the modified retrospective approach. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard is recognised as an adjustment to the opening balance of accumulated surplus/(deficit).

The main changes introduced by this Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as right-of-use assets and lease liabilities, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (where the underlying asset is valued less than \$5,000). The operating lease and finance lease distinction for lessees no longer exists.

Under AASB 16, the Corporation takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

- a) right-of-use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate (2.5%) on 1 July 2019;
- b) depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income; and
- c) the total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the Statement of Cash Flows.

The right-of-use assets are assessed for impairment at the date of transition and the Corporation has not identified any impairments to its right-of-use assets.

On transition, the Corporation has elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under AASB 117:

- (a) A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;
- (b) The Corporation has relied on its assessment of whether existing leases were onerous in applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

Notes to the Financial Statements

for the year ended 30 June 2020

(c) Initial direct costs have been excluded from the measurement of the right-of-use asset;

(d) Hindsight has been used to determine if the contract contained options to extend or terminate the lease.

The Corporation has not reassessed whether existing contracts are, or contained a lease at 1 July 2019. The requirements of paragraphs 9-11 of AASB 16 are applied to contracts that came into existence post 1 July 2019.

A review by the Department of Finance in relation to the classification of its Memorandum of Understanding (MOU) arrangements with agencies for Government Office Accommodation (GOA) properties in May 2020 has resulted in the MOU arrangements now out of scope of AASB 16 Leases. As a result, the accommodation expenses are expensed as incurred.

a. Measurement of lease liabilities

	\$
Operating Lease Commitments disclosed as at 30 June 2019	4,427,157
Less MOU arrangements not recognised as liability	(4,405,073)
	<u>22,084</u>
Discounted using incremental borrowing rate at date of initial application (i)	<u>21,648</u>
Lease liability recognised at 1 July 2019	<u>21,648</u>
Current lease liabilities	11,354
Non-current lease liabilities	10,294

(i) The WATC incremental borrowing rate was used for the purposes of calculating the lease transition opening balance.

Notes to the Financial Statements

for the year ended 30 June 2020

8.2 Key management personnel

The Corporation has determined key management personnel to include cabinet ministers, members of the accountable authority and senior officers of the Corporation. The Corporation does not incur expenditures to compensate Ministers and those disclosures may be found in the Annual Report on State Finances.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for members of the accountable authority and senior officers of the Corporation for the reporting period are presented within the following bands:

	2020	2019
Compensation of members of the accountable authority		
Compensation Band (\$)		
0 - 10,000	0	5
10,001 - 20,000	6	3
20,001 - 30,000	1	0
Compensation of other senior officers		
Compensation Band (\$)	2020	2019
140,001 - 150,000	1	1
150,001 - 160,000	1	0
160,001 - 170,000	0	1
180,001 - 190,000	1	0
190,001 - 200,000	0	1
200,001 - 210,000	1	0
290,001 - 300,000	1	0
300,001 - 310,000	0	1
	\$	\$
Total compensation of key management personnel	1,070,504	893,027

Total compensation includes the superannuation expense incurred by the Corporation in respect of members of the accountable authority and senior officers.

Notes to the Financial Statements

for the year ended 30 June 2020

8.3 Related party transactions

The Corporation is a wholly-owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Corporation include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all members of the accountable authority 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 statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Material transactions with related parties

Outside of normal citizen type transactions with the Corporation, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.4 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2020 \$	2019 \$
Auditing the accounts, financial statements, controls and key performance indicators	29,435	29,435

8.5 Explanatory statement (Controlled Operations)

All variances between annual estimates (original budget) and actual results for 2020, and between the actual results for 2020 and 2019 are shown below. Narratives are provided for key major variances, which are greater than 10% and \$1 million for the Statements of Comprehensive Income, Cash Flows, and the Statement of Financial Position.

Notes to the Financial Statements

for the year ended 30 June 2020

8.5.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2020 \$	Actual 2020 \$	Actual 2019 \$	Variance between estimate and actual \$	Variance between actual results for 2020 and 2019 \$
COST OF SERVICES						
Expenses						
Employee benefits expense		6,768,000	7,007,765	6,197,883	239,765	809,882
Supplies and services		6,320,000	6,636,137	5,927,379	316,137	708,758
Depreciation and amortisation expense		990,000	136,975	137,715	(853,025)	(740)
Finance costs		176,000	636	0	(175,364)	636
Communications expense		110,000	102,305	101,802	(7,695)	503
Maintenance expense		56,000	8,180	10,780	(47,820)	(2,600)
Other expenses		150,000	88,484	74,961	(61,516)	13,523
Total cost of services		14,570,000	13,980,482	12,450,520	(589,518)	1,529,962
Income						
<i>Revenue</i>						
User charges and fees		292,000	366,057	411,182	74,057	(45,125)
Grants and contributions		0	0	105,273	0	(105,273)
Interest revenue		30,000	33,873	57,464	3,873	(23,591)
Other revenue		0	50,873	84,397	50,873	(33,524)
Total Revenue		322,000	450,803	658,316	128,803	(207,513)
Total income other than income from State Government		322,000	450,803	658,316	128,803	(207,513)
NET COST OF SERVICES		14,248,000	13,529,679	11,792,204	(718,321)	1,737,475

Notes to the Financial Statements

for the year ended 30 June 2020

	Variance Note	Estimate 2020 \$	Actual 2020 \$	Actual 2019 \$	Variance between estimate and actual \$	Variance between actual results for 2020 and 2019 \$
Income from State Government						
Service appropriation	A	14,037,000	13,881,000	12,611,000	(156,000)	1,270,000
Services received free of charge		190,000	130,491	123,244	(59,509)	7,247
Total income from State Government		14,227,000	14,011,491	12,734,244	(215,509)	1,277,247
SURPLUS/(DEFICIT) FOR THE PERIOD		(21,000)	481,812	942,040	502,812	(460,288)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(21,000)	481,812	942,040	502,812	(460,228)

Major Estimate and Actual (2020) Variance Narratives

Nil

Major Actual (2020) and Comparative (2019) Variance Narratives

- A) Service appropriation increased by \$1.27 million (10.1%) mainly due to full year impact of the transfer of the Western Australia Building and Construction Code Monitoring Unit from the Department of Mines, Industry Regulation and Safety.

Notes to the Financial Statements

for the year ended 30 June 2020

8.5.2 Statement of Financial Position Variances

	Variance Note	Estimate 2020 \$	Actual 2020 \$	Actual 2019 \$	Variance between estimate and actual \$	Variance between actual results for 2020 and 2019 \$
Statement of Financial Position						
ASSETS						
Current Assets						
Cash and cash equivalents	1,B	1,851,000	4,099,045	3,026,948	2,248,045	1,072,097
Restricted cash and cash equivalents		25,000	0	0	(25,000)	0
Receivables		109,000	230,102	256,120	121,102	(26,018)
Amounts receivable for services		60,000	60,000	60,000	0	0
Other current assets		348,000	350,531	455,040	2,531	(104,509)
Total Current Assets		2,393,000	4,739,678	3,798,108	2,346,678	941,570
Non-Current Assets						
Amounts receivable for services		1,665,000	829,000	720,000	(836,000)	109,000
Furniture, plant and equipment		184,000	117,690	135,903	(66,310)	(18,213)
Right-of-use assets	2	4,142,000	20,899	0	(4,121,101)	20,899
Intangible assets		146,000	56,834	124,426	(89,166)	(67,592)
Total Non-Current Assets		6,137,000	1,024,423	980,329	(5,112,577)	44,094
TOTAL ASSETS		8,530,000	5,764,101	4,778,437	(2,765,899)	985,664

Notes to the Financial Statements

for the year ended 30 June 2020

	Variance Note	Estimate 2020 \$	Actual 2020 \$	Actual 2019 \$	Variance between estimate and actual \$	Variance between actual results for 2020 and 2019 \$
LIABILITIES						
Current Liabilities						
Payables		158,000	430,039	287,267	272,039	142,772
Contract liabilities		9,000	27,750	0	18,750	27,750
Lease liabilities		749,000	11,922	0	(737,078)	11,922
Employee related provisions		1,004,000	1,432,433	1,197,709	428,433	234,724
Total Current Liabilities		1,920,000	1,902,144	1,484,976	(17,856)	417,168
Non-Current Liabilities						
Lease liabilities	3	3,550,000	9,776	0	(3,540,224)	9,776
Employee related provisions		291,000	320,113	292,955	29,113	27,158
Total Non-Current Liabilities		3,841,000	329,889	292,955	(3,511,111)	36,934
TOTAL LIABILITIES		5,761,000	2,232,033	1,777,931	(3,528,967)	454,102
NET ASSETS		2,769,000	3,532,068	3,000,506	736,068	531,562
EQUITY						
Contributed equity		2,232,000	1,551,885	1,478,885	(680,115)	73,000
Accumulated surplus		537,000	1,980,183	1,521,621	1,443,183	458,562
TOTAL EQUITY		2,769,000	3,532,068	3,000,506	736,068	531,562

Notes to the Financial Statements

for the year ended 30 June 2020

Major Estimate and Actual (2020) Variance Narratives

- 1) Cash and cash equivalents exceeded estimates by \$2.25 million (121.5%) due to a higher than budgeted cash balance at the start of the period, together with lower than expected expenditure for programs including Business Local and the Investigation and Inquiry Unit.
- 2) Right-of-use assets fall short of estimates by \$4.12 million (99.5%). The 2019-20 budget papers included a right-of-use assets for Government Office Accommodation (GOA) leasing arrangements. Subsequent guidance has been published by the Department of Treasury in conjunction with the Department of Finance, that these arrangements fall out of scope of AASB 16 and therefore are no longer to be reported on the statement of financial position. GOA arrangements are now expensed as incurred.
- 3) Non-current lease liabilities fall short of estimates by \$3.54 million (99.7%). The 2019-20 budget papers included lease liabilities for Government Office Accommodation (GOA) leasing arrangements. Subsequent guidance has been published by the Department of Treasury in conjunction with the Department of Finance, that these arrangements fall out of scope of AASB 16 and therefore are no longer to be reported on the statement of financial position. GOA arrangements are now expensed as incurred.

Major Actual (2020) and Comparative (2019) Variance Narratives

- B) Cash and cash equivalents increased by \$1.07 million (35.4%) due to lower than expected expenditure for programs including Business Local and the Investigation and Inquiry Unit, along with the deferral of some programs as a result of COVID-19.

Notes to the Financial Statements

for the year ended 30 June 2020

8.5.3 Statement of Cash Flows Variances

	Variance Note	Estimate 2020 \$	Actual 2020 \$	Actual 2019 \$	Variance between estimate and actual \$	Variance between actual results for 2020 and 2019 \$
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	C	13,032,000	13,712,000	12,456,000	680,000	1,256,000
Capital appropriation		753,000	73,000	60,000	(680,000)	13,000
Holding account drawdown		60,000	60,000	60,000	0	0
Net cash provided by State Government		13,845,000	13,845,000	12,576,000	0	1,269,000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits		(6,717,000)	(6,689,240)	(6,076,858)	27,760	(612,382)
Supplies and services		(6,161,000)	(6,326,711)	(5,675,497)	(165,711)	(651,214)
Finance cost		(176,000)	(636)	0	175,364	(636)
Communication expense		(110,000)	(101,739)	(100,510)	8,261	(1,229)
Maintenance expense		(56,000)	(8,040)	(11,491)	47,960	3,451
GST payments on purchases		(680,000)	(636,082)	(588,445)	43,918	(47,637)
Other payments		(150,000)	(91,223)	(85,868)	58,777	(5,355)
Receipts						
User charges and fees		292,000	370,556	411,182	78,556	(40,626)
Grants and contributions		0	0	105,273	0	(105,273)
Interest received		30,000	45,101	55,902	15,101	(10,801)
GST receipts on sales		10,000	10,997	27,016	997	(16,019)
GST receipts from taxation authority		670,000	644,539	436,899	(25,461)	207,640
Other receipts		0	59,450	73,597	59,450	(14,147)
Net cash used in operating activities		(13,048,000)	(12,723,028)	(11,428,800)	324,972	(1,294,228)

Notes to the Financial Statements

for the year ended 30 June 2020

	Variance Note	Estimate 2020 \$	Actual 2020 \$	Actual 2019 \$	Variance between estimate and actual \$	Variance between actual results for 2020 and 2019 \$
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current physical assets		(120,000)	(37,319)	(180,814)	82,681	143,495
Net cash used in investing activities		(120,000)	(37,319)	(180,814)	82,681	143,495
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Principal elements of lease payments		(693,000)	(12,556)	0	680,444	(12,556)
Net cash used in financing activities		(693,000)	(12,556)	0	680,444	(12,556)
Net decrease in cash and cash equivalents		(16,000)	1,072,097	966,386	1,088,097	118,267
Cash and cash equivalents at the beginning of period		1,892,000	3,026,948	2,060,562	1,134,948	966,386
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		1,876,000	4,099,045	3,026,948	2,223,045	1,084,653

Major Estimate and Actual (2020) Variance Narratives

Nil

Major Actual (2020) and Comparative (2019) Variance Narratives

- C) Service appropriation increased by \$1.26 million (10.1%) mainly due to full year impact of the transfer of the Western Australia Building and Construction Code Monitoring Unit from the Department of Mines, Industry Regulation and Safety.

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 minimise the impacts of disability. The agency's endorsed DAIP covers the period 2017-21 and includes initiatives focused on 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.

Equal employment opportunity (EEO)

The SBDC has met 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 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.

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 2019-20, the SBDC received one unsubstantiated claim 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.
- Information about Public Sector Standards is included on the SBDC website and covered at inductions.
- Employees leaving the agency are surveyed on all aspects of their employment, including questions relating to compliance with the SBDC Code of Conduct.

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.

Other legal requirements

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 are also employed 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.
- **Promotional publications:** Outlining the SBDC's services.
- **Information leaflets and guides:** Providing advice and support for small business operators. Most are available in hard copy, or can be downloaded from the SBDC website.
- **Enews:** The SBDC produces a monthly newsletter that provides relevant business and SBDC updates. It is available for free and subscribers can sign up from the SBDC website.

Recordkeeping plan

The SBDC's recordkeeping plan was approved by the State Records Office in December 2019. The Corporation continues to monitor its recordkeeping systems to ensure they are effective and efficient in the overall management of the information resources.

The SBDC has maintained an effective training program, with all new staff and contractors receiving comprehensive induction training detailing policies and procedures, and their recordkeeping 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 and reviewed to ensure it meets the needs of the SBDC and State Records Office.

Unauthorised use of credit cards

Officers of the Corporation hold corporate credit cards where their functions warrant usage of this facility. Despite each cardholder being reminded of their obligations annually under the Corporation's credit card policy, one employee inadvertently used the corporate credit card for personal use. The matter was not referred for disciplinary action as the Chief Finance Officer noted prompt advice

and settlement of the personal use amount, and, that the nature of the expenditure was immaterial and characteristic of an honest mistake.

Details	2019-20
Aggregate amount of personal use expenditure for the reporting period	\$3
Aggregate amount of personal use expenditure settled by the due date (within five working days)	\$3
Aggregate amount of personal use expenditure settled after the period (after five working days)	\$0
Aggregate amount of personal use expenditure outstanding at balance date	\$0



Other legal requirements

In accordance with Section 175ZE of the *Electoral Act 1907*, set out below are details of expenditure incurred during 2019-20 in relation to:

Advertising agencies:		\$235,913
• Rare (including Hearts & Science)	\$119,817	
• Google Ads	\$72,220	
• Facebook	\$36,947	
• Microsoft	\$5,571	
• Sensis	\$1,291	
• Telstra	\$67	
Media advertising organisations:		\$287,425
• Initiative	\$201,856	
• Carat Australia Media Services	\$56,618	
• Optimum Media Decisions	\$28,951	
Market research organisations:		\$38,687
• Advantage Communications and Marketing	\$20,345	
• Painted Dog Research	\$18,342	
Polling organisations		Nil
Direct mail organisations		Nil
Total expenditure for 2019-20:		\$562,025

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 (Commonwealth Powers) Act 2012*
- *Business Names Act 1962*
- *Business Names Registration Act 2011 (Cth)*
- *Copyright Act 1968 (Cth)*
- *Commercial Tenancy (Retail Shops) Agreements Act 1985*
- *Commercial Tenancies (COVID-19 Response) Act 2020*
- *Corporations (Western Australia) Act 1990*
- *Corruption and Crime Commission Act 2003*
- *Criminal Code Act Compilation Act 1913*
- *Disability Services Act 1993*
- *Electoral Act 1907*
- *Electronic 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)*

Other legal requirements

- *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)*
- *Procurement Act 2020*
- *Public and Bank Holidays Act 1972*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *Small Business Development Corporation Act 1983*
- *Small Business Development Corporation Amendment Act 2020*
- *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*
- *Workers' Compensation and Injury Management Act 1981*

Cth = Commonwealth Acts

Significant issues impacting the agency

- Responding to the COVID-19 health and economic crisis, the SBDC was designated the COVID-19 Business Assistance Centre, and focused on providing a one-stop resource for small businesses with information and guidance on managing the impacts of the pandemic. Through telephone and online channels, experienced business advisers assisted small business owners to navigate and understand the available Federal, State and industry support measures. Additional support was also provided regarding the rights and responsibilities of commercial landlords and tenants under emergency commercial tenancies legislation.
- In line with a State Government election commitment, a key focus of the Corporation is on improving security of payment in the building and construction industry. Following the introduction of amendments to the SBDC's enabling legislation, a new unit was established to receive complaints and investigate and report on activities that have an adverse effect on small business. Assistance has been provided to subcontractors with regard to the non-payment of invoices for work completed, unfair contract conditions and the release of retention funds on non-government projects. The unit has also provided practical advice on dealing with insolvency and worked to improve the knowledge of subcontractors by facilitating industry capability building.
- Working across all tiers of government, the Corporation influences the policy and regulatory environment impacting small business. This includes reviewing policy and regulatory proposals, contributing to state and national inquiries, and advocating on behalf of small businesses to minimise compliance burdens, ultimately making it easier to do business in WA. Throughout the year, the SBDC contributed to projects including faster payment reforms, franchising regulation, unfair contract term protections, procurement policy settings, and privacy and responsible information sharing reforms.
- There are now 44 local government authorities participating in the Small Business Friendly Local Governments initiative. Collectively home to almost 70 per cent of all WA small businesses, these local governments are committed to actively supporting their small business communities. During the year, the SBDC partnered with Small Business Friendly signatories the cities of Canning and Stirling to pilot the Small Business Friendly Approvals Project. Taking a customer-focused approach to mapping the small business customer journey, a raft of measures to improve approvals processes and regulatory culture were identified and are being implemented. The initiative will be expanded to up to 10 more local governments by June 2021.
- Through SBDC Outreach, the Corporation extended the reach of its services by connecting and collaborating with industry and local business associations, government departments, local government authorities, tertiary institutions and other groups to provide business information and advice to intending and existing small business owners. Specialist presenters delivered a diverse range of workshops and events, at times and locations convenient for the stakeholder members or networks. During the year, the Corporation collaborated with 50 organisations to deliver almost 170 workshops and events to more than more than 3,000 participants.
- The Business Migration Program continues to make a significant contribution to the WA economy with business migrants bringing in more than \$404 million in net assets and creating 267 new jobs during 2019-20. Under the program, the SBDC promotes opportunities in prime overseas markets and provides State nomination to attract business migrants to invest and/or establish businesses in WA. The Corporation also works with the Commonwealth to maintain the integrity of the business visa program and ensure alignment with the State Government's Asian Engagement strategy to deliver economic diversification and job creation.

Appendix

Stakeholder representation and collaboration

The SBDC is a strong advocate for the WA 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 WA small businesses are represented. During 2019-20, the SBDC worked with the:

- Australian Competition and Consumer Commission
- Australian Securities and Investments Commission
- Australian Small Business and Family Enterprise Ombudsman
- Building and Energy division, Department of Mines, Industry Regulation and Safety
- Chamber of Commerce and Industry of WA
- Commonwealth Treasury
- Consumer Protection division, Department of Mines, Industry Regulation and Safety
- Department of Finance
- Department of Jobs, Tourism, Science and Innovation
- Department of the Premier and Cabinet

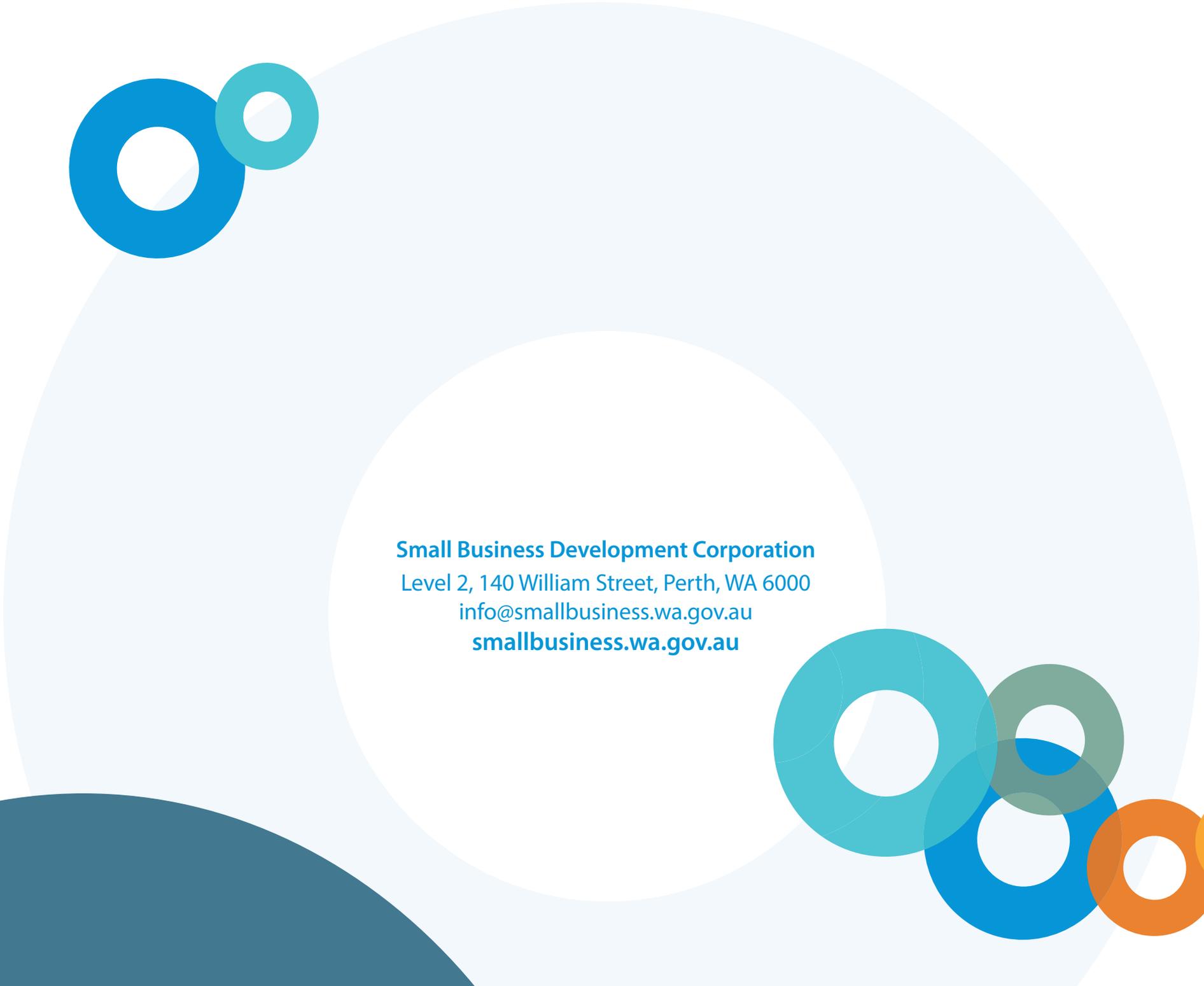
- Department of Training and Workforce Development
- Department of Treasury
- Department of Water and Environmental Regulation
- Economic Regulation Authority
- Lotterywest and Australian Lottery and Newsagents Association
- National Small Business Commissioners Group
- Regional Chambers of Commerce and Industry of WA
- Security of Payment Reform Industry Advisory Group

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:

- Better Regulation Unit, Department of Treasury
- Defence West, Department of Jobs, Tourism, Science and Innovation
- Department of Home Affairs
- John Curtin Law Clinic and Curtin University
- Migration Institute of Australia (WA Branch)

- Office of Multicultural Interests, Department of Local Government, Sport and Cultural Industries
- Representatives from Small Business Friendly local governments
- Tourism Council of WA
- Tourism WA
- WA Local Government Association
- Western Australia's Individualised Services





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