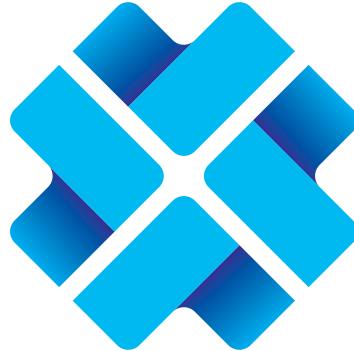


This report should be read in conjunction with the Ernst and Young review of statistics for OSBC report which can be found at http://www.sasbc.sa.gov.au/about_us/annual_reports



Small Business Commissioner

SOUTH AUSTRALIA

Annual Report 2011–12

INFORM | MEDIATE | ADVOCATE



Government
of South Australia

Published by the Small Business Commissioner

November 2012

Annual Report 2011–12

This report is available at www.sasbc.sa.gov.au

Authorised by the Small Business Comissioner

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Commissioner
SOUTH AUSTRALIA

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Dear Minister

I am pleased to present to you the first Annual Report on the operations of the Small Business Commissioner South Australia, covering the period 22 March to 30 June 2012.

The Report is provided to you as required under the *Public Sector Act 2009*, in order for you to cause the Report to be laid before each House of Parliament.

Yours sincerely

A handwritten signature in black ink, appearing to read "Mike Sunkunas".

Mr. Mike Sunkunas
Small Business Commissioner
27 November 2012

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Government
of South Australia

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Small Business Commissioner's Message

I am pleased to present our first Annual Report which outlines the activities of the South Australian Small Business Commissioner for the period 22 March 2012 until 30 June 2012.

This period has seen the implementation of key small business initiatives associated with my office. These include the establishment of the Small Business Commissioner (SBC), the commencement of the *Small Business Commissioner Act 2011*, taking over the administration of the *Retail and Commercial Leases Act 1995*, progress towards the development of a first Industry Code under the South Australian *Fair Trading Act 1987*, as well as a range of strategies to successfully implement this important initiative.

The *Small Business Commissioner Act 2011* commenced on the 22 March 2012, with the *Retail and Commercial Leases Act 1995* being assigned to the Minister for Small Business on that day. The Governor in Executive Council, under the provisions of the *Small Business Commissioner Act 2011* appointed the Small Business Commissioner on 29 March 2012 for a period of five years. The Minister for Small Business had previously appointed Associate Professor Frank Zumbo as Deputy Small Business Commissioner on 31 January 2012 for a period of five years.

The *Small Business Commissioner Act 2011* has as its primary purpose the enhancement of a fair and competitive environment for small businesses so that they can flourish now and into the future and to facilitate the resolution of disputes between parties in a wide variety of business to business contexts.

The Small Business Commissioner and his office has statutory independence in pursing the functions as outlined in Section 5 of the *Small Business Commissioner Act 2011*, and in sections of the South Australian *Retail and Commercial Leases Act 1995* and the *Fair Trading Act 1987*. The Commissioner reports to the Minister for Small Business in respect of the operations of the Commissioner, and in accordance with any requests made by the Minister for Small Business under the specific provisions in the *Act*.

Valuable support in setting up the SBC has been provided by the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE). I thank the Chief Executive and his staff for their ongoing support.

The primary focus of the Small Business Commissioner in its early months has been the establishment of a no or low cost dispute resolution service for matters involving business to business, business to Local government bodies, and business to State government bodies' disputes. Results within the period show significant activity and success in the dispute resolution role of the Commissioner with an 85% success rate in completed cases during the period. In this report there are case studies that demonstrate the type of success achieved to date.

Additional work has focused on the development of the first on the Industry Codes. This work is being led by the Deputy Commissioner and I thank him for his tireless support both in this important area as well as all other areas of work undertaken by our office. I would also like to especially acknowledge the Deputy Commissioner's work while he was Acting Small Business Commissioner before my appointment.

Continued ...

... Continued

In addition to the above significant work my staff have put considerable effort into the development of a range of information services, including the development of a website, production of a services brochure and other information and the formation of a mediation panel. I'm also pleased with the recruitment and development of a high quality team; and with the development of relationships and networks with the other State based Commissioners, the Australian Competition and Consumer Commission, Australian Securities and Investments Commission, various State and Local government bodies and a wide range of business groups, individuals and associations.

Advocacy for the sector is a particular priority for both the Deputy Commissioner and me. This has and will involve making representations to the State government and Parliamentary inquiries, offering possible improvements to legislation to make it more small business friendly, and making submissions to relevant inquiries.

Regional areas are a particular priority for the Small Business Commissioner given the vital importance of small businesses, including farmers, to these areas and hence both the Deputy Commissioner and I started in late June 2012 the first of a series of regional visits aimed at providing businesses and key community leaders with an understanding of what the new Statutory office can offer, for the Commissioners to understand particular challenges that are faced by businesses in regional areas and to consult on the first Industry Code.

The first three months of operation has been both challenging and rewarding. The ability of the Office of the Small Business Commissioner to effectively respond to a wide range of disputes and commercial issues and resolve the majority of these in a timely and no cost manner has been satisfying. Although the SBC is in its early days, already a range of trends are starting to emerge. The willingness of all areas of business as well as State and Local government bodies to constructively engage with the Commissioner has also been particularly pleasing.

The coming year will see the Small Business Commissioner develop further in its capacity and capability to provide a high quality dispute resolution service across the State and across a wide range of business areas that have been identified, the rollout of the Industry Codes strategy, further quality information services and continued advocacy for the sector.

Finally I would like to thank the Minister for Small Business, The Hon Tom Koutsantonis MP and his staff for their significant support during the initial phase of this important initiative. I would also like to thank the many Members of Parliament who continue to support our work.

With greater business and community awareness of the role of the Small Business Commissioner, it is anticipated that the range and complexity of services offered will expand throughout 2012/13.



Mike Sinkunas
Small Business Commissioner



2

Operations of the Small Business Commissioner

2.1 Overview and Role of the Office

The establishment of the Small Business Commissioner recognises the vital contribution that small businesses make to the South Australian economy. It is estimated that there are approximately 142,000 small businesses in the State.

The aim of the Small Business Commissioner and his staff is to assist small businesses where they are confronted with unfair market conduct by other businesses, landlords and Local and State government bodies across the State. Small businesses need a fair and competitive environment to grow and access to services. A key part of that is to provide a framework where disputes can be resolved with a minimum of stress and cost to all parties involved.

In October 2010 the Minister for Small Business, the Hon Tom Koutsantonis MP announced the establishment of a Small Business Commissioner and legislation was subsequently passed by the South Australian Parliament on 20 October 2011. The Small Business Commissioner (SBC) commenced operations on 22 March 2012.

The Small Business Commissioner operates within the following legislation:

- *Small Business Commissioner Act 2011*
- *Retail and Commercial Leases Act 1995*
- *Fair Trading Act 1987*

The Small Business Commissioner also:

- Provides independent advice and recommendations regarding small business issues to the government of the day;

- Makes representations to the Minister for Small Business and other individuals or groups as required;
- Makes submissions to relevant enquiries at various levels; and
- Advocates for the sector.

2.2 Key Statistics Relating to Disputes

Statistics as at 30 June 2012

Total Cases	122
Total Active Cases	62
Total Completed	60
% of all completed cases successfully resolved	85% (51 of 60 cases)

Total of active and completed cases by category

Franchising	18%
General Business to Business	39%
Retail Tenancies	28%
Local Council/Government	2%
State Government	4%
Farming	6%
Other	3%

More detailed information concerning other statistics is outlined later in this report.



2.3 SBC Web Site Overview

The Small Business Commissioner web site (www.sasbc.sa.gov.au) was developed to provide wide ranging information to those businesses that may benefit from the work of the Commissioner. This includes small businesses generally, retail landlords and tenants, franchisors and franchisees, legal and other professional advisers and government agencies. In particular, the website provides information regarding the functions and services offered by the new Commissioner.

2.4 SBC Web Site Development

Recognising the importance of the availability of online information the SBC has since undertaken further enhancements to the web site. These enhancements have been made to provide more detailed information on services and operations of the SBC.

Features of the web site include but are not limited to:

- Services overview
- Dispute resolution information
- Retail Leasing Information
- Industry Code development
- Legislation
- Resources and on-line brochures
- Media updates
- Regional and Community Presentations

2.5 SBC Web Site Statistics

Statistics for the period 22 March 2012 to 30 June 2012 of 2011/12 financial year have shown that the number of visits to the site has progressively increased since the opening of the SBC. Over 1,450 hits were received over this time.

2.6 Information Brochure

The development of an information brochure providing an overview and services of the Small Business Commissioner was an initial high priority. The brochure outlines:

- The role and priorities of the SBC;
- Details of the no or low cost dispute resolution services available;
- An explanation of how disputes are resolved;
- An overview of the developmental work on Industry Codes;
- The range of initial information services;
- Advocacy roles of the Commissioners; and
- An overview of Retail and Commercial leases.

It is available in hardcopy or electronically through the website.



3

Priorities of the Small Business Commissioner

The SBC provides a range of services to the Small Business sector and will especially focus on four key areas in the initial stages of the Commissioner's development. They are:

- Dispute resolution – providing a timely and cost effective option for managing disputes;
- Industry Codes – developed to promote better relationships;
- Information Services – to assist small businesses to make informed decisions;
- Advocacy – to promote greater awareness of opportunities available and the challenges that face small businesses in today's economic climate.

These priorities were derived from the legislative functions as outlined in section 5 of the *Small Business Commissioner Act 2011* and will act as the central pillars in the work of the SBC. These key priorities are now outlined in more detail.

3.1 Dispute Resolution – the provision of a no or low cost service

A key service of the Commissioner is the development and provision of a no or low cost dispute resolution service. This service helps small businesses to try and resolve disputes quickly and with minimum cost. The resolution of disputes helps preserve commercial relationships and ensures that small businesses can devote all their energies to running the business and not be distracted by disputes.

The Small Business Commissioner is available to help resolve:

- Disputes or issues faced by small businesses regarding unfair market practices;
- Retail tenancy and commercial leasing disputes between small businesses and landlords or other parties;
- Franchise disputes between franchisees and franchisors or other parties;
- A range of other business to business disputes, including farming related disputes;
- Disputes involving small businesses and Local government bodies; and
- Disputes involving small businesses and State government bodies.

The dispute resolution service may involve mediation or other alternative dispute resolution processes to assist the parties in resolving disputes.

The SBC does not have jurisdiction to deal with business to Commonwealth government disputes.

How disputes are managed

There are three key phases that the Small Business Commissioner uses to resolve a dispute. The first two phases commence with the Commissioner (or his delegate) providing, at no cost to all parties, initial assistance and pre-mediation support and if these steps do not resolve the dispute between the parties, then external mediation can occur at low-cost.

These phases are as follows:

1. Initial assistance

- The Commissioner and the office staff will assess each matter.
- Information will be provided such as responsibilities under relevant legislation where appropriate.

- An officer within the Small Business Commissioner will be assigned the case.
- The Commissioner (or his delegate) will make contact with the other party or parties to request preliminary information where necessary and to seek that parties view on the matter.
- Some issues are resolved at this stage.

There is no cost for this service to any parties.

2. Pre-mediation or facilitated negotiations

- If a matter has not been resolved during the initial phase, staff within the Small Business Commissioner will discuss options with each party to attempt resolution of the dispute in a timely manner. Normally this involves a meeting or discussion and can include an informal process of facilitated negotiations.
- Any settlement that is reached by the parties will be documented and be legally enforceable.

There is no cost for this service to any parties.

3. External mediation

- If the dispute cannot be resolved during the first two phases, an option will be presented to the parties to resolve the dispute by the use of an independent external mediator, drawn from the Commissioner's mediation panel which is discussed later in this Report.
- When parties agree to mediation then the Commissioner or his delegate will organise a suitable venue, time and date agreeable to the parties. The Commissioner has facilities available for confidential mediations.
- Mediations will be confidential to the parties.
- Any settlement that is reached by this process will be documented and be legally enforceable as an agreement between the parties.
- If required an additional mediation could be arranged if desired by all parties.
- Parties are still able to take a matter to Court if they so desire.
- The Commissioner has engaged an experienced panel of professional mediators to provide this service. Full details regarding the mediators panel are provided later in this report

External mediation will incur a fee of \$195 per party per day for mediation services. This fee is set under the Small Business Commissioner Regulations 2012.

3.2 Industry Codes

The *Small Business Commissioner Act 2011* provides a legislative framework for the South Australian Minister for Small Business to prescribe Industry Codes and for those codes to be enforced by the Small Business Commissioner. Where prescribed by the Minister an Industry Code will be mandatory for industry participants. The Minister for Small Business will decide whether to prescribe a particular code following consultation with industry participants.

Industry Codes are a proven mechanism to improve standards of conduct within an industry. Codes typically set out specific standards of conduct for how an industry will deal with a range of issues. These may include disclosure arrangements and resolution of disputes.

The Industry Codes development process

A key priority for the Deputy Small Business Commissioner will be the development of Industry Codes.

A code may be developed in the following ways:

- A proposal is put forward to the Minister for Small Business from industry participants or groups; or
- The Small Business Commissioner and Deputy Commissioner may recommend to the Minister for Small Business that a process be initiated for the development of a code. An existing code such as a Commonwealth code may be adopted by the Minister for Small Business as a South Australian code.

The development process for each code is likely to have a number of common elements and a consultation process will be a critical part of that development process, as well as being required by the legislation.

Once a code is developed, the Minister for Small Business will be in a position to prescribe the code if considered appropriate.

In developing Industry Codes the Commissioner and Deputy Commissioner will be performing their functions in a way that promotes better relationships and conduct between businesses and between businesses and State and Local government bodies.

The Minister for Small Business has already identified farming and franchising as priority areas for the development of Industry Codes.



All Industry Codes that are developed will be monitored by the Small Business Commissioner and Deputy Commissioner. If the code is a mandatory or prescribed code then the Commissioner and Deputy Commissioner will be able to enforce that code under the provisions of the *Fair Trading Act 1987*.

Work to date on Industry Codes

A first priority for the Deputy Commissioner has been the development of a mandatory South Australian Farming Code of Conduct aimed at providing an alternative dispute resolution framework that assists participants in the farming sector to resolve disputes.

The purpose of a Farming Code is to provide a formal no or low cost framework for resolving disputes in a timely manner. The benefits of doing so include:

- helping to preserve the business relationship between the parties whenever possible;
- seeking to reduce the business and legal costs associated with a dispute;
- helping to minimise any financial or personal stress on the parties as a result of the dispute; and
- helping to keep matters out of the courts whenever possible.

Within this context, the Commissioner and Deputy Commissioner have consulted widely and continue to do so regarding the potential scope and operation of the proposed mandatory Farming Code of Conduct.

The Deputy Commissioner has also commenced work on a proposed mandatory South Australian Franchising Code of Conduct and a proposed mandatory South Australian Motor Vehicle Industry Code of Conduct. The Commissioner and the Deputy Commissioner are continuing to consult widely regarding these two proposed mandatory Industry Codes of conduct.



Frank Zumbo
Deputy Commissioner

3.3 Information Services

An important function of the Small Business Commissioner is the provision of a range of information services. The particular focus in this priority area initially has been to provide businesses with information about the key elements of the services provided by the Commissioner.

This information outlines businesses' rights and responsibilities with an initial particular emphasis on the *Retail and Commercial Leases Act 1995*.

A web site has been developed and continues to be enhanced, an initial information brochure has been produced and distributed widely and a toll free telephone number is available to allow an easy no cost access to the Commissioner.

3.4 Advocacy

The Small Business Commissioner and Deputy Commissioner are advocates for the South Australian small business community.

During the short period of time that the SBC has been opened a number of key issues have been raised. These included support to the traders of the Brickworks markets at Thebarton and being part of a taskforce established by the Minister for Finance to develop a new policy approach to late payments to business by the State government.

It is expected that examples of advocacy that may occur in the future include:

- Representations to the government and members of both Houses of Parliament;
- Proposing legislative changes for consideration by the government of the day;
- Various matters with the National Small Business Commissioner's group; and
- Submissions to relevant government or parliamentary inquiries at State or national level.

Retail and Commercial Leases

A key element in the establishment of the Small Business Commissioner involved the Commissioner being made responsible for the administration of the *Retail and Commercial Leases Act 1995*, which governs retail tenancy and commercial leases in South Australia. The Act was assigned to the Minister for Small Business on 22 March 2012.

If a dispute arises between the parties to a Retail Tenancy or Commercial lease, either party can apply to the Small Business Commissioner for assistance to resolve the dispute between the parties through the alternative dispute resolution processes used by the Commissioner.

To date as evidenced in the key statistics, Retail and Commercial leasing matters have been the number one issue that the Commissioner has dealt with. This is in line with what has occurred in other jurisdictions that have a Small Business Commissioner and is, and accordingly will be, a priority focus of the Commissioner.

A breakdown of Retail and Commercial leases activities (RCLA) that have occurred between 22 March 2012 and 30 June 2012 are outlined in the table below:

Enquiries	Details	March*	April^	May	June	Totals
How were enquiries made?	Phone	23	104	109	121	357
	Email	2		2	3	7
	Fax					
	In writing					
	Face to face	1	4	2	3	10
	Other (specify)					
Who made the enquiry?	Landlord	10	41	46	36	133
	Tenant	13	57	59	82	211
	Real Estate Agent	2	6	3	5	16
	Solicitor (specify for which party)	1	2	5	4	12
	Other (specify)					2
	Total Contacts	26	108	113	127	374

Continued ...





... Continued

Enquiries	Details	March*	April^	May	June	Totals
Details of the lease	Shopping centre	8	18	21	42	89
	Strip	7	38	30	30	105
	Standalone shop	10	52	62	55	179
Subject matter	Rent	6	18	19	34	77
	Termination of lease	3	14	16	22	55
	Assignment	1	7	5	4	17
	Outgoings/operating expenses	7	20	23	30	80
	Bond/security deposit/bank guarantee	3	12	9	14	38
	Condition of the property	9	30	32	43	114
	Pre-lease negotiations	1	2	6	10	19
	End of lease negotiations	3	18	23	9	53
	Disclosure statements	3	17	12	17	49
	Other (specify)	2	9	11	13	35
Total		38	147	156	196	537
Action taken in response	Sent out information	1		1		2
	Gave strategic advice	24	108	113	127	372
	Contacted the other party to discuss	1	1	2	1	5
	Directed to website	1		3	3	7
	Directed to application forms	1	3	3	2	9
	Directed to solicitor/agent/another	6	33	28	37	104
	Formal mediation recommended	2	15	18	12	47
	Other (specify)					

* to 21 March as jurisdiction transferred to Small Business Commissioner from 22 March from Consumer and Business Services

^ from 22 March when jurisdiction transferred to SBC

Other Statistics

Breakdown for all other enquiries (excluding RCLA)

22 March 2012 to 30 June 2012

Method of Enquiries Received	March*	April	May	June	Totals
Telephone	16	162	158	211	547
Email		4	7	11	22
Fax					
In Writing					
Face to Face	1	1	3	4	9
Contact Form		2	2	4	
Other					
Total	17	167	170	228	582

Enquiries by Category	March*	April	May	June	Totals
Franchising	3	37	36	48	124
General Business	8	74	73	92	247
Local Council	1	12	8	19	40
State Government	2	17	15	23	57
Farming	2	18	22	27	69
Other	1	9	16	19	45
Total	17	167	170	228	582

* from 22 March

Total enquiries made to the SBC for period 22 March 2012 to 30 June 2012 was 956.





6

Mediators

Mediation services are an important element of the alternative dispute resolution services offered by the Commissioner.

The Small Business Commissioner has engaged an experienced panel of professional mediators to provide mediation services to parties in dispute. A tender process was conducted through the South Australian Government Procurement process, with the Minister for Small Business approving the recommendations.

The successful Panel of Mediators have demonstrated specialised expertise and knowledge in the following fields; Small Business; Commercial Contracts; Farming; Retail Leasing and/or Franchising. All Mediators have at least five years relevant professional, commercial, industry experience and a minimum of two years' experience as a Mediator.

Mediators are allocated to cases based on the qualifications or expertise required for the resolution of a dispute, nature of the dispute and any specific party needs.

The four panel members are appointed initially for a two year period and comprise of:

- Beckmann and Associates;
- Ian Nosworthy and Partners;
- SG Law Pty Ltd; and
- Stella Personnel.

Case Studies

7.1 Case Study 1

Shopping centre tenant

A small business owner contacted the Small Business Commissioner (SBC) via the Minister for Small Business after he had been approached by a major shopping centre landlord regarding a rent increase. The rent increase was perceived, by the tenant, to be unreasonable, especially given the additional landlord expectations surrounding a request for a major refit which would have caused a major cash flow problem for the business.

After much negotiation between the two parties, convened by staff of the SBC, a successful outcome was able to be achieved including negotiated rental payments for the future and reduced outfit obligations, enabling the small business owner to continue to trade in the large shopping centre for many years to come. The relationship between the two parties continues to be harmonious. There was no cost to either party from the involvement of the Small Business Commissioner and Deputy Commissioner.

7.2 Case Study 2

Local small business

A long term small business trader was experiencing difficulties with an event organiser in regard to the location of a stall at a forthcoming major event. The two entities had been involved with each other for approximately 15 years regarding the event. After exhausting all options available, the trader contacted the SBC in the hope that the initial selection of the site allocated would be reconsidered.

After contact was made by the SBC with the event organiser, further communication was held between both parties resulting in a different location being offered to the small business trader, which meant that he had a much wider area of exposure to promote his business at the event. This matter was resolved amiably between the two parties within a very short period of time at no cost to either party and the relationship between them has continued to prosper.

7.3 Case Study 3

Franchise matter

A franchisee applied to the SBC to resolve a dispute between themselves and the franchisor.

Both franchisor and franchisee had been in a long standing business relationship but now the franchisee wanted to end this relationship amicably. The franchisee wanted to be removed from the franchise model without fear of litigation, and requested a settlement payment to account for their initial franchise payment to the franchisor.

The Small Business Commissioner and Deputy Commissioner became involved in the dispute and both parties were invited to attend various meetings to negotiate a reasonable settlement that would satisfy both parties.

After successful negotiations facilitated by the Small Business Commissioner and Deputy Commissioner, the franchisee and franchisor agreed to a mutually beneficial settlement. The successful negotiation allowed both parties to move forward, removing the expense and stress of litigation, whilst keeping their relationship intact.





Stakeholder Engagement

The Commissioner and Deputy Commissioner have been actively engaging with a wide range of stakeholders to both inform and discuss with them the services the Small Business Commissioner can provide for business and/or to have discussions and seek feedback to inform our thinking regarding the first of the mandatory Industry Codes of conduct to be developed – the Farming Code.

The following list outlines stakeholders engaged in the period from 29 March 2012 until 30 June 2012:

- Shopping Centre Council of Australia
- Major shopping centre landlords
- Motor Trade Association of Australia
- Franchise Council of Australia
- South Australian-based franchisors
- A leading car manufacturer
- Energy Consumers' Council
- SA Dairy Farmers Association
- A major bank
- Business Development Council
- Legal and business advisers
- Australian Newsagents Federation
- BEC Australia
- Brickworks Markets Committee
- SA Sheep Advisory Group
- SA Farmers Federation
- Whyalla Chamber of Commerce
- Whyalla City Council
- Regional Development Australia Whyalla and Eyre Peninsula
- Port Augusta Council
- Regional Development Australia Far North

- Port Pirie Chamber of Commerce
- Regional Development Australia Yorke and Mid North
- Clare Grape Growers Association
- SA Seafood Industry Federation
- Food SA
- Grain Producers SA
- Wine Grape Growers of Australia
- Kangaroo Island Council
- Various Kangaroo Island local businesses

Meetings were also held with:

- Members of State Parliament
- Members of Federal Parliament
- PIRSA
- Legal Services Commission
- SA Water
- ETSA Utilities
- Consumer and Business Services
- South Australian Ombudsman
- ACCC
- ASIC
- ACCC Franchising Consultative Committee
- ACCC Small Business Consultative Committee
- The Federal Department of Industry, Innovation, Science, Research and Tertiary Education
- The New South Wales Small Business Commissioner
- Victorian Small Business Commissioner
- Western Australian Small Business Commissioner

Information about the services of the Commissioner has been provided to all members of the South Australian Parliament, both in the House of Assembly and Legislative Council. It is recognised that the constituents of members of both Houses may wish to avail themselves of the services that SBC offers.



Strategy and Objectives for 2012/13

During the first few months of operation, significant planning has occurred by the Small Business Commissioner and Deputy Commissioner for the 2012/13 financial year.

The key priorities that have been developed, focussing on Dispute Resolution, Industry Codes, Information Services and Advocacy will be further enhanced.

Objectives in these areas for 2012/13 will include:

Dispute Resolution

- The implementation of a case management system which will complement the initial systems that have been set up for case management.
- Further refining and expanding the dispute resolution services offered.

Industry Codes

- The finalisation of consultation regarding the development of the Farming Code, its release for formal consultation and subject to parliamentary processes for its implementation.
- The development, release for consultation and again subject to parliamentary processes the South Australian Franchising and Motor Vehicle Industry Codes.

Information Services

- Enhancements to the existing website.
- The development of a version of the website suitable for smartphones and tablets.
- A range of information services tailored to meet identified business needs.

Advocacy

- Representation to the government and members of both Houses of Parliament on key matters that are brought before the Commissioners.
- Proposing legislative changes for consideration by the government.
- Further enhancing the work with the National Small Business Commissioner's group.
- Submissions to relevant government or Parliamentary inquiries at State or national level as required.

In addition a significant focus will be on enhancing the awareness of the Commissioner—building on the initial stakeholder engagement process that has occurred in the first few months of operation.

This will involve continued work with regional communities with a series of road trips planned and ongoing engagement with regional South Australian businesses, as well as building on the initial work completed with industry bodies and associations. This work will further develop relationships with those communities and business groups.

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10.1 Small Business Commissioner

Independent Audit Report

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CERTIFICATE OF COMPLIANCE

We certify that the:

- financial statements of the Small Business Commissioner incorporating its administered item of the Retail Shop Leases Fund;
 - ▶ are in accordance with the accounts and records of the authority; and
 - ▶ comply with relevant Treasurer's instructions; and
 - ▶ comply with relevant accounting standards; and
 - ▶ present a true and fair view of the financial position of the authority at the end of the financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the Small Business Commissioner over its financial reporting and its preparation of the financial statements have been effective during its initial period of operation which commenced from 23 March 2012.

A handwritten signature in black ink, appearing to read "Mike Sinkunas".

Mike Sinkunas
Small Business Commissioner
Small Business Commissioner
22 November 2012

A handwritten signature in black ink, appearing to read "Peter Polychronopoulos".

Peter Polychronopoulos
CHIEF FINANCE OFFICER
CORPORATE SERVICES
Department for Manufacturing,
Innovation, Trade, Resources and
Energy
22 November 2012

Independent Audit Report ... Continued



Government of South Australia
Auditor-General's Department

Our Ref: A12/352

22 November 2012

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Mr M Sinkunas
Small Business Commissioner
Level 14
19 Grenfell Street
ADELAIDE SA 5000

Dear Mr Sinkunas

**Audit of the Small Business Commissioner
for the three months ended 30 June 2012**

The audit of the accounts of the Small Business Commissioner for the three months ended 30 June 2012 has been completed.

The scope of the audit covered the principal areas of the financial operations of the Small Business Commissioner and included the test review of systems and processes and internal controls and financial transactions.

The audit coverage and its conduct is directed to meeting statutory audit responsibilities under the *Public Finance and Audit Act 1987* and also the requirements of Australian Auditing Standards.

Please find, returned herewith the financial statements of the Small Business Commissioner together with the Independent Audit Report, which is unmodified.

Finally, I would like to express my appreciation to you and your staff in providing assistance to my officers in the conduct of the annual audit.

Yours sincerely

A handwritten signature in black ink, appearing to read "S O'Neill".

S O'Neill
Auditor-General



Independent Audit Report ... Continued

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Small Business Commissioner

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Small Business Commissioner for the three months ended 30 June 2012. The financial report comprises:

- a Statement of Comprehensive Income for the three months ended 30 June 2012
- a Statement of Financial Position as at 30 June 2012
- a Statement of Changes in Equity for the three months ended 30 June 2012
- a Statement of Cash Flows for the three months ended 30 June 2012
- notes to and forming part of the financial statements
- a Statement of Administered Comprehensive Income for the three months ended 30 June 2012
- a Statement of Administered Financial Position as at 30 June 2012
- a Statement of Administered Changes in Equity for the three months ended 30 June 2012
- a Statement of Administered Cash Flows for the three months ended 30 June 2012
- a Certificate from the Small Business Commissioner and the Chief Finance Officer Corporate Services, Department for Manufacturing, Trade, Resources and Energy.

The Small Business Commissioner's Responsibility for the Financial Report

The Small Business Commissioner is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Small Business Commissioner determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

Independent Audit Report ... Continued

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

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

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Small Business Commissioner as at 30 June 2012, its financial performance and its cash flows for the period then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



S O'Neill
AUDITOR-GENERAL
22 November 2012



Statement of Comprehensive Income

For the Three Months Ended 30 June 2012

	Note No.	2012 \$'000
Expenses		
Employee benefit expenses	4	350
Supplies and services	5	231
Total expenses		581
Income		
Recoveries	7	67
Total income		67
Net cost of providing services		514
Revenues from SA Government		
Revenues from SA Government	8	764
Net result		250
Total comprehensive result		250

The net result and comprehensive result are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2012

	Note No.	2012 \$'000
Current assets		
Cash	9	445
Receivables	10	67
Total current assets		512
Total assets		512
Current liabilities		
Payables	11	81
Employee benefits	12	71
Total current liabilities		152
Non-current liabilities		
Payables	11	16
Employee benefits	12	165
Total non-current liabilities		181
Total liabilities		333
Net assets		179
Equity		
Retained earnings		179
Total equity		179
The total equity is attributable to the SA Government as owner.		
Unrecognised contractual commitments		13
Contingent assets and liabilities		18

The above statement should be read in conjunction with the accompanying notes.



Statement of Changes in Equity

For the Three Months Ended 30 June 2012

	Note No.	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2011		–	–
Net result for 2011–12		250	250
Total comprehensive result for 2011–12		250	250
Transactions with SA Government as owner			
Net assets received from an administrative restructure	14	(71)	(71)
Balance at 30 June 2012		179	179

All changes in equity are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the Three Months Ended 30 June 2012

	Note No.	2012 Inflows (Outflows) \$'000
Cash flows from operating activities		
Cash outflows		
Employee benefit payments		(160)
Payments for supplies and services		(159)
Cash used in operations		(319)
Cash flows from SA Government		
Receipts from SA Government	8	764
Cash generated from SA Government		764
Net cash provided by operating activities	15	445
Net increase in cash		445
Cash as at 1 July		—
Cash as at 30 June	9, 15	445

The above statement should be read in conjunction with the accompanying notes.



Statement of Administered Comprehensive Income

For the Three Months Ended 30 June 2012

	2012 \$'000
Expenses	
Supplies and services	67
Total expenses	67
Income	
Interest revenues	117
Other income	4
Total income	121
Net result	54
Other comprehensive income	
Market value movement of investments	(27)
Total comprehensive result	27

Statement of Administered Financial Position

As at 30 June 2012

	2012 \$'000
Current assets	
Cash and cash equivalents	516
Receivables	95
Investments	2,523
Total current assets	3,134
Non-current assets	
Investments	3,380
Total non-current assets	3,380
Total assets	6,514
Current liabilities	
Payables	72
Security bonds lodged	824
Total current liabilities	896
Non-current liabilities	
Security bonds lodged	4,412
Total non-current liabilities	4,412
Total liabilities	5,308
Net assets	1,206
Equity	
Retained earnings	1,370
Investments market value reserve	(164)
Total equity	1,206



Statement of Administered Changes in Equity

For the Three Months Ended 30 June 2012

	Investment Market Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2011	–	–	–
Net result for 2011–12	–	54	54
Gain/(Loss) taken to equity	(27)	–	(27)
Total comprehensive result for 2011–12	(27)	54	27
Transactions with SA Government as owner			
Net assets transferred	(137)	1,316	1,179
Balance at 30 June 2012	(164)	1,370	1,206

Statement of Administered Cash Flows

For the Three Months Ended 30 June 2012

	2012 Inflows (Outflows)
	\$'000
Cash flows from operating activities	
Cash outflows	
Administration	(135)
Bond refunds	(144)
Cash used in operations	(279)
Cash inflows	
Interest received	6
Bond lodgements	195
Other receipts	–
Cash generated from operations	201
Net cash provided by/(used in) operations	(78)
Net (decrease) increase in cash and cash equivalents	(78)
Cash and cash equivalents as at 1 April 2012	594
Cash and cash equivalents as at 30 June 2012	516



10.2 Small Business Commissioner – Notes to Financial Statements

Note 1 – Objectives of the Small Business Commissioner

The Small Business Commissioner (the Commissioner) is committed to helping build the best possible environment in which small business can flourish, now and in the future.

- Provide no or low cost dispute resolution services for businesses
- Develop, promote and where necessary enforce Industry Codes of Conduct (under the *Fair Trading Act 1987*)
- Provide a range of information services
- Act as an Advocate for the sector
- Administer the *Retail and Commercial Leases Act 1995*

Note 2 – Summary of significant accounting policies

a) Statement of compliance

The Commissioner has prepared these statements in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts for the Commissioner and the Administered Item comprising 'the Retail Shops Leases Fund (the Fund)' have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Commissioner has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Commissioner is a not-for-profit entity.

Australian Accounting Standards and interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Commissioner for the reporting period ending 30 June 2012. These are outlined in Note 3.

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Commissioner's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have, if applicable, been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty / transaction is with an entity within the SA Government as at reporting date, classified according to their nature;
 - b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
 - c) employee targeted voluntary separation package information;
 - d) employees whose normal remuneration is equal or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
 - e) the Commissioner's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared for a three month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012.

c) Reporting entity

The Commissioner is a government agency of the State of South Australia, established pursuant to the *Small Business Commissioner Act 2011*.

The financial statements and accompanying notes include all the controlled activities of the Commissioner.

Administered Items

Responsibility for the Retail Shop Leases Fund (the Fund) was transferred to the Commissioner. The operations of the Fund are reported as Administered Items of the Commissioner. More information regarding the transfer is contained in section (d) Transferred functions below.

The Fund consists of the amounts received by the Commissioner by way of security bonds and other amounts paid into the Fund. The Fund is administered by the Commissioner.

As detailed information is provided through separate financial statements of the Fund, administered items of the Commissioner are disclosed as a set of abridged financial statements at the end of the controlled General Purpose Financial Statements. Except as otherwise disclosed, the administered items are accounted for on the same basis and using the same accounting policies as for the Commissioner items.

d) Transferred functions

The *Small Business Commissioner Act 2011*, Notice 41 of 2011, was assented to on 10 November 2011 and proclaimed on 22 March 2012 to:

- establish the Commissioner to provide for the powers and functions of the Commissioner; to make associated amendments to the *Fair Trading Act 1987* and the *Retail and Commercial Leases Act 1995*; and for other purposes.

In addition, the function of the Fund, was transferred from the Attorney-General's Department to the Commissioner as of 22 March 2012 as an Administered Item, however, in accordance with APF II, the transfer date is based on the nearest month end date, being 1 April 2012.

In accordance with the *Retail and Commercial Leases Act 1995*, a full version of Financial Statements for the Fund has been prepared.

An abridged version of these Financial Statements are disclosed at the end of the controlled General Purpose Financial Statements.

e) Comparative information

As the Commissioner commenced operation from the 22 March 2012 comparative values for 2011 are not applicable.

Similarly, as the Fund transferred from the Attorney-General's Department to the Commissioner as of 1 April 2012, comparative values for 2011 are not applicable.

f) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

g) Taxation

The Commissioner is not subject to income tax. However, the Commissioner is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and Local government rate equivalents. GST collections and payments are carried out by the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) on behalf of the Commissioner.

h) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provides information about conditions that existed at 30 June.



Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

i) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Commissioner will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose income where the counterparty / transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Revenues from SA Government are recognised when the Commissioner obtains control over the funding. Control over the funding is normally obtained upon receipt.

j) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Commissioner will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose expenses where the counterparty / transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Employee benefit expenses

Employee benefit expenses includes all cost related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Commissioner to the superannuation plan in respect of current services of current staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

k) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within twelve months and more than twelve months, the Commissioner has separately disclosed the amounts expected to be recovered or settled after more than twelve months.

l) Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose financial assets where the counterparty / transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Cash

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and on hand.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable and other accruals.

Receivables arise from the partial or full recovery of costs associated with the Commissioner providing mediation services to assist in dispute resolution between small businesses and provision of management resources to the Fund. Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Commissioner will not be able to collect the debt. Bad debts are written off when identified.

Non-current asset acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements then the assets are recognised at book value i.e. the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value equal to or in excess of \$10,000 are capitalised.

m) Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose financial liabilities where the counterparty / transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Payables

Payables include creditors, accrued expenses, GST payable and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Commissioner.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefit on-costs include payroll tax, workers compensation and superannuation contributions in respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

The Commissioner makes contributions to several State government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Commissioner has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Commissioner has entered into operating leases in relation to premises and motor vehicles for its administrative and operating activities.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.



Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at their nominal amounts.

Wages, salaries, annual leave and sick leave

The liability for salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

Long service leave

The liability for long service leave is recognised when an employee begins service with the Commissioner. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Commissioner's experience of employee retention and leave taken.

Provisions

Provisions are recognised when the Commissioner has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Commissioner expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

At 30 June 2012 the Commissioner had no provisions.

n) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Commissioner. If GST is not payable to, or recoverable from the Australian Taxation Commissioner, the commitments and contingencies are disclosed on a gross basis.

Note 3 – New and revised accounting standards and policies

The Commissioner did not voluntarily change any of its accounting policies during 2011–12.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted for the period ending 30 June 2012. An assessment has been undertaken of the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Commissioner.

Note 4 – Employee benefits expenses

	2012 \$'000
Salaries and wages	132
Long service leave	140
Annual leave	26
Employment on-costs – superannuation	32
Employment on-costs – other	20
Total employee benefits expenses	350

No employees received a TVSP or early termination payment during 2011–12.

No employees received remuneration within the period of reporting that is greater than the base executive remuneration level.

Note 5 – Supplies and services

	2012 Note No. \$'000
Supplies and services provided by entities within the SA Government	
Accommodation and service costs	24
Accounting and audit fees	6
Total supplies and services – SA Government entities	35
Supplies and services provided by entities external to the SA Government	
Accommodation and service costs	2
Communications and information technology expense	45
Contractors	82
Marketing	18
Travel and related expenses	22
Commissioner administration expenses	27
Total supplies and services – Non-SA Government entities	196
Total supplies and services	231

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to the Commissioner not holding a valid tax invoice or payments related to third party arrangements.



Note 6 – Auditor's remuneration

	2012 \$'000
Audit fees paid/payable to the Auditor-General's Department	11
Total audit fees	11

No other services were provided by the Auditor-General's Department.

Note 7 – Recoveries

	2012 \$'000
Recoveries received/receivable from entities within SA Government	
Administered income	67
Total recoveries – SA Government entities	67
Total recoveries	67

Total Administered Income relates to the administration of the Retail Shop Leases Fund.

Note 8 – Revenues from SA Government

	2012 \$'000
Revenues from SA Government	
Intra government transfers	764
Total revenues from SA Government	764

Relates to appropriation for operational funding received via the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE).

Note 9 – Cash

	2012 \$'000
Deposits at call – Westpac	445
Total cash	445

Interest rate risk

Deposits at call and with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash represents fair value.

Note 10 – Receivables

	2012 \$'000
Current	
Accrued revenue	67
Total current receivables	67
Total receivables	67
Government / Non-Government receivables	
Receivables from SA Government entities	
Accrued revenue	67
Total receivables from SA Government entities	67
Total receivables	67

Interest rate and credit Risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables and accrued revenues are non-interest bearing.

It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

(a) Maturity analysis of receivables – Please refer to table 17.2 in Note 17.

(b) Categorisation of financial instruments and risk exposure information – Please refer to Note 17.



Note 11 – Payables

	2012 \$'000
Current	
Creditors and accrued expenses	72
Employee on-costs	9
Total current payables	81
Non-current	
Employee on-costs	16
Total non-current payables	16
Total payables	97
Government / Non-Government payables	
Payables to SA Government entities	
Creditors and accrued expenses	43
Employee on-costs	25
Total payables to other SA Government entities	68
Payables to non-SA Government entities	
Creditors and accrued expenses	29
Total payables to non-SA Government entities	29
Total payables	97

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave is 40% in 2012 and the average factor for the calculation of employer superannuation cost on-cost is 10.3%. These rates are used in the employment oncost calculation.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

a) **Maturity analysis of payables** – Please refer to table 17.2 in Note 17.

b) **Categorisation of financial instruments and risk exposure information** – Please refer to Note 17.

Note 12 – Employee benefits

	2012 \$'000
Current	
Annual leave	31
Long service leave	40
Total current employee benefits	71
Non-current	
Long service leave	165
Total non-current employee benefits	165
Total employee benefits	236

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of long service leave liability is zero years. It is accepted practice to estimate the present value of future cash outflows associated with the long service leave liability by using a shorthand measurement technique. The shorthand measurement technique takes into account such factors as changes in discount rates and salary inflation. AASB 119 requires the use of the yield on long term Commonwealth government bonds as the discount rate in the measurement of long service leave liability. The yield on long term Commonwealth government bonds is 3.0% in 2012, which is used as the rate to discount future long service leave cash flows.

The actuarial assessment performed by the Department of Treasury and Finance determined that the salary inflation is 4%.



Note 13 – Unrecognised contractual commitments

	2012 \$'000
Capital commitments	
Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements are payable as follows:	
Within one year	50
Total capital commitments	50
Capital commitments at 30 June 2012 relate to information technology systems development.	
Remuneration commitments	
Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:	
Within one year	327
Later than one year but not longer than five years	1,218
Total remuneration commitments	1,545
Amounts disclosed include commitments arising from executive and other service contracts. The Commissioner does not offer fixed-term remuneration contracts greater than five years.	
Operating lease commitments	
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:	
Within one year	137
Later than one year but not longer than five years	647
Later than five years	979
Total operating lease commitments	1,763
Representing:	
Cancellable operating leases	12
Non-cancellable operating leases	1,751
	1,763

The Commissioner's operating leases relate to Commissioner accommodation and motor vehicles. Commissioner accommodation is leased from the Department for Water as well as the Department of Planning, Transport and Infrastructure. The leases are non-cancellable with terms ranging up to ten years with some leases having the right of renewal. Motor vehicles are leased from the Department of Treasury and Finance – Fleet SA with lease periods of up to three years. These are cancellable without notice.

All motor vehicle and Commissioner accommodation commitments relate to entities within the SA Government.

Note 14 – Transferred functions

Transferred in

Amendments to the *Retail and Commercial Leases Act 1995* on 22 March 2012 transferred the function of the Retail Shop Leases Fund (the Fund), previously undertaken by the Attorney-General's Department (Residential Tenancies Division).

For the purpose of preparing the 2012 financial statements for the Commissioner, the Fund has been treated as an Administered item.

The total income and expenses attributable to the Administered functions transferred for 2011–12 were:

	Attorney-General's Department 1/07/2011 – 31/3/2012 \$'000	Small Business Commissioner 1/04/2012 – 30/6/2012 \$'000	Total \$'000
Net result			
Income			
Administered	185	121	306
Total income	185	121	306
Expenses			
Administration	60	67	127
Total expenses	60	67	127
Net result	125	54	179
Net gain/(loss) on financial assets taken to equity	(15)	(27)	(42)
Total comprehensive result	110	27	137



Details of the Assets and Liabilities of the Fund ‘Administered Items’ transferred from the Attorney-General’s Department to the Commissioner effective from 1 April 2012 were:

	Attorney-General's Department (Controlled)	Attorney-General's Department (Administered)	Total
	\$'000	\$'000	\$'000
Net assets			
Cash	–	594	594
Receivables	–	13	13
Investments	–	5,895	5,895
Total assets	–	6,502	6,502
Liabilities			
Payables	–	657	657
Employee benefits	71	–	71
Other liabilities	–	4,666	4,666
Total liabilities	71	5,323	5,394
Total net assets transferred	(71)	1,179	1,108

In addition, employee benefits accrued as a result of services provided in performing the administration functions of the Fund were transferred from the ‘controlled item’ of the Attorney-General’s Department. The item is set out in the Statement of Changes in Equity.

Note 15 – Cash flow reconciliation

For the purposes of the Statement of Cash Flows, cash on hand and on deposit includes cash deposits which are used in the cash management function on a day-to-day basis.

	2012 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period	
Reconciliation of cash – cash at 30 June 2012 as per Statement of Financial Position	
Deposits at call – Westpac	445
Balance as per the Statement of Cash Flows	445
Reconciliation of net cash (used in) provided by operating activities to net result	
Net cash provided (used in) by operating activities	445
Add/(Less) non-cash items	
Employee benefit transfers	71
Increase in receivables	67
Increase in payables	(97)
Increase in employee benefits	(236)
Net result	250

Note 16 – Events after the reporting period

As at the date of this report there are no known or material events that have occurred after the reporting period.



Note 17 – Financial instruments / financial risk management

Table 17.1 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 *Summary of Significant Accounting Policies*.

Category of Financial Asset and Financial Liability	Statement of Financial Position Line Item	Note No.	Carrying Amount	Fair Value
			2012 \$'000	2012 \$'000
Financial assets				
Cash	Cash	9 , 15	445	445
Loans and receivables	Receivables ⁽¹⁾		67	67
	Total financial assets at cost		512	512
Financial liabilities				
Financial liabilities at cost	Payables ⁽¹⁾		61	61
	Total financial liabilities at cost		61	61

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc they would be excluded from the disclosure. The standard defines contract as enforceable by law.

Fair value

The Commissioner does not recognise any financial assets or financial liabilities at fair value (refer to Notes 2, 9,10,11 and 15).

Credit risk

Credit risk arises when there is the possibility of the Commissioner's debtors defaulting on their contractual obligations resulting in financial loss to the Commissioner. The Commissioner's measures credit risk on a fair value basis and monitors risk on a regular basis.

The Commissioner has minimal concentration of credit risk. The Commissioner has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Commissioner does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Currently the Commissioner does not hold any collateral as security for any of its financial assets. There is no evidence to indicate that financial assets are impaired.

The ageing of not impaired financial assets, past due is not applicable and therefore is not shown.

The following table discloses the maturity analysis of financial assets and financial liabilities.

Table 17.2: Maturity analysis of financial assets and liabilities

	Carrying Amount (\$'000)	Contractual Maturities			
		< 1 year (\$'000)	1–5 years (\$'000)	> 5 years (\$'000)	
2012					
Financial assets					
Cash	445	445	—	—	
Receivables	67	67	—	—	
Total financial assets	512	512	—	—	
Financial liabilities					
Payables	61	61	—	—	
Total financial liabilities	61	61	—	—	

Liquidity risk

Liquidity risk arises where the Commissioner is unable to meet its financial obligations as they fall due. The Commissioner is funded principally from appropriation by the SA Government. The Commissioner works with the Department of Treasury and Finance to determine the cash flows associated with its government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows. The Commissioner settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Commissioner's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in Table 17.1 represent the Commissioner's maximum exposure to financial liabilities.

Market risk

Market risk through interest rate or price fluctuations is immaterial.

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Commissioner as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

Note 18 – Contingent assets and liabilities

The Commissioner has no contingent assets or liabilities.



10.3 Retail Shop Leases Fund

Independent Audit Report

STATEMENT BY EXECUTIVE

We certify that the attached General Purpose Financial Statements for the Retail Shop Leases Fund:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Fund; and
- present a true and fair view of the financial position of the Retail Shop Leases Fund as at 30 June 2012 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Fund for the financial year over its financial reporting and its preparation of the General Purpose Financial Statements have been effective throughout the reporting period.

Paul White
Commissioner for Consumer Affairs

Dated: 22 - 11 - 12

Andrew Swanson
Executive Director
Finance and Business Services
Attorney-General's Department

Dated: 22 / 11 / 12

John O'Daly
General Manager, Business Services
Consumer and Business Services

Dated: 22 - 11 - 12

Mike Sankunas
Small Business Commissioner

Dated: 22/11/2012

Peter Polychronopoulos
Chief Finance Officer, DMITRE

Dated: 22/11/12

Independent Audit Report ... Continued



Government of South Australia
Auditor-General's Department

Our ref: A12/352

27 November 2012

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Mr M Sinkunas
Small Business Commissioner
GPO Box 1264
Adelaide SA 5001

Dear Mr Sinkunas

The audit of the Retail Shop Leases Fund for the year ended 30 June 2012

The audit of the Retail Shop Leases Fund for the year ended 30 June 2012 is complete.

The Retail Shop Leases Fund was administered by Consumer and Business Services within the Attorney-General's Department from 1 July to 22 March 2012 before it was transferred to Small Business Commissioner.

For the period 22 March 2012 to 30 June 2012, Consumer and Business Services continued to provide financial services of the Fund under a service level agreement.

Audit scope

The scope of the audit covered the principal areas of the financial operations of each statutory fund and included the test review of systems and processes and internal controls and financial transactions.

The audit program covered major financial systems and was directed primarily to obtaining sufficient evidence to enable an opinion to be formed with respect to the financial report and internal controls.

The audit coverage and its conduct is directed to meeting statutory audit responsibilities under the *Public Finance and Audit Act 1987* and also the requirements of Australian Auditing Standards.

In essence, two important outcomes result from the annual audit process, notably:

- The issue of the Independent Auditor's Report (IAR) on the integrity of AGD financial statements.



Independent Audit Report ... Continued

- The issue during the year or at the time of financial statement preparation and audit or close thereto, of audit management letter(s) advising of system, process and control matters and recommendation for improvement.

The results of the audit were communicated in the first instance to the Commissioner for Consumer Affairs. Audit findings for the fund, together with responses from the Commissioner for Consumer Affairs will be provided once received by my department.

Returned herewith are the financial statements for the Retail Shop Leases Fund together with the IAR which is unmodified.

Other comments

Finally, I would like to express my appreciation to the management and staff in providing assistance during the year to my officers in the conduct of the annual audit.

If you wish to discuss any of the issues in this letter please contact the Principal Audit Manager responsible, Mr Justin Leckie on (08) 8226 9640.

Yours sincerely



S O'Neill
AUDITOR-GENERAL

Enc.

Independent Audit Report ... Continued

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

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To the Small Business Commissioner

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 72(2) of the *Retail and Commercial Leases Act 1995*, I have audited the accompanying financial report of the Retail Shop Leases Fund for the financial year ended 30 June 2012. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2012
- a Statement of Financial Position as at 30 June 2012
- a Statement of Changes in Equity for the year ended 30 June 2012
- a Statement of Cash Flows for the year ended 30 June 2012
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Commissioner of Consumer Affairs, the Executive Director, Finance and Business Services, Attorney-General's Department, the General Manager, Business Services, Consumer and Business Services, Attorney-General's Department, the Small Business Commissioner and the Chief Finance Officer, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Small Business Commissioner's Responsibility for the Financial Report

The Small Business Commissioner is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as Small Business Commissioner determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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



Independent Audit Report ... Continued

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

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Retail Shop Leases Fund as at 30 June 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



S O'Neill
AUDITOR-GENERAL
27 November 2012

Statement of Comprehensive Income

For the Year Ended 30 June 2012

	Note No.	2012 \$'000	2011 \$'000
Income			
Interest revenue		290	330
Other income		16	13
Total income		306	343
Expenses			
Administration	4	127	91
Total expenses		127	91
Net result		179	252
Other comprehensive income			
Market value movement of investments		(42)	64
Total comprehensive result		137	316

The above statement should be read in conjunction with the accompanying notes.



Statement of Financial Position

As at 30 June 2012

	Note No.	2012 \$'000	2011 \$'000
Current assets			
Cash and cash equivalents	5	516	321
Investments		2,523	3,210
Receivables	6	95	129
Total current assets		3,134	3,660
Non-current assets			
Investments		3,380	2,420
Total non-current assets		3,380	2,420
Total assets		6,514	6,080
Current liabilities			
Security bonds lodged	7	824	574
Payables	8	72	174
Total current liabilities		896	748
Non-current liabilities			
Security bonds lodged	7	4,412	4,263
Total non-current liabilities		4,412	4,263
Total liabilities		5,308	5,011
Net assets		1,206	1,069
Equity			
Investments market value reserve		(164)	(122)
Retained earnings		1,370	1,191
Total equity		1,206	1,069
Unrecognised contractual commitments	10		
Contingent assets and liabilities	10		

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the Year Ended 30 June 2012

	Note No.	Investments Market Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2010		(186)	939	753
Net result 2010–11		–	252	252
Gains taken to equity	2e	64	–	64
Total comprehensive result 2010–11		64	252	316
Balance at 30 June 2011		(122)	1,191	1,069
Net result 2011–12			179	179
Losses taken to equity		(42)	–	(42)
Total comprehensive result 2011–12		(42)	179	137
Balance at 30 June 2012		(164)	1,370	1,206

The above statement should be read in conjunction with the accompanying notes.



Statement of Cash Flows

For the Year Ended 30 June 2012

	Note No.	2012 Inflows (Outflows)	2011 Inflows (Outflows)
		\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Interest received		324	270
Bond lodgements		1,222	1,014
Other receipts		16	13
Cash generated from operations		1,562	1,297
Cash outflows			
Administration		(227)	(85)
Bond refunds		(824)	(574)
Cash used in operations		(1,051)	(659)
Net cash provided by operating activities	9	511	638
Cash flows from investing activities			
Cash outflows			
Purchases for investments		(316)	(1,234)
Cash used in investing activities		(316)	(1,234)
Net cash used in investing activities		(316)	(1,234)
Net (decrease)/increase in cash and cash equivalents		195	(596)
Cash and cash equivalents at the beginning of the financial year		321	917
Cash and cash equivalents at the end of the financial year	5	516	321

The above statement should be read in conjunction with the accompanying notes.

10.4 Retail Shop Leases Fund

– Notes to Financial Statements

Note 1 – Objectives of the Retail Shop Leases Fund

The Retail Shop Leases Fund (the Fund) consists of amounts received by the Commissioner by way of security bonds, and other amounts paid into the Fund under the *Retail and Commercial Leases Act 1995* (the Act). Income derived from investment of the Fund may be applied towards the costs of administering the Act, enforcing the Act and education of lessors and lessees about their statutory and contractual rights and obligations.

The Fund's main source of income is from interest derived from the investment of Fund assets in accordance with subsection 100(4) of the Act. Fund assets mainly represent the investment of security bonds received in accordance with subsection 19(5) (b) of the Act.

Note 2 – Summary of significant accounting policies

a) Statement of compliance

The financial statements are General Purpose Financial Statements which have been prepared in accordance with applicable Australian Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

Australian Accounting Standards and interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Fund for the reporting period ending 30 June 2012. These are outlined in Note 3.

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;

- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported;
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report;
- revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies. These are outlined in note 14; and
- board/committee member and remuneration information where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Fund's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a twelve month operating cycle and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012 and the comparative information presented.

c) Reporting entity

The Fund is established under the *Act*. The financial statements are required by Section 72 (1) of the *Act* and include income, expenses, assets and liabilities which the Commissioner for Consumer Affairs administers on behalf of the SA Government.



d) Transferred functions

Between the period 1 July 2011 and 22 March 2012, the Fund was administered by the Commissioner for Consumer Affairs. From 23 March and in accordance with the *Small Business Commissioner Act 2011*, Notice 41 of 2011, assented to on 10 November 2011 and proclaimed on 22 March 2012, the administered responsibility of the Fund was transferred to the Small Business Commissioner.

e) Comparative information

The presentation and classification of items in the financial report are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements has been amended, comparative amounts have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

Where the Fund has applied an accounting policy retrospectively; retrospectively restated items in the financial statements; reclassified items in the financial statements, it has provided three Statements of Financial Positions and related notes.

The restated comparative amounts do not replace the original financial statements for the preceding period.

In 2010–11 a correction was made to the expenses, investment market value reserve and retained earnings of the Fund. Under AASB 139, investments held with the Public Trustee have now been classified as available for sale. Any gains or losses as a result of holding these investments are now recognised through an investment market value reserve rather than through profit and loss. The treatment of revaluation gains or losses has been amended to comply with the requirements of AASB 139 and have been recognised directly in the equity of the Fund. Comparative figures have been retrospectively restated from 2006–07 where required, with gains or losses on investments moved to the investment market value reserve. The error correction has resulted in a decrease in the value of decrement on revaluation of investments in 2009 of \$225,000 and 2008 of \$29,000. There is also an equivalent increase in the retained earnings and decrease in the investment market value reserve of the Fund for the same periods. There was no change to 2007 figures.

f) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

g) Taxation

The Fund is not subject to income tax. The Fund is liable for payroll tax, fringe benefits tax and goods and services tax (GST). GST collections and payments are carried out by the agency with responsibility for Administering the Fund on behalf of the Fund. GST in relation to the fund is reported in the Financial Statements of the agency with responsibility for Administering the Fund.

h) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Fund will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Interest revenue

Interest includes interest earned on the Funds accounts held with the Department of Treasury and Finance (DTF) and the Public Trustee.

i) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Fund will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Administration

During the year resources from Attorney-General's Department are made available to support the operations and administration of the Fund. The estimated annual costs of these resources are paid to Attorney-General's as administration expenses.

j) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities.

All other assets and liabilities are classified as non-current.

Where asset and liability line item combine amounts expected to be realised within twelve months and more than twelve months, the Department has separately disclosed the amounts expected to be recovered or settled after more than twelve months.

k) Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes deposits at call with the Treasurer.

For the purposes of the Statement of Cash Flows, cash consists of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from interest accruals.

Other financial assets

Investments represent funds deposited with the Public Trustee. These investments have been designated as available for sale financial assets as they are held with the intention to dispose of the asset if required to ensure sufficient cash flow to meet bond repayments. Investments are made by way of notional unit holdings in a selection of common funds managed by the Public Trustee. The proportion of unit holdings is dependent upon the investment strategy adopted.

As at 30 June 2012 the Fund held investments in common funds in the following proportions:

Capital Stable	13.18%
Balanced	44.08%
Cash Common Fund	42.74%

Investments are measured at fair value in accordance with unit prices at balance date as advised by the applicable fund manager.

Investments are classified as either current or non-current. Those to be rolled over within 12 months are classified as current investments.

Due to the classification of investments as available for sale, revaluation increments or decrements are recognised in the investment market value reserve.

I) Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Payables

Payables include creditors and accrued expenses.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Fund.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Security bonds lodged

Security bonds are received to ensure a retailer on cessation of a retail shop lease complies with all statutory compliance under the Act. Bonds lodged are recognised as a liability on receipt.

m) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.



n) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the results of subsequent years.

Note 3 – New and revised accounting standards and policies

The Fund did not voluntarily change any of its accounting policies during 2011–12.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted for the period ending 30 June 2012. An assessment has been undertaken of the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Fund.

Note 4 – Administration expenses

	2012 \$'000	2011 \$'000
Staffing costs	102	75
Other (including audit fees)	25	16
Total administration expenses ⁽¹⁾	127	91

⁽¹⁾ Reimbursement to be paid to the Attorney-General's Department and the Small Business Commissioner for the cost of administering Part 10 of the *Retail and Commercial Leases Act 1995*.

Note 5 – Cash and cash equivalents

	2012 \$'000	2011 \$'000
Deposits with Treasurer	516	321
Total cash and cash equivalents	516	321

Interest rate risk

Deposits at call with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

Note 6 – Receivables

	2012 \$'000	2011 \$'000
Accrued interest	95	129
Total receivables	95	129

- a) Maturity analysis of receivables – Refer to table in Note 13
 b) Categorisation of financial instruments and risk exposure information – Please refer to Note 13

Note 7 – Security bonds lodged

	2012 \$'000	2011 \$'000
Current		
Bonds lodged	824	574
Total current security bonds lodged	824	574
Non-current		
Bonds lodged	4,412	4,263
Total non-current security bonds lodged	4,412	4,263

Note 8 – Payables

	2012 \$'000	2011 \$'000
Creditor – Attorney-General's Department and the Small Business Commissioner	67	169
Accrued expenses	5	5
Total payables	72	174

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid and are settled within the normal terms of payment of 30 days, unless otherwise agreed. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

- a) Maturity analysis of payables – Refer to table in Note 13
 b) Categorisation of financial instruments and risk exposure information – Please refer to Note 13



Note 9 – Cash flow reconciliation

	2012 \$'000	2011 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Balance as per the Statement of Cash Flows	516	321
Cash and cash equivalents disclosed in the Statement of Financial Position	516	321
Reconciliation of net cash provided by operating activities to net result:		
Net cash provided by (used in) operating activities	511	638
Movement in assets and liabilities		
Increase/(Decrease) in receivables	(34)	61
(Increase)/Decrease in payables	102	(9)
(Increase) in security bonds	(400)	(438)
Net result	179	252

Note 10 – Unrecognised contractual commitments and contingent assets and liabilities

The Fund has no commitments contracted for at the reporting date but not recognised as liabilities.

The Fund has no contingent liabilities or assets.

Note 11 – Auditors remuneration

	2012 \$'000	2011 \$'000
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements		
Audit fees paid/payable to the Auditor-General's Department relating to the audit of the financial statements	5	5
Total auditor's remuneration	5	5

Other services

No other services were provided by the Auditor-General's Department.

Note 12 – Remuneration of board and committee members

Members of the Retail Shop Leases Advisory Committee during the 2011–12 financial year were:

- Nathan Paine
- Mike Leask
- Milton Cockburn
- Colin Shipton
- Elizabeth Connolly
- Malcolm Creswell

These members did not receive any remuneration for committee duties during the financial year.

Note 13 – Financial instruments

a. Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 Summary of Significant Accounting Policies.

Financial assets

Cash and Receivables are recorded at carrying amount which approximates net fair value.

Investments represent funds held by the Public Trustee. The Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and international equities. The managers of such vehicles have invested in a variety of financial instruments,

including derivatives, which expose the Fund to investment risks, including market, credit, interest and currency risk. These investments are valued by the Public Trustee at reporting date and recognised at fair value.

Financial liabilities

Payables are recorded at carrying amount which approximates fair value. Security bonds are held on behalf of third parties. The carrying amount of all security bonds is considered to be a reasonable estimate of net fair value.

b. Credit risk

At reporting date funds totalling \$5.90 million were invested with the Public Trustee. Pooled investment funds are not rated for credit risk. The Public Trustee considers the credit risk of individual fund managers prior to investing funds and reviews these assessments quarterly.

Other than pooled investments, the Fund has no significant concentration of credit risk. The Fund has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

Allowances for impairment of financial assets are calculated on past experiences and expected changes in client credit rating. Currently the Fund does not hold any collateral as security for any of its financial assets.

c. Ageing analysis of financial assets

There are no financial assets administered by the Fund past due.

d. Maturity analysis of financial assets and financial liabilities

The following table discloses the maturity analysis of financial assets and financial liabilities.



Contractual Maturities

	Carrying Amount (\$'000)	< 1 year (\$'000)	1–5 years (\$'000)	> 5 years (\$'000)
2012				
Financial assets				
Cash and cash equivalents				
Cash and cash equivalents	516	516	–	–
Investments	5,903	2,523	3,380	–
Receivables ⁽¹⁾	95	95	–	–
Other financial assets	–	–	–	–
Total financial assets	6,514	3,134	3,380	–
Financial liabilities				
Payables ⁽¹⁾				
Payables ⁽¹⁾	72	72	–	–
Other financial liabilities	5,236	824	4,412	–
Total financial liabilities	5,308	896	4,412	–
2011				
Financial assets				
Cash and cash equivalents				
Cash and cash equivalents	321	321	–	–
Investments	5,630	3,210	2,420	–
Receivables ⁽¹⁾	129	129	–	–
Other financial assets	–	–	–	–
Total financial assets	6,080	3,660	2,420	–
Financial liabilities				
Payables ⁽¹⁾				
Payables ⁽¹⁾	174	174	–	–
Other financial liabilities	4,837	574	4,263	–
Total financial liabilities	5,011	748	4,263	–

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables.

e. Liquidity risk

Financial liabilities principally represent security bonds held on behalf of third parties. Security bonds are payable on receipt of an application from the tenant or lessee. All cash balances and Cash Common Funds held with the Public Trustee are available at call.

f. Market risk

The Fund is exposed to price risk. Price risk represents the risk that the fair value of investments held with the Public Trustee will fluctuate due to changes in the market price for the underlying asset.

Investments held with the Public Trustee are classified as 'available for sale' financial assets. Net gains or losses resulting from movements in the fair value of investments are recognised directly in equity. Accordingly there is no impact on the net result.

Cash is also subject to interest rate risk.

g. Sensitivity disclosure analysis

The impact of a 1% movement in interest rates and a 1% movement in equity indexes on financial assets is shown in the following table.

	Carrying Amount (\$'000)	Interest Rate Risk		Price Risk	
		-1%	1%	-1%	1%
	Net Result (\$'000)	Net Result (\$'000)	Equity (\$'000)	Equity (\$'000)	
2012					
Financial assets					
Cash and cash equivalents	516	(5)	5	–	–
Investments	5,903	–	–	(59)	59
Total increase/(decrease)		(5)	5	(59)	59
2011					
Financial assets					
Cash and cash equivalents	321	(3)	3	–	–
Investments	5,630	–	–	(56)	56
Total increase/(decrease)		(3)	3	(56)	56



Note 14 – Transactions with SA Government

As required by APS 4.1 of Accounting Policy Framework II General Purpose Financial Reporting Framework, the following table discloses income, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. A threshold of \$100,000 for separate identification of these items has been applied.

	SA Government	
	2012 \$'000	2011 \$'000
Income		
Interest revenue	290	330
Other income	16	13
Total income	306	343
Expenses		
Administration	127	91
Total expenses	127	91
Financial assets		
Cash and cash equivalents	516	321
Receivables	95	129
Investments	5,903	5,630
Total financial assets	6,514	6,080
Financial liabilities		
Payables	72	174
Total financial liabilities	72	174

Note 15 – Events after reporting period

There are no known events after balance date that affect these financial statements.



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