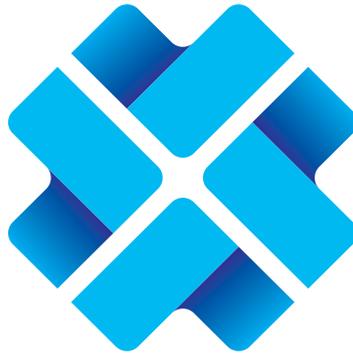


This report should be read in conjunction with the Ernst and Young review of statistics for OSBC report which can be found at http://www.sasbc.sa.gov.au/about_us/annual_reports



Small Business Commissioner

SOUTH AUSTRALIA

ANNUAL REPORT 2012 / 2013

INFORM | MEDIATE | ADVOCATE



Government
of South Australia



SOUTH
AUSTRALIA



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Commissioner**
SOUTH AUSTRALIA

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Dear Minister

I am pleased to present to you the Annual Report on the operations of the Small Business Commissioner South Australia, covering the period 1 July 2012 to 30 June 2013.

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

Mike Sinkunas
SMALL BUSINESS COMMISSIONER
30 September 2013



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1. Small Business Commissioner's Message

I am pleased to present the 2012–13 report of the Office of the Small Business Commissioner (OSBC), now into its second year of operation.

The Office has continued to have strong demand for our services. In 2012–13, 4,872 businesses utilised the services of the Office, with the total now being 5,818 since its opening on 29 March 2012. These figures are expected to continue to grow strongly as the business community becomes increasingly familiar with the role and success of the OSBC.

The principal service of the OSBC is in the area of dispute resolution and this remained the flagship of our services during the year. The Office has had significant success in this area to date. We increased the dispute resolution rate from 85% to a significant 88% of those handled, resulting in savings to hundreds of South Australian small businesses in both litigation fees and hundreds of hours that had previously been wasted in disputes. The Office has further refined this service and will continue to do so.

Small business has quickly appreciated that utilising the dispute resolution services is highly effective, far less threatening and considerably quicker than traditional court processes. Settlements that are agreed to are on a commercial basis, which has allowed all parties to maintain their business relationships or alternatively move on without the potential devastating effects of a lingering commercial dispute, and to do so in a private and confidential manner.

The no cost (apart from the low cost formal mediation service) and nature of the processes used has also been appreciated and it is quickly being understood that any dispute can be resolved through the alternative dispute resolution processes used, with the option still available for those unresolved disputes to proceed through the traditional court process. Disputes have been in a wide range of areas to date including franchising, farming, state government departments,

local government, and in areas such as retail tenancy disputes these have varied from landlords with a single investment property to some of the state's largest retail shopping centres.

Another key priority has been the development of Industry Codes of Conduct and this has been a significant piece of work during the year. This work has been led by the Deputy Commissioner, who has also been active in all aspects of the Office's functions and handles with me the most complex disputes, especially those involving leading corporations. In the Industry code development process, the Deputy Commissioner and I have had discussions with numerous stakeholders concerning the composition of the codes. The first and second codes have been completed, being the Farming and Motor Vehicle Industry Codes. Further details are provided in this report.

During the year both the Deputy Commissioner and I have visited regional South Australia extensively and will continue to do so. Small business is the lifeblood of all regional communities and must be supported through the work of the Office.

The importance of the role of the OSBC in representing small business was highlighted by the recommendations the Office made to the Government concerning the whole of government stationery arrangements—this led to opening up of approximately 44% of the contract scope to greater competition.

Part of the role of the Office is to tackle issues that are more systemic. In one instance after 40 individual disputes raised by South Australian business, the Commissioners had discussions with the organisation involved at the highest levels, provided feedback and subsequently that organisation took a range of steps to modify their processes—which to date have appeared to be successful.

Other evidence gained from the dispute resolution functions undertaken during the year indicate that there is a great scope for improving business conduct.

The behavior of some businesses, whether it is bullying, harassing or the like, is a problem that is worth addressing systematically. Strategies will be put in place to address these issues over time.

One of the other core functions of the Office is in the area of Information Services, as disputes can be reduced through this approach. During the year the website has been further improved, a mobile/tablet version has been released and work progressed on other publications and information services.

New developments in the 12–13 year included:

- In the passing of the Work Health and Safety legislation the Hon. John Darley MLC moved an amendment concerning clause 274 of that legislation. This involved the Small Business Commissioner needing to be consulted before Codes of Practice were adopted by the relevant Minister. Details of work to date in this area are provided in this report.
- The Government, in the 2013–14 budget handed down on 6 June 2013 has provided additional funding of \$608,000 over two years to assist the OSBC in providing a new and tailored approach for business start-ups and those businesses which are ready to further develop their businesses. Detailed planning and consultation with key stakeholders has commenced. I view this as an exciting new development and opportunity for the small business community and thank the government for this support.

The ongoing support and commitment of the Minister for Small Business is also greatly appreciated—during this year both the previous Minister the Hon. Tom Koutsantonis MP and the current Minister the Hon. Tom Kenyon MP have provided excellent support, and to them both and their staff I sincerely provide my thanks.

My dedicated staff are also integral to the success of the Office and I thank them for their tireless efforts throughout the year.

The other Members of Parliament who have provided interest, support and utilised our services for their constituents has also been much appreciated.

The Office of the Small Business Commissioner will strive during the year ahead to assist and work with the business community of South Australia to support the critical small business sector with a range of services under our legislative base.



Mike Sinkunas
Small Business Commissioner



2. Legislation

The Small Business Commissioner operates within the following legislation:

- *Small Business Commissioner Act 2011*
- *Retail and Commercial Leases Act 1995*
- *Fair Trading Act 1987*
- *Work Health and Safety Act 2012 (SA)*
—The *WHS Act*

2.1 New Responsibilities under the *Work Health and Safety Act 2012 (SA)*

The *Work Health and Safety Act 2012 (SA)* (*WHS Act*) commenced operation in South Australia on 1 January 2013. It comprises of the *WHS Act*, *The Work Health and Safety Regulations 2012 (SA)* (the *WHS Regulations*) and Codes of Practice. The *WHS Act* forms the basis of responsibilities to protect workers from harm and provides standards for the safety and the welfare of workers in the workplace. The *WHS Regulations* provide control methods linked to specific work activities.

One of the amendments during the Parliamentary debate was the inclusion of a statutory role for the Small Business Commissioner. An amendment was proposed by the Hon. John Darley MLC and subsequently passed concerning clause 274 of the legislation. The clause outlined:

-
- (3) In connection with the operation of subsections (1) and (2)—
- (a) the Small Business Commissioner must be consulted before a code of practice is submitted to the Minister under this section so that the Commissioner may assess whether the code of practice would affect small business if implemented and, if so, provide any comments or advice that the Commissioner considers to be appropriate in the circumstances (including that the code be varied); and
 - (b) if the Small Business Commissioner recommends that a code of practice be varied, the Minister may make such a variation without the need to adopt the process envisaged by subsection (2) (but may undertake such consultation in relation to the matter as the Minister thinks fit).
-

SafeWork SA provided the Office with the twelve (12) Draft Codes of Practice earlier this year.

The 12 draft codes were as follows:

- Tree trimming and removal work
—crane access method
- Traffic management in workplaces
- Working in the vicinity of overhead and underground electric lines
- Safe design, manufacture, import and supply of plant
- Scaffolds and scaffolding work
- Formwork and falsework
- Managing cash-in-transit security risks
- Managing risks in forestry operations
- Managing risks of plant in rural workplaces
- Cranes
- Industrial lift trucks
- Amusement devices

In this capacity, the Small Business Commissioner undertook a comprehensive consultation process with industry stakeholders and subsequently provided detailed comments and recommendations to the Minister for Industrial Relations for his consideration prior to the Minister making the decision on whether the new Codes should be approved for operation in South Australia.

Codes of Practice are designed to provide guidance on how to meet the requirements of the Regulations and whilst not mandatory they provide information which contributes to maintaining safe systems in the work place. They are important as they have evidentiary status in a court of law. There were 23 previous codes that had been approved by the Select Council on Workplace Relations (SCWR).

In general the following issues were identified as part of the industry consultation process:

- Many smaller businesses believe that in a practical sense it is almost impossible for them to comply with the WHS regulations and codes of practice already in place. This is due to many businesses being so small that they do not have the capacity to dedicate resources in this area;
- The *Work Health and Safety Act 2012* assume that the same risk is faced by a person conducting a business or undertaking (PCBU) with many staff compared to a business with only one staff;
- The Codes of Practice should be easy to read and understand—the Office noted that most of the codes are quite lengthy (up to 90 pages for one of the draft codes) and even given that they are ‘support documents’ they have evidentiary status in a court of law;
- Codes must provide practical information on what is reasonably achievable for small businesses on risk controls, and add value by increasing understanding and knowledge of risks and control measures. As outlined above for small businesses without the necessary resources to research new technology or practices, Codes become an even more important tool to help business owners meet their WHS legal duty of care;
- Further to this it would seem appropriate now to further develop information sheets and guidance notes for various industry sectors to understand the basic elements of the Codes. These should not be delayed for a later stage as many small businesses need a simplified form of explanation of responsibilities. Codes should include clear checklists and diagrams to assist with explaining their obligations;
- The biggest impact to small businesses appears to be the additional financial costs to day to day operations to ensure compliance with the *Act* and regulations. The Codes, although attempting to be helpful will often require specific advice and training requirements that may be costly and may need to be sourced from outside the small business.

It is important that such an important initiative is implemented successfully.



DEVELOPING STRONG INDUSTRY CODES



3. Operations of the Small Business Commissioner Office

3.1 Overview and Role of the Office

Small business accounts for over 96% of all businesses in South Australia. Increasingly it is becoming more apparent that Small and Medium Enterprises (SME's) underpin the South Australian economy. The Small Business Commissioner initiative was created to serve this vital sector of the economy. The Office of the Small Business Commissioner is dedicated to promoting a competitive and fair operating environment for small business in South Australia. Any South Australian business is welcome to contact the Office via the Toll-Free number, email, facsimile or via the website in order to access the 4 key services of:

- Dispute Resolution
- Industry Codes
- Information Services
- Advocacy

Our key priority is to offer a no cost (or low cost) dispute resolution service involving disputes between businesses with Local and/or State government bodies.

If a complaint is received by the SBC Office relating to State or Local government, the Commissioner in his capacity as an independent statutory officer will liaise with the appropriate State or Local government body to facilitate a resolution.

Other significant areas of operations in the Small Business Commissioner are:

- The development of Industry Codes of Conduct and their enforcement
- Information Services
- Advocacy

The additional support provided in the 13–14 State budget will also offer the Office the opportunity to further develop our dispute resolution services, support the implementation of Industry Codes of Conduct and introduce a new support and information service for start-ups and emerging small businesses.

Security Bonds under the *Retail and Commercial Leases Act 1995 (RACLA)* are now processed and administered in the Office of the Small Business Commissioner. This occurred in November 2012 as part of the finalisation of administrative arrangements regarding the transfer of the RACLA. Under the RACLA, all security bonds must be lodged with the Small Business Commissioner.

The Small Business Commissioner also provides independent recommendations to the government on issues affecting small business and makes representations or submissions for relevant enquiries to the Minister for Small Business or other relevant Ministers.

3.2 Dispute Resolution

During the 12–13 year further refinements have occurred to improve the dispute resolution services of the Office. In particular a focus has been on stage 1 of the process—Initial Assistance—as our experience has shown to date that the quicker a dispute can be tackled the outcome is more likely to be positive. In addition it alleviates the distress and stresses both financially and emotionally on the parties and maximises the chances of preserving business relationships.

There are three key phases that the Office of the Small Business Commissioner uses to facilitate a resolution of a dispute. These are:

- Initial assistance
- Pre-mediation
- Formal mediation

Enquiries can be brought to the Small Business Commissioner in the following ways:

1. Email
2. Phone
3. Walk-in
4. Online Form
5. Fax
6. Letter
7. Referral

Phase 1 – Initial Assistance

Once the Office receives an enquiry from one or more of the above methods, a Case Officer will discuss the matter, and may provide general advice to the business concerned.

Some of the enquiries we have received relate to retail and commercial leases where a Lessor or Lessee requires clarification of their rights and responsibilities under the *Retail and Commercial Leases Act 1995*. Quite often small business seeks our advice on a range of business related matters where we can provide immediate referral or information.

If the enquiry is a complaint or dispute related, a Case Officer will provide relevant information and assistance. In most cases the provision of timely information at this early stage is conducive to resolving the dispute which may eliminate the necessity to progress into the next phase of pre-mediation.

One of the most common matters we encounter in the Office relates to the lack of disclosure of information or miscommunication between parties. Once the information is shared the issues are often clarified, hence minimising the need to progress the dispute. The Case Officers will facilitate this process.

As part of this first phase parties are requested to provide documentation to verify the nature of the complaint. The complainant may choose to accept the advice, or the complainant may seek independent third party advice about their particular issue. They may be referred to another Government agency for assistance or the matter proceeds to Phase 2.

This is the service provided at the **Initial Assistance** phase and there is no cost involved at this stage.

Phase 2 – Pre-Mediation

Once the dispute has been fully verified, is ongoing and the parties have been contacted, it is now considered to be a formal case.

In the second phase (**pre-mediation**), facilitated discussions are initiated which involves staff within the SBC Office discussing options with the parties to attempt resolution of the dispute in a timely manner.

During this phase the Commissioner and/or delegate will have regular contact with all parties to facilitate discussion, geared towards successful resolution of the dispute. The resolution must be commercially acceptable to both parties, and will be signed off by authorised persons at the appropriate time.

There is often a period of negotiation between the parties during this phase and this normally takes place in our offices. If this process is successful an agreement is prepared and signed and each party is provided with a copy of the agreement. The agreement has a confidentiality clause in it, and can be legally enforced.

There is again no cost for this service and most disputes are resolved at this phase.

Phase 3 – Formal Mediation

If the dispute is not resolved in phase 1 or 2 the matter can be referred to formal mediation by the Commissioner.

A small percentage of disputes reach the formal mediation stage and this is attributed to the thorough and effective approach to dispute resolution services provided by the Office.

Once the need for a formal mediation has been identified the Commissioner (or delegate) will organise and facilitate a **formal mediation** at a cost of \$195 per party, per mediation (multiple mediations can occur with the agreement of the parties if required).

This entails the Small Business Commissioner (or delegate) liaising with all parties to select a suitable date and time that is convenient to attend the mediation. A confidentiality agreement may be required at this stage.

The mediation will often begin with both parties meeting the mediator during which discussions begin. The parties then follow the directions and guidance of the mediator who may request each party to separate into private rooms where further discussions will occur in order to progress the dispute.

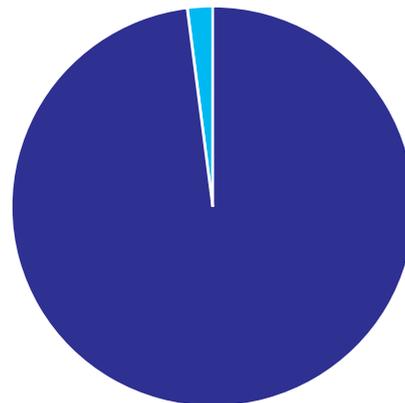
Once, and if a resolution is reached, the parties will conclude the mediation with the acceptance and signing of a settlement agreement.

To date there have been 7 disputes which have progressed to formal mediation. The disputes that have progressed to this stage were specifically selected by the Commissioner in order to resolve some of the more complex matters. This process has managed to successfully resolve 100% of all disputes entered through the formal mediation process to date, and we will continue to work at retaining this level of success with our professional panel of experienced mediators. It is expected over time that the use of this service will increase.

The Office of the Small Business Commissioner has successfully assisted with the resolution of well over 400 formal disputes to date. Cumulatively millions of dollars in value of disputes has occurred with significant legal fees cost saving for the parties involved. With 88% of formal disputes being resolved through these processes, it is a genuine alternative to litigation.

Disputes Resolved

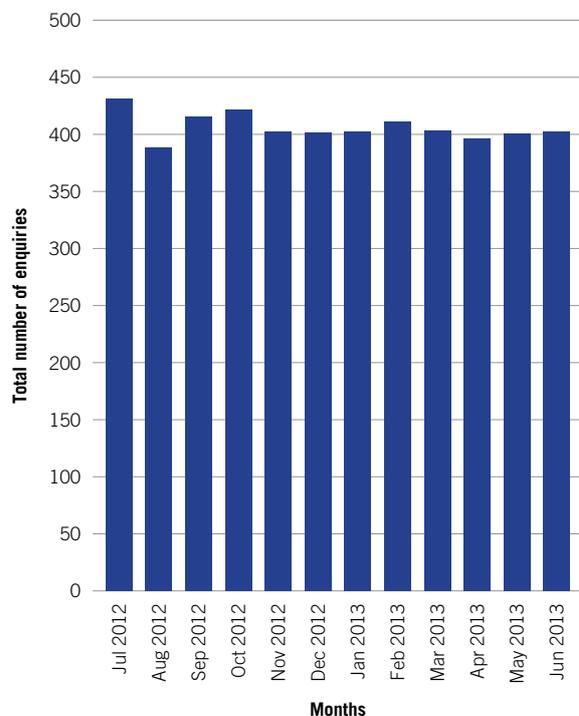
- Prior to Mediation **98%**
- Mediation **2%**



Business Contacts to the Office

During the year 2012–2013, the SBC received 4,872 enquiries.

Number of monthly enquiries



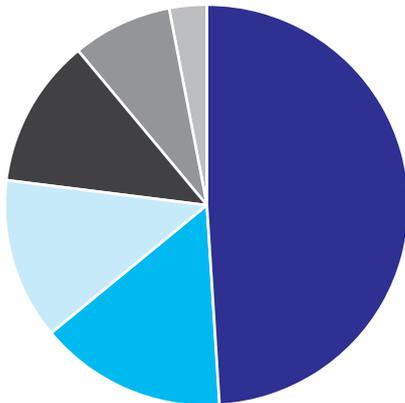
These enquiries are separated by *Small Business Commissioner Act 2011* and the *Retail Commercial Leases Act 1995* and further broken down into categories as per the following figures, for ease of analysis, statistical value and for National data harmonisation requirements:

Small Business Commissioner Act 2011: Category

1. Farming
2. Franchising
3. Local Government
4. State Government
5. Small Business issue
6. Other

Small Business Commissioner Act 2011

- General Business **49%**
- Franchising **15%**
- State Government **13%**
- Local Government **12%**
- Farming **8%**
- Other **3%**

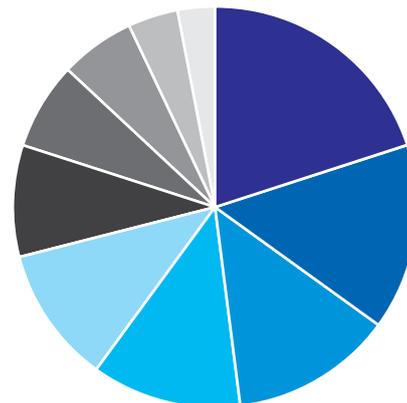


Retail Commercial Leases Act 1995: Category

1. Assignment
2. Bond Security
3. Disclosure Statements
4. End of Lease Negotiations
5. Outgoings
6. Pre Lease Negotiations
7. Rent
8. Repairs and Maintenance
9. Termination
10. Other

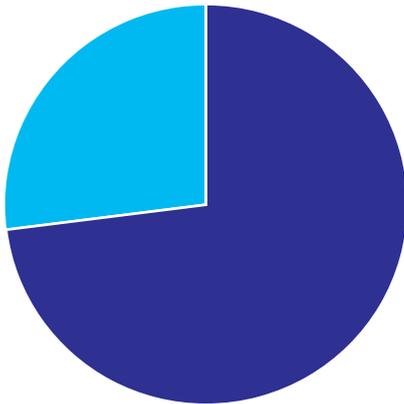
Retail Commercial Leases Act 1995

- Repairs and Maintenance **20%**
- Bond Security **15%**
- Outgoings **13%**
- Rent **12%**
- Termination **11%**
- Disclosure Statements **9%**
- Other **7%**
- End of Lease Negotiations **6%**
- Pre Lease Negotiations **4%**
- Assignment **3%**



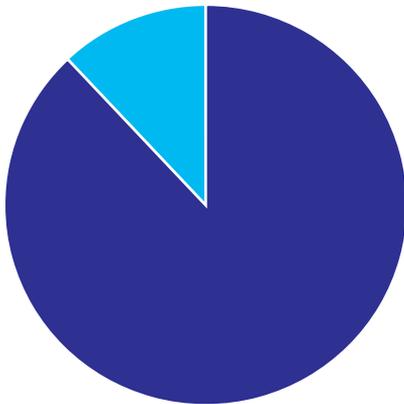
Total formal cases by Act

- Small Business Commissioner Act 2011* **73%**
- Retail and Commercial Leases Act 1995* **27%**



Formal Cases

- Percentage of all completed cases successfully resolved **88%**
- Percentage of all completed cases not successfully resolved **12%**



Mediators

Formal mediation services are an important final 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. The Panel of Mediators continue to offer specialised expertise and knowledge in the following fields: Small Business; Commercial Contracts; Farming; Retail Leasing and/ or Franchising. All Mediators have a 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 include:

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



The Small Business Commissioner has helped my company receive a benefit that I was promised from an employment agency who would not initially do so. I found them extremely thorough and efficient, dealing only with the facts to get the quickest outcome. Again I thank you for your help in the matter.



Tony Griffin
Manager, Southbound Fitness

3.3 Industry Codes of Conduct

Industry Codes are and have been developed with the guidance and leadership of the Deputy Small Business Commissioner, Frank Zumbo. Industry Codes of Conduct have been around for many years. They fall into two categories—voluntary or mandatory and attempt to promote transparent, informed, effective and co-operative relationships between industry participants.

The Small Business Commissioner initiative through the legislative development process provided a framework for the Minister for Small Business to prescribe an Industry Code and for the codes to be enforced by the Small Business Commissioner under the *Fair Trading Act 1987*.

Codes under Development

- SA Farming Code of Conduct
- SA Motor Vehicle Code of Conduct
- SA Franchising Code of Conduct
- SA Newsagents Code of Conduct

Each Industry Code will help the participants in that particular industry sector by providing mandatory alternative dispute resolution processes at no or low cost. The Codes are a regulation under the *Fair Trading Act 1987*, and will be administered by the Small Business Commissioner. The use of alternative dispute resolution processes is designed to help resolve specific industry related disputes in a timely and cost effective way which maximises the chances of preserving the business relationship between the business and the other party or parties in dispute.

The Codes will set out a series of steps or actions that can be taken by the Office of the Small Business Commissioner to help bring the parties in dispute together with the intention of assisting those parties to resolve the dispute in a timely and mutually beneficial manner.

The Industry Codes are a national first as they will allow (for the first time in Australia) a mandatory alternative dispute resolution framework which is backed by financial penalties to focus the efforts of the parties during the alternative dispute resolution process.

There will be two levels of financial penalties for breaches of an Industry Code. On one level the Office of the Small Business Commissioner can issue a civil expiation notice for breaches of the Code, or alternatively the Office may take court action to obtain a civil penalty of up to \$50,000 for a corporation or \$10,000 for a natural person.

The Office of the Small Business Commissioner will work towards bringing the parties together as soon as practicable once a written application regarding a dispute has been received by the Office. That application will be carefully examined to ensure that frivolous or vexatious matters are not progressed, and the parties should have already attempted to resolve the dispute.

The parties can be required to meet and a failure to attend such a meeting can attract a civil expiation fee of \$4,000 for a corporation and \$500 for a natural person. It is expected that the deterrent effect of the penalties will focus the parties to resolve their dispute in most cases. If the dispute remains unresolved under the Code, then the parties can go to Court. At all times, the parties remain at liberty to go to a court to pursue any legal rights that they may have.

The Small Business Commissioner has a variety of powers to assist in resolving the dispute including the power to require parties to attend meetings, exchange information, answer questions and participate in an alternative dispute resolution process as outlined in the Code.



Frank Zumbo
Deputy Commissioner

3.4 Information Services

Under the *Small Business Commissioner Act 2011*, the Office of the Small Business Commissioner also provides a range of information and education services through channels such as; telephone information; office publications; stakeholder engagement and the Small Business Commissioner's web site.

From the initial establishment of the Office a priority was given to the delivery of on-going information and education. Of particular importance was raising the business community's awareness of the functions and powers of the Small Business Commissioner and specifically the role in providing a no or low cost mechanism for dispute resolution.

Delivering this information has involved, apart from electronic means, and the SBC web site, various presentations in both metropolitan and regional areas, a series of road trips to regional areas, brochures, information packs and other publications were also developed as part of the information service provided to the business community.

The 'Overview and Services' information brochure provides a succinct summary of the role, services and priorities of the Small Business Commissioner. Other inclusions in the brochure cover topics such as; details of the no or low cost dispute resolution; an explanation of how disputes are resolved; information on the Industry Codes; overview of the Retail and Commercial Leases.

Officers in the Small Business Commissioner find that a part of their work involves taking calls from small business owners on a range of issues and then providing the appropriate assistance. Legislative responsibilities, rights and obligations under the *Retail and Commercial Leases Act*, small business matters and commercial or contractual issues are some of the recurring topics encountered by the Officers in the SBC Office. In many cases this information and service assists the small business owners to avoid the need for a formal dispute process. It must be stressed that the Office does not provide legal or financial advice or assistance.

Introducing 'It's My Business'

New services currently being developed include support and information to small business start-ups and small businesses seeking to expand. Funding was made available by the South Australian Government for a period of two years which would allow the Office of the Small Business Commissioner to assist small business develop and expand and give them the best opportunity to succeed.

As part of this initiative the Office will work with industry associations and other key bodies to develop a highly tailored approach. Small businesses will be linked specifically to the industry sources and experts who can assist with their individual business requirements and provide personalised market segment information.

Brochures, Information Packs, Publications

The Small Business Commissioner published a six page 'Services and Overview' brochure and 'Frequently Asked Questions' fact sheet to inform the small business community about the services provided through the Office.

Both publications including a copy of the *Small Business Commissioner Act 2011* were distributed in an Information Pack during all the regional trips, presentations and meetings. All SBC brochures are available in hard copy and can be downloaded from the SBC web site.

Total number of hard copy Information Packs provided to businesses: 2760

Total number of hardcopy 'Overview and Services' Brochures provided to the business community: 1430

Total number of downloads of information from the Resources section of the website: 844

Retail and Commercial Leasing Guide

With thousands of potential retail and commercial ventures underway the Small Business Commissioner has initiated work on a new publication 'Retail & Commercial Leasing Guide'.

Leasing a business premises can be a very complex and time consuming task and it is critical to undertake a comprehensive and diligent approach to this major commitment.

The aim of the Guide will be to inform and educate small business owners on the preliminary considerations and obligations when entering into such an arrangement and will cover topics such as; signing the lease; lease documentation; lease term; rental matters; condition of the premises; permitted use/exclusivity; sub leasing; relocation; demolition; a checklist for Lessees and Lessors. It will be released during the 2013–14 year.

SBC Web Site

The Small Business Commissioner web site (www.sasbc.sa.gov.au) continues to provide valuable information to assist the range of small businesses in South Australia, other government agencies, professional advisers, and specific groups such as franchisors and franchisees, retail and commercial Lessors and Lessees.

Key areas of the web site were identified for further development and enhancements were made to include information relating to Retail Leasing; Retail and Commercial Security Bonds, Frequently asked questions (FAQ); current Enquiries; payment options for mediations; *Work Health and Safety Act 2012 (SA)*.

Another significant tool developed by the Office was the mobile version of the SBC web site released in November 2012.

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

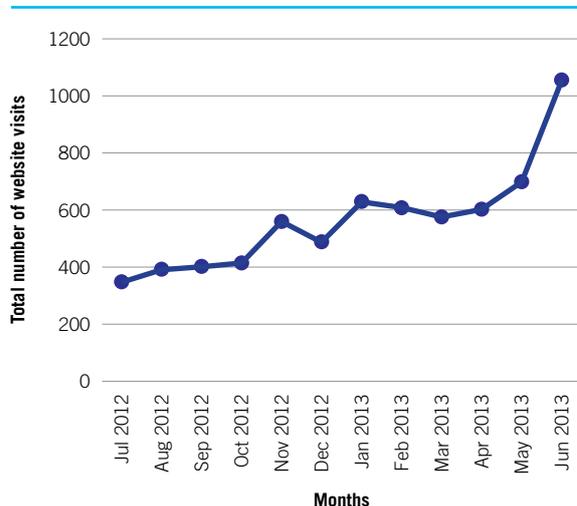
- Services overview
- Dispute resolution information
- Retail Leasing information
- Industry Code development
- Legislation
- Resources and online brochures
- Media updates
- Regional and Community Presentations
- Work Health and Safety Codes of Practice
- Latest News
- Upcoming events

Web Site Statistics

Visits to the Small Business Commissioner web site www.sasbc.sa.gov.au for the period 1 July 2012 to 30 June 2013 are as follows:

Visits: 7,172

Website Visits



The total for the period of operation of the Office from 29 March 2012 – 30 June 2013 was 8,612.

The increase in web based traffic is pleasing and expected. Positive feedback has been received about the clarity and ease of use of the website.

3.5 Advocacy

The Small Business Commissioner and Deputy Commissioner have continued to be strong advocates for the South Australian small business community.

During the 12–13 year there have been a number of advocacy issues that the Small Business Commissioners has been involved with. These have included:

- Continued support to the traders of the Brickworks markets at Thebarton.
- Assisting in the finalisation of a new policy approach to late payments to businesses by the State Government.
- Representation to the government, opposition and cross benchers on a number of pieces of legislation.
- Formal submission to the Commonwealth government's review into the Federal Franchising Code.
- Active participation in the National Small Business Commissioner's group.
- Working with a government agency to provide feedback on improving services.
- The Deputy Commissioner provided evidence at the Parliamentary Select Committee on the Grain Handling Industry.
- Provided feedback to the government on Marine Parks.
- Explored with DMITRE energy division Coober Pedy's electricity options.

3.6 Retail and Commercial Leases

Retail and Commercial lease matters are a key area that the Office of the Small Business Commissioner assists businesses with. Under the *Retail and Commercial Leases Act 1995* all security bonds must be lodged with the Small Business Commissioner.

Information and assistance to Lessors and Lessees is provided through the Office in relation to their legislative rights and obligations under the *Retail and Commercial Leases Act 1995*.

As reflected in the statistics presented throughout this annual report, Retail and Commercial Leasing matters constitute a significant component of all issues the Office has dealt with.

During November 2012, the final functions associated with administering the *Retail and Commercial Leases Act* were transferred to the Small Business Commissioner. This included the *Retail Bonds Management System (RBMS)*. As part of this change the management of the Retail Shop Leases Fund was also transitioned to the Small Business Commissioner.

Once the system was established in early November 2012 a systematic communications strategy was set in place to contact all Lessors and Agents in South Australia. Information relating to Retail Bonds and the associated new Retail and Commercial forms required to release a Retail Bond or lodge a Retail Bond were also applied to the SBC web site. New facilities were also made available for Direct Debit Requests (DDR) for Bond lodgements and Electronic Funds Transfer (EFT) for Bond refunds.

Retail Bonds are only disbursed when both parties have given consent. If a dispute arises regarding a Retail Bond refund the SBC Office can provide dispute resolution services or the Magistrates Court can determine the matter.

Details	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Totals
How were enquiries made?													
Phone	164	127	156	153	141	130	132	162	132	126	124	114	1661
Email	-	2	-	1	2	2	4	2	1	-	5	3	22
Fax	-	-	-	-	-	-	-	-	-	-	-	-	-
In writing	-	-	-	-	-	-	-	-	-	-	-	-	-
Face to face	3	2	4	3	3	5	8	6	6	5	8	6	59
Online form	-	-	-	-	-	-	2	3	3	2	1	2	13
Total Contacts	167	131	160	157	146	137	146	173	142	133	138	125	1755
Who made the enquiry?													
Lessor	49	40	41	41	43	45	42	53	41	52	52	50	549
Lessee	104	78	106	93	82	79	64	93	59	65	72	63	958
Real Estate Agent	7	9	10	12	14	10	32	21	33	9	10	9	176
Solicitor	4	2	2	6	5	2	4	3	5	4	1	2	40
Other	3	2	1	5	2	1	4	3	4	3	3	1	32
Total Contacts	167	131	160	157	146	137	146	173	142	133	138	125	1755
Details of the lease													
Shopping centre	28	31	35	33	42	40	43	35	25	38	33	35	418
Strip	32	33	28	30	27	21	37	50	39	45	56	33	431
Standalone shop	66	52	60	71	63	60	69	79	74	72	71	59	796

Continued ...

... Continued

Details	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Totals
Subject matter													
Rent	26	22	20	20	29	16	13	33	13	4	12	41	249
Termination of lease	22	20	17	17	21	22	14	20	15	20	21	19	228
Assignment	4	2	5	7	6	4	3	7	6	4	6	8	62
Outgoings/operating expenses	32	25	31	36	33	26	8	16	12	14	13	21	267
Bond/security deposit/ bank guarantee	12	11	8	12	15	11	13	52	45	41	41	31	292
Repairs and maintenance	37	29	34	42	43	39	36	38	30	28	35	25	416
Pre-lease negotiations	3	5	7	9	6	4	9	7	11	7	8	10	86
End of lease negotiations	6	2	5	8	12	9	12	9	10	11	13	25	122
Disclosure statements	20	15	22	17	25	19	12	9	7	4	16	19	185
Other	12	11	9	12	11	12	13	17	13	15	11	13	149
Total	174	142	158	180	201	162	133	208	162	148	176	212	2056
* Difference in totals due to single complainant with multiple issues													
Action taken in response													
Initial advice given	128	113	123	120	118	111	122	147	117	108	113	108	1428
Contacted the other party to discuss	4	1	2	3	2	1	-	1	3	2	3	5	27
Directed to website	7	5	6	7	5	3	2	3	4	6	6	3	57
Directed to application forms	3	1	3	4	2	2	4	3	2	2	1	1	28
Directed to solicitor/ agent/another	25	11	26	23	19	20	18	19	16	15	15	8	215
Total	167	131	160	157	146	137	146	173	142	133	138	125	1755

3.7 Other Statistics

Breakdown of all other enquiries (excluding RCLA)

1 July 2012 to 30 June 2013

Details	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Totals
How were enquiries made?													
Phone	248	242	242	252	248	247	238	219	245	249	246	259	2935
Email	7	5	6	2	3	6	4	7	4	2	2	5	53
Fax	-	-	-	-	-	-	-	-	-	-	-	-	-
In writing	-	-	-	-	-	-	-	-	-	-	-	-	-
Face to face	6	7	6	8	4	8	9	8	6	7	9	7	85
Online form	3	3	1	2	1	3	5	4	6	5	5	6	44
Total Contacts	264	257	255	264	256	264	256	238	261	263	262	277	3117
Subject matter													
Farming	16	17	22	22	16	27	22	15	22	25	22	24	250
Franchising	39	42	42	40	36	44	41	32	44	37	32	40	469
Local Government	32	33	27	27	33	31	30	32	33	30	33	34	375
State Government	33	34	31	36	33	33	30	31	35	35	33	35	399
Small Business Issue	135	123	124	131	131	122	126	122	119	128	132	135	1528
Other	9	8	9	8	7	7	7	6	8	8	10	9	96
Total Contacts	264	257	255	264	256	264	256	238	261	263	262	277	3117



LOW COST OR
NO COST DISPUTE
RESOLUTION
SERVICE



4. Case Studies

Case Study 1

A small business owner contacted the Small Business Commissioner after his business contract had been terminated by a large multinational company.

Upon termination the small business owner believed his business was owed a large sum of money for works completed during the contract period. The larger business operators believed they were entitled to keep this money as compensation for faults with work completed.

Both parties were committed to resolving the dispute and progressed through all stages of dispute resolution offered by the Office. To finalise the matter both parties agreed to attend a formal mediation facilitated by the Small Business Commissioner. As a result of the mediation, a commercially acceptable settlement was agreed upon by the parties at a cost of only \$195 each.

Case Study 2

A small business owner was referred to the SBC by a Member of Parliament after his office was contacted with regard to non-payment for works completed on a commercial building site.

The small business owner and his employees had been working on the site as part of a sub-contracting arrangement with a larger builder. During the building phase substantial variations were completed with the knowledge and consent of all parties.

In order for works to continue a verbal agreement was made regarding payment upon completion.

At the completion of the project the head builder refused to pay these variations to the sub-contractor. This caused substantial stress and anxiety for the small business owner and his employees.

Both parties were contacted by the Small Business Commissioner and were invited to attend a pre-mediation meeting in order to resolve the dispute. Both parties attended in good faith and managed to agree to an appropriate settlement through negotiation.

Due to the goodwill shown by both parties, and their ability to successfully resolve the dispute without the need for litigation, both parties were able to continue their successful working relationship going forward. Services provided by the Office were at no cost to the parties.

Case Studies—Retail and Commercial Leases

Retail Shop Lease

A Lessee, occupying stand-alone premises under a retail shop lease, contacted the Office of the Small Business Commissioner to outline his concerns over the end of lease arrangements imposed by the Lessor.

Due to some ambiguous communications over a lease extension, the parties could not agree on what was the end date of the lease. The Agent acting for the Lessor gave the lessee 30 days notice to quit. The Lessee was concerned that this was insufficient time for him to relocate his business, especially as the premises included an office, warehouse and large display yard. The Agent was adamant that the Lessee could not be given additional time to vacate as the premises had already been re-let.

At a meeting attended by OSBC officers and the Agent, it was resolved that the Lessee would be given an extra week (rent free) to vacate the office/warehouse. Provided that this part of the premises was left in a clean and tidy condition, the Lessee would not have to “make good” the premises as required under the lease. Furthermore the Lessee was granted an extra month to dismantle and remove his displays from the

display yard. This was done on the proviso that the yard was fenced off from the office/warehouse and that the Lessee did not impede access to the site by the new Lessee.

The involvement of the OSBC, at no cost to the parties, resulted in an amicable settlement to a complex matter, where the only other option for the parties would have been litigation.

Retail Tenancy Bond Dispute

The Lessee lodged a Retail and Commercial Security Bond Refund Form claiming the full bond. As required under the *Retail and Commercial Leases Act 1995*, the Small Business Commissioner wrote to the Lessor to inform him of the claim. The Lessor wrote back disputing the Lessee's claim, thus a dispute file was created and assigned to a case officer.

Following contact with both parties, it became apparent that the parties could not agree on the claim which included rent arrears, outgoings and a break lease fee, the total of which was three times the value of the bond.

The Lessor was asked to provide documentary evidence to support the claim. This was provided and a copy forwarded to the Lessee. It was explained to the Lessee that the irregular rent payments made during the 20 month occupation had led to an accumulated shortfall at the end of the tenancy of almost three months' rent. The Lessee was also informed that as they had terminated their tenancy and the Lessor had engaged an Agent to re-let the premises, it was permissible for the Lessor to pass on this cost to the Lessee.

Following ongoing discussions through the Office of the Small Business Commissioner, it was resolved that the dispute would be settled by the Lessee agreeing to release the full bond to the Lessor and the Lessor accepting the bond as settlement for all claims under the tenancy. The resolution of bond disputes is undertaken by the Office at no cost to the parties.

5. Inquiries

Inset Electricity Networks Inquiry

On 18 December 2012 the Premier the Hon. Jay Weatherill and the then Minister for Small Business, the Hon. Tom Koutsantonis announced an Inquiry into Inset Electricity Networks. The terms of reference for this Inquiry are:

To examine and prepare a report for the Minister for Small Business outlining:

- Pricing arrangements currently in place for different inset networks and for different inset customers;
- Methodology employed by inset operators to determine pricing of electricity delivered through their inset network;
- Ability for inset customers to purchase electricity from providers other than the operator of the inset network; and
- Recommendations to ensure transparency and fairness of electricity reselling in this area.

Inset (or embedded) electricity networks are becoming more common and are found in various shopping centres, office or commercial buildings, industrial parks as well as caravan parks and some apartment buildings. The inquiry will only focus on the first three of these as the others areas are not business to business matters.

This area is of significant complexity, with some long standing issues which the Inquiry is addressing. More recent changes include the change of regulator from ESCOSA to the Australian Energy Regulator (AER) on 1 February 2013.

Whole of Government Stationery Contract

On 30 November 2012, the Minister for Finance requested the Small Business Commissioner to look into various concerns being raised by a number of participants in the stationery supply industry. The Office had been approached shortly before the request from the Minister by a number of businesses and had started making enquiries into the matter.

The Commissioner and Deputy Commissioner then undertook a detailed examination of the contract and were provided, or requested, significant and detailed amount of information from various stakeholders. This led to a set of recommendations that were provided to the Minister for Finance for his consideration in April 2013.

The result was that Education Department schools and preschools were able to gain exemption from the contract—this made approximately \$11m per annum available for greater competition and allowed smaller and local suppliers the opportunity to compete on a more level playing field.



**ADVOCACY FOR THE
SOUTH AUSTRALIAN SMALL
BUSINESS COMMUNITY**



6. Emerging Issues

During 2012–2013 the Small Business Commissioners Office has received an increasing amount of enquiries relating to possible scams and dubious business opportunities, as well as concerns about the conduct and service of some local councils and state government departments.

6.1 Scams

- The small business receiving “cold calls” from another business offering to provide goods or services at no or low cost initially. This is followed up with either a physical or verbal contract for the goods at highly inflated prices.
- An invoice for a relatively small amount is sent to the business and due to its relatively low value is paid without proper checks being made that the goods or service arrived.
- Business being offered an ‘opportunity’ to have a specific or exclusive territory—this requires an upfront fee to secure the territory and no goods are supplied and the business is out of pocket.
- Offers on website development and/or access to online services which will have thousands of daily or weekly hits thereby increasing the business profile—and signed up these promises do not eventuate.

The Small Business Commissioner strongly suggests that all small businesses in South Australia take the time to investigate any claims or agreements offered by other businesses especially cold calls, before signing any agreement. This may include obtaining advice from their respective financial or legal advisors.

Small Businesses can also contact the Small Business Commissioners office for general advice or access the ACCC SCAMwatch website at www.scamwatch.gov.au for the latest information. There is a link to this site on the Commissioner’s web site at www.sasbc.sa.gov.au.

6.2 Government Entities

The Small Business Commissioner has noticed an increasing proportion of complaints concerning Local or State government entities. It appears from these complaints that a number of Local Councils and state government departments are acting in a manner that may adversely impact on small businesses.

In particular, small businesses have expressed concerns about (i) excessive compliance burdens, (ii) a failure by the Government or Local Council to understand that small businesses have very limited resources to deal with red tape, (iii) inconsistency between Government or Council officers as to how specific regulations need to be complied with and (iv) poor or inconsistent client service delivery to small businesses.

It is important that State government departments and Local Councils recognise the critical role that they play in supporting the success and growth of small businesses. While it is expected that all State Government and Local Councils act as ‘model citizens’ there unfortunately appears to be considerable inconsistency amongst some Councils and State Government departments in their interpretation of the concept of a ‘model citizen’.

The Small Business Commissioner will take up specific matters directly with the State Government entity or Local Council concerned and if this trend continues will provide advice to the relevant Minister and the peak body, as well as considering the need to undertake an Inquiry in specific circumstances if such conduct persists.

7. Stakeholder Engagement and Strategies

A Stakeholders Engagement Strategy was incorporated into the overall objectives of the SBC for 2012–2013. As part of this strategy an intensive communication model was implemented and was aimed at raising the awareness of resources and services provided through the Office of the Small Business Commissioner.

Engaging directly with small businesses and industry associations has provided the opportunity to understand their concerns and issues. Building effective relationships with industry, government and professional bodies, small businesses and representative groups has also provided a solid platform for further developing useful tools of communication and information sharing.

The following list outlines stakeholders engaged in the period from 1 July 2012 to 30 June 2013:

- Renmark Paringa Council
- Regional Development Australia Murraylands and Riverland SA
- Berri Barmera Council
- District Council of Loxton Waikerie
- Tatiara District Council
- Naracoorte Lucindale Council
- Wattle Range Council
- District Council of Robe
- City of Mt Gambier
- Mt Gambier Chamber of Commerce
- Regional Development Australia Limestone Coast
- South Australian Wine Industry Association Inc
- SA Pharmacy Guild
- Local Government Association
- Regional Development Australia Far North
- Winemakers Federation of Australia
- Wine Grape Council of SA
- Coober Pedy Retail Business and Tourism Association
- Australian Newsagents' Federation
- Taxi Council SA
- City of Port Lincoln
- Port Lincoln Chamber of Commerce & Tourism
- Regional Development Australia Whyalla & Eyre Peninsula
- District Council of Elliston
- District Council of Streaky Bay
- District Council of Ceduna
- Ceduna Business & Tourism Association
- Various Ceduna local businesses
- District Council of Mount Barker
- Regional Development Australia Adelaide Hills, Fleurieu & Kangaroo Island
- Rural City of Murray Bridge
- Various tenants of a leading shopping centre complex
- Alexandrina Council
- The Barossa Council
- Regional Development Australia Barossa
- Various local businesses in the Barossa
- Town of Gawler
- A major shopping centre landlord (head office in Sydney)
- A major national bank (head office in Sydney)
- Franchise Council of Australia
- Business SA
- Motor Trade Association SA

- South Australian Farmers Federation (now Primary Producers SA)
 - SME Association of Australia
 - Construction Industry Training Board
 - Roxby Downs Business Forum Steering Committee
 - Various Adelaide local businesses
 - The Right Honourable the Lord Mayor Mr Stephen Yarwood
 - Australian Finance Conference (SA Division)
 - Kangaroo Island Council
 - Various local businesses in Kangaroo Island
 - Coober Pedy Business Retail and Tourism Association
 - Adelaide City Council
 - Master Builders Association
 - City of Salisbury
 - Australian Property Institute SA
 - Shopping Centre Council of Australia
 - Australian Bankers Association
 - A major shopping centre landlord in Adelaide
 - Newsagents Association of NSW and ACT
 - Law Society of South Australia
 - City of West Torrens
 - Commercial Asset Finance Brokers Association
 - Property Council of Australia (SA Division)
 - Major/leading banks in Adelaide
 - A leading energy provider in SA
 - Franchising Consultative Committee
 - Various national businesses in Melbourne
 - Retail Shop Leases Advisory Committee
- Meetings were also held with:**
- Members of State Parliament
 - Members of Federal Parliament
 - Australian Competition & Consumer Commission
 - Essential Services Commission of SA
 - National Small Business Commissioner Committee
 - Australian Securities & Investment Commission
 - SA Water
 - ACCC Small Business Consultative Committee
 - ASIC Regional Liaison Committee
 - Environment Protection Authority
 - Productivity Commission
 - Australian Energy Regulator, Adelaide
 - Australian Energy Regulator, Melbourne
 - Ombudsman SA
 - Australian Small Business Commissioner, Canberra
 - Office of the Small Business Commissioner, Victoria
 - Office of the Valuer General, Lands Services Group
 - State Valuation Office, Lands Services Group
 - Registration and Licensing, DPTI
 - North West Business Development Centre
 - Various DMITRE business units
 - Department of Treasury & Finance
 - Shared Services SA
 - SafeWork SA
 - Auditor General's Department
 - TAFE SA
 - Department for Primary Industries and Resources
 - Office of the Parliamentary Counsel
 - SA Lotteries
 - Government Services Group
 - Department for Environment Water and Natural Resources
 - Kangaroo Island Futures Authority
 - Department of Industry Innovation, Science, Research & Tertiary Education
 - SA Police
 - Department for Education and Child Development
 - Office of the Industry Advocate
 - Office of the Technical Regulator
 - Energy Markets & Programs, DMITRE
 - Office of the Industry Participation Advocate
 - Consumer and Business Services
 - Office of the Public Advocate

7.1 Regional Trips and Presentations

During the 12–13 year both the Small Business Commissioner and Deputy Small Business Commissioner undertook a number of road trips throughout regional South Australia where they met with Chambers of Commerce, Regional Development Australia, farmers and fishermen, councils, Members of Parliament, business operators and representatives of community groups.

A very successful series of engagements and collaboration with the regional communities ensued. This involved providing information about what services the Small Business Commissioner can offer; discussions concerning any issues and/or disputes that businesses have and where applicable, the development of the first Industry Code which will be farming. These meetings also provided the opportunity for the Small Business Commissioner to understand the particular challenges that small business face in the regional community.

The Commissioner also presented to numerous business groups, associations and chambers in the metropolitan areas throughout the year.



8. Strategy and Future Objectives for 2013–2014

The key priorities of the Office are taken from the enabling legislation—the *Small Business Commissioner Act 2011*. They are Dispute Resolution, Industry Codes, Information Services and Advocacy.

From the objectives identified in the 2011–12 Annual report the following has been achieved:

Dispute resolution

- The Case Management System was successfully implemented and was fully operational in December 2012—this has provided the Office with a state of the art system which can be modified and expanded easily. It was pleasing that a local South Australian company won the development contract.
- As outlined in the dispute resolution section of this report further refinements were identified and implemented enabling a higher percentage of success in disputes being resolved.

Industry Codes

- Farming Industry Code drafting was approved by Cabinet, Code was drafted ready for the Minister for Small Business to proceed to consultation as per 28F(3) of the *Fair Trading Act 1987*.
- The Motor Vehicle Industry Code drafting was also approved by Cabinet, Code was drafted ready for the Minister for Small Business to proceed to consultation as per 28F(3) of the *Fair Trading Act 1987*.
- Development work on the Franchising Code and a Newsagents Code was also commenced.

Information Services

- Enhancements to the website were performed.
- A mobile/tablet version of the website was developed and released.
- Work on 'Retail and Commercial Leasing Guide' was commenced.

Advocacy

- Representations have been made on a wide variety of matters to State government Ministers, their advisers, Opposition members and their staff and Independent members.
- Submission to the Federal Franchising Code review completed. A copy is available on the Commissioner's website.

Over the 2013–14 period it is the intention to further develop across these key priorities, specifically:

- Further refinement of the dispute resolution processes in each of the three phases to improve understanding of the processes, improve timeliness where possible and achieve a higher resolution rate.
- The implementation of the mandatory dispute resolution framework under the various Industry Codes of Conduct that are prescribed by the Minister for Small Business under the *Fair Trading Act 1987*.
- Release of the 'Retail and Commercial Leasing Guide' the first of its type in South Australia.
- The transfer of the *Building and Construction Industry Security of Payments 2009 Act* from Consumer and Business Services and incorporating this service into the Small Business Commissioner's suite of services.
- Further implementation of the stakeholder engagement strategy to ensure wider knowledge and understanding of the functions and services provided by the Small Business Commissioner.

- Development and implementation of the 'It's My Business' tailored information service.
- Further enhancements to the website and further mobile access refinements.
- Enhancements in the Case Management System especially to accommodate 'It's My Business' clients.
- Advocating strongly to State government Ministers, their advisers, Opposition members and their staff and Independent members as matters arise.
- Developing further links with the national Small Business Commissioner's group.

INTRODUCING 'IT'S MY BUSINESS' INFORMATION SERVICE TO ASSIST SMALL BUSINESS

9. Financial Statements

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Small Business Commissioner

Independent Auditor's Report

SMALL BUSINESS COMMISSIONER

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Small Business Commissioner incorporating its administered item of 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 authority; and
- present a true and fair view of the financial position of the Small Business Commissioner as at 30 June 2013 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Small Business Commissioner for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Mike Sinkunas
Small Business Commissioner
27 September 2013



Peter Polychronopoulos
Chief Finance Officer
27 September 2013



Small Business Commissioner

Independent Auditor's Report ... Continued



Government of South Australia
Auditor-General's Department

Our ref: A13/352

27 September 2013

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Dear Mr Sinkunas

Audit of the Small Business Commissioner for the year ended 30 June 2013

The audit of the Small Business Commissioner for the year ended 30 June 2013 is complete.

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.

Returned herewith are 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 the management and staff of the Small Business Commissioner in providing assistance during the year to my officers in the conduct of the annual audit.

Yours sincerely

S O'Neill
AUDITOR-GENERAL

enc

Small Business Commissioner

Independent Auditor's Report ... Continued

INDEPENDENT AUDITOR'S REPORT



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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 financial year ended 30 June 2013. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2013
- a Statement of Financial Position as at 30 June 2013
- a Statement of Changes in Equity for the year ended 30 June 2013
- a Statement of Cash Flows for the year ended 30 June 2013
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2013
- a Statement of Administered Financial Position as at 30 June 2013
- a Statement of Administered Changes in Equity for the year ended 30 June 2013
- a Statement of Administered Cash Flows for the year ended 30 June 2013
- a Certificate from the Small Business Commissioner and the Chief Finance Officer.

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.

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.

Small Business Commissioner

Independent Auditor's 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 Small Business Commissioner as at 30 June 2013, 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 September 2013

Small Business Commissioner

Statement of Comprehensive Income

For the Year Ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Expenses			
Employee benefit expenses	4	873	350
Supplies and services	5	479	231
Depreciation and amortisation expense	6	4	–
Total expenses		1,356	581
Income			
Recoveries	8	108	67
Other income	9	2	–
Total income		110	67
Net cost of providing services		1,246	514
Revenues from / payments to SA Government			
Revenues from SA Government	10	973	764
Net revenues from SA Government		973	764
Net result		(273)	250
Total comprehensive result		(273)	250

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

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

Small Business Commissioner

Statement of Financial Position

As at 30 June 2013

	Note	2013 \$'000	2012 \$'000
Current assets			
Cash	11	5	445
Receivables	12	175	67
Total current assets		180	512
Non-current assets			
Intangible assets	13	47	–
Total non-current assets		47	–
Total assets		227	512
Current liabilities			
Payables	14	58	88
Employee benefits	15	55	71
Total current liabilities		113	159
Non-current liabilities			
Payables	14	20	16
Employee benefits	15	195	165
Total non-current liabilities		215	181
Total liabilities		328	340
Net assets		(101)	172
Equity			
Retained earnings		(101)	172
Total equity		(101)	172

The total equity is attributable to the SA Government as owner.

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

Small Business Commissioner

Statement of Changes in Equity

For the Year Ended 30 June 2013

	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2012	179	179
Prior period adjustment	(7)	(7)
Restated balance at 30 June 2012	172	172
Net result for 2012–13	(273)	(273)
Total comprehensive result for 2012–13	(273)	(273)
Balance at 30 June 2013	(101)	(101)

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

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

Small Business Commissioner

Statement of Cash Flows

For the Year Ended 30 June 2013

	Note	2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(856)	(160)
Payments for supplies and services		(508)	(159)
Cash used in operations		(1,364)	(319)
Cash inflows			
Mediation fees		2	–
Cash generated from operations		2	–
Cash flows from SA Government			
Receipts from SA Government	10	973	764
Cash generated from SA Government		973	764
Net cash (used in) / provided by operating activities		(389)	445
Cash outflows			
Purchase of intangibles		(51)	–
Cash used in investing activities		(51)	–
Net cash provided by / (used in) investing activities		(51)	–
Net increase / (decrease) in cash		(440)	445
Cash at 1 July		445	–
Cash as 30 June	11, 18	5	445

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

Small Business Commissioner

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Small Business Commissioner

Notes to and Forming Part of the 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 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*.
- Perform inquiries on behalf of the Small Business Minister.
- Responsibilities under the *Work Health and Safety Act 2012 (SA)* started from 1 January 2013.

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 Shop 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 2013. Refer to 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) 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 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 twelve 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 2013.

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.

e) Comparative information

The Small Business Commissioner was proclaimed on 22 March 2012, comparative values for 2011–12 are only for a 3 month period. The Fund transferred from the Attorney-General's Department to the Commissioner as of 1 April 2012, comparative values for 2011–12 are only for a 3 month period.

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.

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

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 costs 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.

Depreciation and amortisation of non-current assets

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Depreciation/amortisation is calculated on a straight line basis either over the estimated useful life of the asset, where this can be reasonably determined, or a class rate taken from the table below:

Class of Asset
Intangibles/Software

Useful Life (Years)
1 – 5

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 administrative services 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.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The department only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) and when the amount of expenditure is greater than or equal to \$10 000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 are expensed.

Subsequent expenditure on intangible assets has not been capitalised. This is because the department has been unable to attribute this expenditure to the intangible asset rather than to the department as a whole.

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, 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 benefits on-costs include payroll tax, workers compensation and superannuation contributions in respect to outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention 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, skills and experience retention 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 and the skills and experience retention 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 measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The unconditional portion of the long service leave provision is classified as current as the Commissioner does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after ten years of service.

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.

The workers compensation provision is an actuarial estimate of the outstanding liability as at 30 June 2013 provided by a consulting actuary engaged through the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Commissioner is responsible for the payment of workers compensation claims.

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

The Commissioner is not aware of any contingent assets or liabilities at reporting date.

Note 3 – New and revised accounting standards and policies

The Commissioner did not voluntarily change any of its accounting policies during 2012–13.

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 2013.

Note 4 – Employee benefits expenses

	2013	2012
	\$'000	\$'000
Salaries and wages	649	132
Long service leave	14	140
Annual leave	70	26
Skills and experience retention leave	4	–
Employment on-costs – superannuation	96	32
Employment on-costs – other	39	20
Workers compensation	1	–
Total employee benefits expenses	873	350

No employees received a TVSP or early termination payment during 2012–13.

The number of employees whose remuneration received or receivable falls within the following bands:

	2013	2012
	Number	Number
\$278 000 – \$287 999	1	–
Total number of employees	1	–

Only one employee received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, TVSPs / early terminations, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by this employee for the year was \$0.287million.

Note 5 – Supplies and services

	2013 \$'000	2012 \$'000
Supplies and services provided by entities within the SA Government		
Accommodation and service costs	175	24
Accounting and audit fees	22	11
Travel and related expenses	16	–
Total supplies and services – SA Government entities	213	35
Supplies and services provided by entities external to the SA Government		
Accommodation and service costs	43	2
Communications and information technology expense	64	45
Contractors	30	82
Mediation fees	6	–
Marketing	45	18
Staff related expenses	24	–
Travel and related expenses	25	22
Office administration expenses	29	27
Total supplies and services – Non-SA Government entities	266	196
Total supplies and services	479	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.

The Commissioner did not engage the services of any consultants during 2012–13.

Note 6 – Depreciation and Amortisation Expense

	2013 \$'000	2012 \$'000
Amortisation		
Intangible assets	4	–
Total amortisation	4	–
Total depreciation and amortisation	4	–

Note 7 – Auditor’s remuneration

	2013 \$'000	2012 \$'000
Audit fees paid/payable to the Auditor-General’s Department relating to the audit of financial statements	22	11
Total audit fees	22	11

Audit fees relate to services for both The Small Business Commissioner and the Retail Shop Leases Fund. No other services were provided by the Auditor-General’s Department.

Note 8 – Recoveries

	2013 \$'000	2012 \$'000
Recoveries received/receivable from entities within SA Government		
Administration fees	108	67
Total recoveries – SA Government entities	108	67
Total recoveries	108	67

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

Note 9 – Other income

	2013 \$'000	2012 \$'000
Mediation fee revenues	2	–
Total other income – Non-SA Government entities	2	–
Total other income	2	–

The Small Business Commissioner re-coup mediation costs where possible.

Note 10 – Revenue from SA Government

	2013	2012
	\$'000	\$'000
Revenues from SA Government		
Intra government transfers	973	764
Total revenues from SA Government	973	764

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

Note 11 – Cash

	2013	2012
	\$'000	\$'000
Deposits with the Treasurer	5	445
Total cash	5	445

Interest rate risk

The carrying amount of cash represents fair value.

Note 12 – Receivables

	2013 \$'000	2012 \$'000
Current		
Accrued recoveries from Retail Shop Leases Fund	175	67
Total current receivables	175	67
Total receivables	175	67
Government / Non-Government receivables		
Receivables from SA Government entities		
Accrued revenue	175	67
Total receivables from SA Government entities	175	67
Total receivables	175	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 20.2 in Note 20.

(b) Categorisation of financial instruments and risk exposure information – Please refer to Note 20.

Note 13 – Intangible assets

	2013 \$'000	2012 \$'000
Intangibles / software		
Computer software	51	–
Accumulated amortisation	(4)	–
Total intangible assets	47	–

Impairment

There were no indications of impairment on intangible assets at 30 June 2013.

Reconciliation of Intangible assets

The following table shows the movement of Non-Current Assets during 2012–13.

	Intangibles / software \$'000	Total intangibles / software \$'000
Carrying amount at the beginning of the financial year	–	–
Acquisitions	51	51
Depreciation and amortisation	(4)	(4)
Carrying amount at the end of the financial year	47	47

Note 14 – Payables

	2013 \$'000	2012 \$'000
Current		
Accrued expenses	50	72
Employment on-costs	8	9
Total current payables	58	88
Expected to be paid more than 12 months after reporting date		
Employment on-costs	20	16
Total expected to be paid more than 12 months after reporting date	20	16
Total payables	78	104
Government / Non-Government payables		
Payables to SA Government entities		
Accrued expenses	35	50
Employment on-costs	28	25
Total payables to other SA Government entities	63	75
Payables to non-SA Government entities		
Creditors and accrued expenses	15	29
Total payables to non-SA Government entities	15	29
Total payables	78	104

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 has remained at the 2012 rate of 40% and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2012 rate (10.3%) to 10.2%. These rates are used in the employment oncost calculation. The net financial effect of the changes in the current financial year is immaterial.

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 20.2 in Note 20.

b) Categorisation of financial instruments and risk exposure information – Please refer to Note 20.

Note 15 – Employee benefits

	2013 \$'000	2012 \$'000
Current		
Annual leave	47	31
Long service leave	4	40
Skills and experience retention leave	4	–
Total current employee benefits	55	71
Non-current		
Long service leave	195	165
Total non-current employee benefits	195	165
Total employee benefits	250	236

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has increased from 2012 (3.0%) to 2013 (3.75%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, reduces the increase in the value in the reported long service leave liability.

The net financial effect of these changes in the current financial year is a decrease in the long service leave liability of \$0.02m and employee benefit expense of \$0.03m. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Note 16 – Unrecognised contractual commitments

	2013 \$'000	2012 \$'000
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	305	327
Later than one year but not longer than five years	827	1,218
Total remuneration commitments	1,132	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	159	137
Later than one year but not longer than five years	670	647
Later than five years	803	979
Total operating lease commitments	1,632	1,763
Representing:		
Cancellable operating leases	6	12
Non-cancellable operating leases	1,626	1,751
	1,632	1,763

The Commissioner's operating leases relate to office accommodation and motor vehicles. Office 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 vehicle are leased from SAFA through their agent Lease Plan Australia, with lease periods of up to three years. These are cancellable without notice.

Office accommodation commitments relate to entities within the SA Government.

Note 17 – Transferred functions

There were no transferred functions during the 2012–13 financial year.

Note 18 – 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.

	2013 \$'000	2012 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Cash and cash equivalents disclosed in the Statement of Financial Position;		
Deposits with the Treasurer	5	445
Balance as per the Statement of Cash Flows	5	445
Reconciliation of net cash provided by operating activities to net result:		
Net cash provided by / (used in) by operating activities	(389)	445
Add / (less) non cash items:		
Depreciation and amortisation expense of non-current assets	(4)	–
Employee benefit transfers	–	71
Movements in assets / liabilities:		
Increase / (decrease) in receivables	108	67
(Increase) / decrease in payables	26	(97)
(Increase) / decrease employee benefits	(14)	(236)
Net Result	(273)	250

Note 19 – Contingent assets and liabilities

The Commissioner is not aware of any contingent assets or liabilities at reporting date.

Note 20 – Financial instruments / financial risk management

Table 20.1 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	Carrying amount 2013 \$'000	Fair value 2013 \$'000	Carrying amount 2012 \$'000	Fair value 2012 \$'000
Financial assets						
Cash	Cash	11	5	5	445	445
Loans and receivables	Receivables ⁽¹⁾	12	175	175	67	67
	Total financial assets at cost		180	180	512	512
Financial liabilities						
Financial liabilities at cost	Payables ⁽¹⁾	14	40	40	69	69
	Total financial liabilities at cost		40	40	69	69

⁽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.

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 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 20.2: Maturity analysis of financial assets and liabilities

	Carrying amount (\$'000)	Contractual Maturities		
		< 1 year (\$'000)	1–5 years (\$'000)	> 5 years (\$'000)
2013				
Financial assets				
Cash	5	5	–	–
Receivables	175	175	–	–
Total financial assets	180	180	–	–
Financial liabilities				
Payables	40	40	–	–
Total financial liabilities	40	40	–	–
2012				
Financial assets				
Cash	445	445	–	–
Receivables	67	67	–	–
Total financial assets	512	512	–	–
Financial liabilities				
Payables	69	69	–	–
Total financial liabilities	69	69	–	–

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 20.1 represent the Commissioner's maximum exposure to financial liabilities.

Continued ...

... Continued

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 21 – 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.

Small Business Commissioner

Statement of Administered Comprehensive Income

For the Year Ended 30 June 2013

	2013 \$'000	2012 \$'000
Expenses		
Administration costs	108	127
Total expenses	108	127
Income		
Interest revenues	258	306
Total income	258	306
Net result	150	179
Other comprehensive income		
Market value movement of investments	278	(42)
Total comprehensive result	428	137

Small Business Commissioner

Statement of Administered Financial Position

As at 30 June 2013

	2013 \$'000	2012 \$'000
Current assets		
Cash and cash equivalents	962	516
Receivables	70	95
Investments	2,786	2,523
Total current assets	3,818	3,134
Non-current assets		
Investments	3,658	3,380
Total non-current assets	3,658	3,380
Total assets	7,476	6,514
Current liabilities		
Security bonds lodged	611	806
Payables	199	87
Total current liabilities	810	893
Non-current liabilities		
Security bonds lodged	5,029	4,412
Total non-current liabilities	5,029	4,412
Total liabilities	5,839	5,305
Net assets	1,637	1,209
Equity		
Investments market value reserve	114	(164)
Retained earnings	1,523	1,373
Total equity	1,637	1,209

Small Business Commissioner

Statement of Administered Changes in Equity

For the Year Ended 30 June 2013

	Investment Market Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2011	(122)	1,191	1,069
Net result for 2011–12	–	179	179
Gains taken to equity	(42)	–	(42)
Total comprehensive result for 2011–12	(42)	179	137
Balance at 30 June 2012	(164)	1,370	1,206
Prior period adjustment	–	3	3
Restated balance at 30 June 2012	(164)	1,373	1,209
Net result for 2012–13	–	150	150
Gains taken to equity	278	–	278
Total comprehensive result for 2012–13	278	150	428
Balance at 30 June 2013	114	1,523	1,637

Small Business Commissioner

Statement of Administered Cash Flows

For the Year Ended 30 June 2013

	2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000
Cash flows from operating activities		
Cash outflows		
Administration	–	(227)
Bond refunds	(735)	(824)
Cash used in operations	(735)	(1,051)
Cash inflows		
Interest received	17	340
Bond lodgements	1,164	1,222
Cash generated from operations	1,181	1,562
Net cash provided by/(used in) operations	446	511
Cash flows from investing activities		
Cash outflows		
Purchases of investments	–	(316)
Cash used in investing activities	–	(316)
Net cash used in investing activities	–	(316)
Net (decrease) increase in cash and cash equivalents	446	195
Cash and cash equivalents as at 1 July	516	321
Cash and cash equivalents as at 30 June	962	516

Retail Shop Leases Fund

Independent Auditor's Report

RETAIL SHOP LEASES FUND

Certification of the Financial Statements

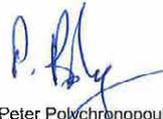
We certify that the attached general purpose financial statements for the Retail Shop Leases Fund:

- 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 authority; and
- present a true and fair view of the financial position of the Retail Shop Leases Fund as at 30 June 2013 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Retail Shop Leases 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.



Mike Sinkunas
Small Business Commissioner
27 September 2013



Peter Polychronopoulos
Chief Finance Officer
27 September 2013

Retail Shop Leases Fund

Independent Auditor's Report ... Continued



Government of South Australia
Auditor-General's Department

Our ref: A13/042

27 September 2013

Mr M Sinkunas
Small Business Commissioner
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Dear Mr Sinkunas

Audit of the Retail Shop Leases Fund for the year ended 30 June 2013

The audit of Retail Shop Leases Fund for the year ended 30 June 2013 is complete.

The audit covered the principal areas of the financial operations of the Retail Shop Leases Fund 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.

Returned herewith are the financial statements of the Retail Shop Leases Fund together with the Independent Audit Report, which is unmodified.

In addition a management letter will be forwarded to you shortly, advising of any matters arising from the audit and relevant recommendations. The matters raised will be followed up in the 2013-14 annual audit.

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

Yours sincerely

S O'Neill
AUDITOR-GENERAL

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Retail Shop Leases Fund

Independent Auditor's 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 2013. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2013
- a Statement of Financial Position as at 30 June 2013
- a Statement of Changes in Equity for the year ended 30 June 2013
- a Statement of Cash Flows for the year ended 30 June 2013
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Small Business Commissioner and the Chief Finance Officer.

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.

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.

Retail Shop Leases Fund

Independent Auditor's 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 2013, 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 September 2013

Retail Shop Leases Fund

Statement of Comprehensive Income

For the Year Ended 30 June 2013

	Note No.	2013 \$'000	2012 \$'000
Expenses			
Administration	4	108	127
Total expenses		108	127
Income			
Interest revenue	6	258	306
Total income		258	306
Net result		150	179
Other comprehensive income			
Market value movement of investments	7	278	(42)
Total comprehensive result		428	137

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

Retail Shop Leases Fund

Statement of Financial Position

As at 30 June 2013

	Note No.	2013 \$'000	2012 \$'000
Current assets			
Cash and cash equivalents	8	962	516
Receivables	9	70	95
Investments	10	2,786	2,523
Total current assets		3,818	3,134
Non-current assets			
Investments	10	3,658	3,380
Total non-current assets		3,658	3,380
Total assets		7,476	6,514
Current liabilities			
Security bonds lodged	11	611	824
Payables	12	199	72
Total current liabilities		810	896
Non-current liabilities			
Security bonds lodged	11	5,029	4,412
Total non-current liabilities		5,029	4,412
Total liabilities		5,839	5,308
Net assets		1,637	1,206
Equity			
Investments market value reserve		114	(164)
Retained earnings		1,523	1,373
Total equity		1,637	1,209
Unrecognised contractual commitments	14		
Contingent assets and liabilities	15		

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

Retail Shop Leases Fund

Statement of Changes in Equity

For the Year Ended 30 June 2013

	Note No.	Investments Market Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2011		(122)	1,191	1,069
Net result 2011–12		–	179	179
Gains taken to equity	2e	(42)	–	(42)
Total comprehensive result 2011–12		(42)	179	137
Balance at 30 June 2012		(164)	1,370	1,206
Prior period adjustment		–	3	3
Restated balance at 30 June 2012		(164)	1,373	1,209
Net result 2012–13		–	150	150
Gains taken to equity		278	–	278
Total comprehensive result 2012–13		278	150	428
Balance at 30 June 2013		114	1,523	1,637

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

Retail Shop Leases Fund

Statement of Cash Flows

For the Year Ended 30 June 2013

	Note No.	2013 Inflows (Outflows) \$'000	2012 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash outflows			
Administration		–	(227)
Bond refunds		(735)	(824)
Cash used in operations		(735)	(1,051)
Cash inflows			
Interest received		17	340
Bonds lodged		1,164	1,222
Cash generated from operations		1,181	1,562
Net cash provided by operating activities	13	446	511
Cash flows from investing activities			
Cash outflows			
Purchases of investments		–	(316)
Cash used in investing activities		–	(316)
Net cash used in investing activities		–	(316)
Net (decrease)/increase in cash and cash equivalents		446	195
Cash and cash equivalents as at 1 July		516	321
Cash and cash equivalents as at 30 June	8	962	516

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

Retail Shop Leases Fund

Note Index

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Summary of significant accounting policies	Note 2
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Transactions with SA Government	Note 17
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Retail Shop Leases Fund

Notes to and Forming Part of the 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 as approved by the Minister for Small Business.

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 2013. 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; 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 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 15.

The 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 2013 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 Office of the Small Business Commissioner administers on behalf of the SA Government.

d) Transferred functions

During the 2012–13 financial period no administrative restructures occurred, the Fund continues to be an administered responsibility of the Office of the Small Business Commissioner.

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 Office of 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 Office of 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.

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 Fund's bank accounts and investments held with 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 the Office of the Small Business Commissioner are made available to support the operations and administration of the Fund.

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 2013 the Fund held investments in common funds in the following proportions:

Capital Stable	12.58%
Balanced	44.18%
Cash Common Fund	43.24%

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.

l) 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 unclaimed bonds.

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.

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.

Unclaimed security bonds consist of bonds that have been refunded to the bond holder and have had difficulty during the banking process or remain unrepresented for greater than three months.

Note 3 – New and revised accounting standards and policies

The Fund did not voluntarily change any of its accounting policies during 2012–13.

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 2013.

Note 4 – Administration expenses

	2013 \$'000	2012 \$'000
Administration costs	108	127
Total administration expenses ⁽¹⁾	108	127

⁽¹⁾ Reimbursements to the Small Business Commissioner for the cost of administering Part 10 of the *Retail and Commercial Leases Act 1995*.

Note 5 – Auditor's remuneration

Audit fees of \$11,000 for the Retail Shop Leases Fund were met by The Small Business Commissioner and is captured in the Administration charge to the Fund.

Note 6 – Interest income

	2013 \$'000	2012 \$'000
Interest income	258	306
Total Interest income ⁽¹⁾	258	306

⁽¹⁾ Interest includes interest earned on the Fund's bank accounts and investments held with the Public Trustee.

Note 7 – Other comprehensive income

	2013 \$'000	2012 \$'000
Revenue from investments	278	(42)
Total Other comprehensive income	278	(42)

Note 8 – Cash and cash equivalents

	2013 \$'000	2012 \$'000
Deposits with Treasurer	962	516
Total cash and cash equivalents	962	516

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 9 – Receivables

	2013 \$'000	2012 \$'000
Accrued interest	70	95
Total receivables	70	95

a) Maturity analysis of receivables – Refer to table in note 14

b) Categorisation of financial instruments and risk exposure information – Please refer to note 14

Note 10 – Investments

	2013 \$'000	2012 \$'000
Current		
Investments	2,786	2,523
Total current investments	2,786	2,523
Non Current		
Investments	3,658	3,380
Total non-current investments	3,658	3,380

Note 11 – Security bonds lodged

	2013	2012
	\$'000	\$'000
Current		
Bonds lodged	611	806
Total current security bonds lodged	611	806
Non Current		
Bonds lodged	5,029	4,412
Total non-current security bonds lodged	5,029	4,412

Note 12 – Payables

	2013	2012
	\$'000	\$'000
Creditor – The Small Business Commissioner	175	69
Unclaimed Bonds	24	18
Total payables	199	87

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 16
- b) Categorisation of financial instruments and risk exposure information – Please refer to Note 16

Note 13 – Cash flow reconciliation

	2013 \$'000	2012 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Balance as per the Statement of Cash Flows	962	516
Cash and cash equivalents disclosed in the Statement of Financial Position	962	516
Reconciliation of net cash provided by operating activities to net result:		
Net cash provided by / (used in) operating activities	446	511
Add / (less) non-cash items:		
Unclaimed Bonds at end of period	24	–
Distributions on investments	241	–
Prior period adjustment	(3)	–
Movement in assets and liabilities		
Increase / (decrease) in receivables	(25)	(34)
(Increase) / decrease in payables	(112)	102
(Increase) / decrease in Security Bonds	(422)	(400)
Net result	149	179

Note 14 – Unrecognised contractual commitments

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 15 – Contingent assets and liabilities

The Commissioner is not aware of any contingent assets or liabilities at reporting date.

Note 16 – Financial instruments / financial risk management

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 & financial liabilities

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

	Carrying Amount (\$'000)	Contractual Maturities		
		< 1 year (\$'000)	1–5 years (\$'000)	> 5 years (\$'000)
2013				
Financial assets				
Cash and cash equivalents	962	962	–	–
Investments	6,444	2,786	3,658	–
Receivables ⁽¹⁾	70	70	–	–
Total Financial assets	7,476	3,818	3,658	–
Financial liabilities				
Payables ⁽¹⁾	188	188	–	–
Other financial liabilities	5,640	611	5,029	–
Total Financial liabilities	5,828	799	5,029	–
2012				
Financial assets				
Cash and cash equivalents	516	516	–	–
Investments	5,903	2,523	3,380	–
Receivables ⁽¹⁾	95	95	–	–
Total Financial assets	6,514	3,134	3,380	–
Financial liabilities				
Payables ⁽¹⁾	82	82	–	–
Other financial liabilities	5,218	806	4,412	–
Total Financial liabilities	5,300	888	4,412	–

⁽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)
2013					
Financial Assets					
Cash and Cash Equivalents	962	(10)	10	-	-
Investments	6,444	-	-	(64)	64
Total increase/(decrease)		(10)	10	(64)	64
2012					
Financial Assets					
Cash and Cash Equivalents	516	(5)	5	-	-
Investments	5,903	-	-	(59)	59
Total increase/(decrease)		(3)	3	(59)	56

Note 17 – 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	
	2013 \$'000	2012 \$'000
Income		
Interest revenue	241	290
Total income	241	290
Expenses		
Administration	108	127
Total Expenses	108	127
Financial assets		
Deposits with Treasurer	962	516
Receivables	70	95
Investments	6,444	5,903
Total financial assets	7,476	6,514
Financial liabilities		
Payables	175	69
Total financial liabilities	175	69

Note 18 – Events after the reporting period

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



Small Business
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SOUTH AUSTRALIA