

Small Business Commissioner

SOUTH AUSTRALIA

ANNUAL REPORT 2013 / 2014

INFORM | MEDIATE | ADVOCATE



Government
of South Australia



SOUTH
AUSTRALIA

INFORM

MEDIATE

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**Government
of South Australia**



**Small Business
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 1st July 2013 to 30th June 2014.

The Small Business Commissioner, Mike Sinkunas resigned on 25th July 2014. I was appointed as the Small Business Commissioner on 25th September 2014 following the resignation.

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

John Chapman
Small Business Commissioner
7 April 2015



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1. Small Business Commissioner's Message

The third year of operations at the Office of the Small Business Commissioner (OSBC) reflected continued strong achievements and the consistent delivery of dispute resolution services. The monetary value of the successfully resolved disputes coupled with the savings in legal costs for these small businesses cannot be underestimated.

The Office continued to provide services to the small business community with many thousands of businesses contacting the office since the launch on 29 March 2012. With an emphasis on stakeholder engagement, marketing and the launch of the 'It's My Business' service in the past year, the awareness of our services have increased throughout the small business community in South Australia.

Since the ground breaking legislation was passed in October 2011 for the *Small Business Commissioners Act 2011* the OSBC has undertaken responsibility for the *Retail and Commercial Leases Act 1995* and has responsibilities under the *Fair Trading Act 1987* (Industry Codes) which will be discussed further in this report. At the core of our responsibilities to the small business community, we act as an independent statutory office responsible for facilitating the resolution of disputes between small businesses, Local and State Government bodies.

Small businesses, franchisees, retail tenants and farmers now have a voice and a champion to assist them through difficult times, disputes and compliance issues. No matter is too small or too big.

The OSBC has also assumed responsibility for the *Building and Construction Industry Security of Payments Act 2009* and acts as a dispute resolution body for the *Late Payment of Government Debts (Interest) Act 2013*.

The function of reviewing the Codes of Practice under the *Work Health and Safety Act 2012 (SA)* was also assigned to the OSBC and this will be discussed in more detail in section 2.1 of this report.

In mid-2013 ABS data shows that there are approximately 140,000 businesses operating in South Australia. This suggests a significant catchment of businesses which may require our services and also supports a strong platform for improved information, advocacy and mediation services in South Australia.

More importantly, South Australian small businesses maintain the second highest survival rate in the country at 65.8% and resilience of the South Australian economy depends on small businesses thriving. It is therefore critical to support and provide assistance to the small business community.

During the past year of operations we have seen an increasingly vast range of small businesses contacting the OSBC for assistance and they include; franchisors and franchisees; farmers; retail shop owners; on line businesses and new start-ups.

The best advice to small business owners is to ensure their start-up is supported by capital or finance, that they do their due diligence and understand their industry in great detail. An increasingly competitive environment and economic issues are some of the biggest tests for business owners at the moment. Likewise, cost pressures, difficulties accessing finance and effective use of online services to support business operations are equally as pressing in today's business climate. On a broader perspective, positive indicators have emerged from the statistics regarding exports with South Australia recording an 18% increase in the year up to May 2014. This result puts South Australia at the forefront of all other States in the Nation.

Following the State election on 15 March 2014, the State Government appointed Hon Tom Koutsantonis MP as the new Minister for Small Business and I want to thank the support and commitment to the outgoing Minister, Hon Tom Kenyon and his staff.

Integral to the success of the OSBC are the dedicated and committed staff who undertake the important role of managing and supporting the services offered through the Office. I would like to thank them in particular for their steadfast loyalty to the small business community in South Australia. The quality and expertise of the staff in the OSBC strengthens my confidence that the next few years will be rewarding and prosperous for all those associated with the small business community in South Australia.



John Chapman
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*
- *Building and Construction Industry Security of Payments Act 2009*
- *Fair Trading Act 1987*
 - with reference to the 3 new Industry Codes of Conduct developed by the Small Business Commissioner as stated in Section 3.3 of this report;
 - Fair Trading (Farming Industry Dispute Resolution Code) Regulations 2013
 - Fair Trading (Newsagency Industry Dispute Resolution Code) Regulations 2014
 - Fair Trading (Motor Vehicle Industry Dispute Resolution Code) Regulations 2014

With responsibilities under the:

- *Work Health and Safety Act 2012 (SA)*

Acts as the dispute resolution body for the:

- *Late Payment of Government Debts (Interest) Act 2013*

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 welfare of workers in the workplace. The *WHS Regulations* provide control methods linked to specific work activities.

On 16 October 2013 the Legislative Council requested that the Small Business Commissioner review (3) *Codes of Practice*.

- Preventing Falls in Housing Construction Code of Practice
- Safe Design of Structures Code of Practice
- Construction Work Code of Practice

During the process of this review, detailed discussions were commenced with the Housing Industry Association (HIA) and the Master Builders Association South Australia (MBASA). A further 42 small builders, architects and building designers also provided comments and feedback in relation to these Codes and 17 submissions were received in relation to the costs associated with the implementation of these Codes.

Overall there were a number of recurring issues which were raised through this consultation process. In summary these relate to:

- Costs for small business to comply with the Codes
- Administrative and training costs to set up systems which monitor the Codes
- The 3 Codes are similar to others, lengthy and confusing in places

- Inadequate resources in some small business means they cannot comply with the Codes
- The Codes are not practical for both residential and commercial building sites and they are not tailored to suit individual aspects of the industry
- Concerns regarding the interpretations associated with compliance, which a SafeWork SA inspector may have

In summary, the industry and various participants were seeking a collaborative approach to defining practical solutions for the residential housing industry. The Small Business Commissioner recommended to the Minister for Industrial Relations, Hon John Rau MP a more proactive and cooperative approach with key groups such as HIA, MBASA and SafeWork SA with the aim of having a consensus approach to the design of the Code that is suitable for the residential building industry.

On 13 November 2013 the Minister for Industrial Relations, Hon John Rau MP announced that the State Government would suspend three work health and safety Codes of Practice for the building industry and begin work on a review of the Codes.

As a result of the initial review of 12 draft WHS Codes of Practice in 2012-2013 conducted by the Small Business Commissioner and comments provided to the Minister for Industrial Relations, SafeWork SA have rewritten the 12 Codes and released them during April – May 2014.

“

We have been told by the housing industry that the prescriptive requirements of these Codes of Practice have placed financial burdens on business that may be resulting in additional costs to homebuyers. Therefore, it is prudent that the Government suspend the Codes of Practice and consult with the building industry, unions and the Small Business Commissioner in order to improve these Codes.

”

Hon John Rau, MP

Wednesday 13 November, 2013.

News Release

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



3. Operations of the Small Business Commissioner Office

3.1 Overview and Role of the Office

The Office of the Small Business Commissioner was created by the South Australian Government primarily to assist small business. As an independent statutory office we monitor and work with small businesses to resolve disputes between other small business, landlords, Local and State Government bodies across the State.

Thousands of South Australian businesses have been assisted since the inception of the Office of the Small Business Commissioner and this underpins the success of the Office. With a strong legislative framework which deals with a diverse range of matters and range of Industry Codes to assist business sectors, the Office is well placed to service, support and advocate for the needs of small business in South Australia.

As a proactive approach to dispute resolution services, the Office also provides information, and tailored industry specific support to improve the capacity of small business to manage their business and make informed decisions, so that disputes are less likely to occur. The 2013 – 2014 State Budget handed down in June 2013 announced the funding for a new package for small business. This includes the launch of the 'It's My Business' information service designed to link each business directly to the appropriate service provider.

Retail and commercial leasing matters are managed and serviced through this Office. Under the *Retail and Commercial Leases Act 1995 (RACLA)* security bonds are processed and administered in the Office of the Small Business Commissioner. Under the *RACLA*, all security bonds must be lodged with the Small Business Commissioner. Other responsibilities include matters in relation to Security of Payments in Building and Construction, Codes of Practice under the *Work Health Safety Act 2013 (SA)* and late payment of Government debts.

Small business in South Australia can contact the Office through phone, email, facsimile, direct attendance to the office or via the website and link to the 4 main services;

- Dispute Resolution Services
- Industry Codes
- Information Services
- Advocacy

The main priority for this Office is to support and provide a fair and competitive operating environment for South Australian small businesses. A no cost (or low cost) dispute resolution service is offered for disputes between business with Local and / or State Government bodies.

Disputes relating to State or Local Government are facilitated through the Small Business Commissioner in his capacity as an independent statutory officer and he will liaise with the relevant body to assist with a resolution.

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 2013 – 2014 year the Office has further refined the dispute resolution services and process. The transition from resolving a majority of the disputes at the initial stages has shown significant success. This is reflected in the statistics provided in the last section of 3.2 and presented in graphical form. We have found that small business owners and managers seek to resolve disputes quickly and efficiently to enable them to return to the core purpose of running their day to day business. The Case Officers in the Dispute Resolution Team are highly trained and experienced in the process of mediating and assisting small business owners reach an amicable resolution to their disputes. During the 2013 – 2014 financial year, the OSBC assisted 191 disputes. On average the OSBC handles approximately 50 on-going active disputes.

There are three distinct 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 made to the Small Business Commissioner via the following options:

- Email
- Phone
- Walk-in
- Online Form
- Fax
- Letter
- 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 receive relate to retail and commercial leases where the Lessor or Lessee is seeking 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 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 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 the case officer within the Office of the Small Business Commissioner 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 commence 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.

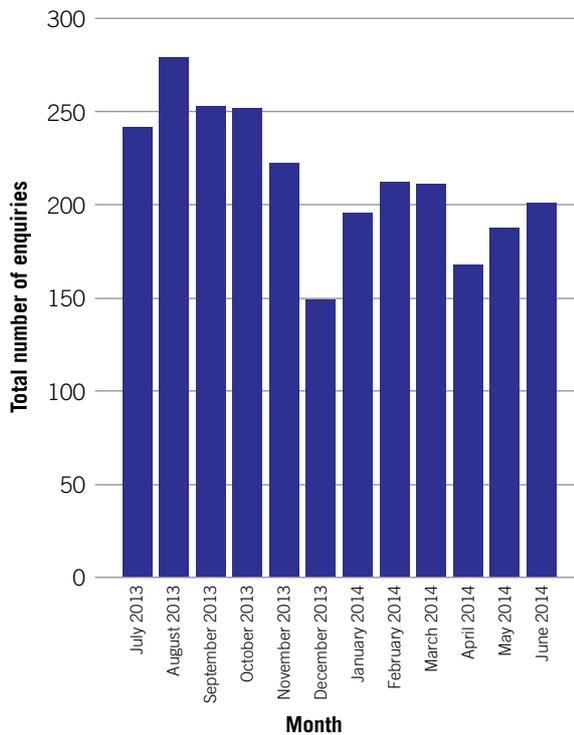
Once, and if a resolution is reached, the parties will conclude the mediation with the acceptance and signing of a settlement agreement.



Business Contacts to the Office

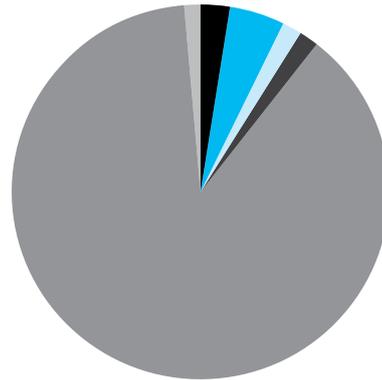
During the year 2013 – 2014, the Office of the Small Business Commissioner received 2,559 enquiries covering the *Small Business Commissioner Act 2011* and the *Retail and Commercial Leases Act 1995* as the following figures present.

Number of monthly enquiries - *Small Business Commissioner Act 2011* and the *Retail and Commercial Leases Act 1995* (excluding Retail Bonds enquiries)



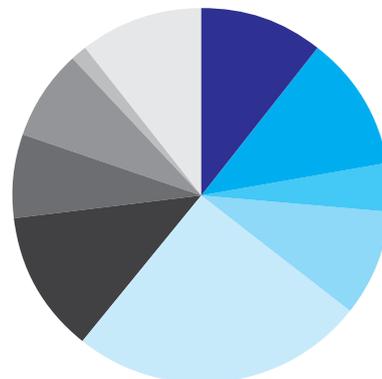
Small Business Commissioner Act 2011 : Category

- Farming **2.60%**
- Franchising **4.80%**
- Local Government **1.63%**
- State Government **1.79%**
- Small Business Issue **88.04%**
- No Selection & Other **1.14%**



Retail and Commercial Leases Act 1995 : Category

- Rent **10.75%**
- Termination of lease **11.58%**
- Assignment **4.21%**
- Outgoings / Operating expenses **9.02%**
- Bond / Security deposit / Bank guarantee **25.41%**
- Condition of the property **12.33%**
- Pre-lease negotiations **7.14%**
- End of lease negotiations **7.68%**
- Disclosure statements **1.58%**
- No selection & Other **10.30%**



Formal Cases

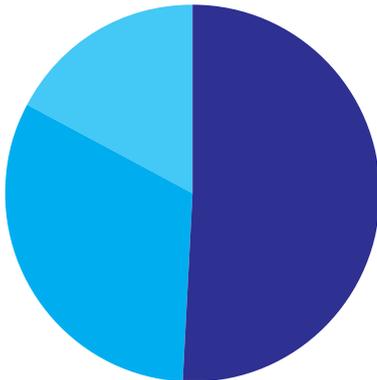
In February 2015, the Office of the Small Business Commissioner initiated a review of reporting practices and case analysis which was undertaken by Ernst & Young.

New criteria were adopted to determine case success rates for the 2013/14 report and the final determinations are signed off by the Small Business Commissioner.

Total and ongoing cases 2013/14

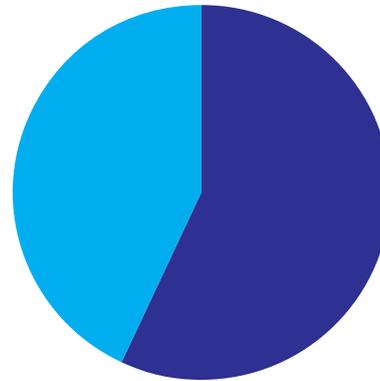
- Completed cases successful resolved **51%**
- Completed cases where assistance was provided **32%**
- Cases unsuccessful or insufficient file information to determine **17%**

Total cases Cleared in 2013/14 = 147
Ongoing cases = 44



Total formal cases by Act

- *Small Business Commissioner Act 2011* **57%**
- *Retail and Commercial Leases Act 1995* **43%**



Mediators

The Office of the Small Business Commissioner offers the services of a panel of professional mediators who may provide mediation services to parties in dispute. The breadth of expertise and experience available through the mediators includes fields such as: Small Business; Commercial Contracts; Farming; Retail Leasing and / or Franchising. All the mediators who provide their services to the Small Business Commissioner bring a minimum of two years experience as mediators and at least 5 years experience in a professional commercial environment.

Through the dispute resolution process our Case Officers will allocate the cases which have reached the formal mediation stage to the appropriate mediator. The criteria used to determine which mediator is assigned to a case depends on the expertise required, the nature of the dispute and any specific requirements for the parties.

The panel of mediators includes:

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



3.3 Industry Codes of Conduct

Industry Dispute Resolution Codes are now in force in a number of industries in South Australia to encourage improved conduct. There are many benefits for participating industries who establish high standards of conduct for the businesses which operate in their sector. In this context, the advantages for consumers and businesses are the frameworks that exist and which encourage best practice across the industry. The aim of these Codes is to provide South Australian farming, motor vehicle and newsagency participants with an enforceable, mandatory dispute resolution framework, to assist with a wide range of business-to-business, business-to-Local Government and business-to-State Government disputes.

The Industry Codes were designed and implemented by the Deputy Commissioner, Mr Frank Zumbo during the 2013 – 2014 financial year after broad consultation within each industry that the Codes refer. In the last financial year, 3 Industry Codes of Conduct have been passed. The SA Farming Industry Dispute Resolution Code was passed on 5 December 2013; the SA Motor Vehicle Industry Dispute Resolution Code on 30 January 2014 and the SA Newsagency Industry Dispute Resolution Code on 13 February 2014.

When drafting the Codes, the Deputy Commissioner's intention was to introduce easy to understand, straightforward industry specific regulations that would assist a broad range of participants, providing a compliance framework within which disputes could be negotiated and resolved in short timelines without the need for litigation.

Use of penalties for non-compliance and non-cooperation will only be applied in exceptional cases.

The two levels of financial penalties for any breaches of the Industry Dispute Resolution Codes include:

1. The Office of the Small Business Commissioner may issue a civil expiation notice for breaches.
2. The Office of the Small Business Commissioner may take court action to obtain a civil penalty of up to \$50,000 for a corporation or \$10,000 for a natural person.

All three Industry Dispute Resolution Codes also deal with business related disputes with Local and or State Government. The Office of the Small Business Commissioner facilitates bringing parties together once a written application for a dispute is lodged. A \$4,000 civil expiation fee for a corporation and a \$500 fee for a natural person may be enforced if parties fail to attend a dispute resolution meeting as instructed by the Office of the Small Business Commissioner.

The SA Farming Industry Dispute Resolution Code was developed under the *Fair Trading Act 1987* and is a National first where a mandatory alternative dispute resolution framework has been backed by financial penalties. This Code will promote the successful resolution of farming related disputes in a streamlined and defined manner. It also establishes a clear process of actions which can be taken by the Small Business Commissioner to assist parties in dispute resolution. The Code also helps farmers by providing a mandatory alternative dispute resolution process on a no-cost or low-cost basis and covers: farmers; primary producers; agriculture; pasturage; horticulture; viticulture; apiculture; poultry farming; dairy farming; forestry; rearing of livestock and harvesting of fish or other aquatic organisms.

Some of the benefits associated with the SA Farming Industry Dispute Resolution Code include the opportunity to keep matters out of the Courts and contributes to preserving business relationships by bringing together parties in a constructive approach and resolving disputes in a mutually beneficial manner.

The SA Newsagency Industry Dispute Resolution Code operates in the same manner as the Farming Code and is also a National first. It covers all Newsagents and includes any business with the primary purpose of acquiring, selling or distributing newspapers or magazines.

The SA Motor Vehicle Industry Dispute Resolution Code covers all motor vehicle businesses and includes any business of manufacturing, distributing, supplying, acquiring, repairing or restoring motor vehicles or motor parts and accessories. The Code operates under the same framework as the SA Farming Industry Dispute Resolution Code and the SA Newsagency Industry Dispute Resolution Code.



Frank Zumbo
Deputy Small Business Commissioner

3.4 Information Services

The Small Business Commissioner Act 2011 stipulates the following in relation to Information Services;

Section 5 – Functions

- (1) The functions of the Commissioner are –
- (c) to disseminate information to small businesses to assist them in making decisions relevant to their commercial dealings with other businesses and their dealings with State and Local Government bodies.

The Office of the Small Business Commissioner has embarked on expanding the range of information services and education services through the development of the 'It's My Business' service. Other channels of communication continue to support the delivery of information to the small business community and these include: telephone information; publications; stakeholder engagement and the Small Business Commissioner's website.

The 'Overview and Services' information brochure was further developed and updated. Specific brochures relating to the new Industry Dispute Resolution Codes were also produced and published. These include the information sheets for: Motor Vehicle Industry Dispute Resolution Code; Farming Industry Dispute Resolution Code and the Newsagency Industry Dispute Resolution Code.

Positive feedback from the small business community regarding the Overview and Services information brochure was valuable in order to improve the breadth of detail regarding topics such as: no-cost or low-cost dispute resolution; how disputes are resolved; information about the Industry Codes; overview of retail and commercial leases and new developments in the Office of the Small Business Commissioner.

Whilst the Office deals directly with the public on all enquiries relating to small business matters it should be stressed that legal or financial advice is not provided as part of that information service.

A comprehensive schedule of presentations to the business community was a priority for the Small Business Commissioner including regional trips and in house conferences.

'It's My Business' Service

At the launch of the 'It's My Business' (IMB) service the former Small Business Commissioner, Mike Sinkunas stated,



I firmly believe that the best people to assist you succeed in your business are those with specific knowledge in your particular industry itself.



'It's My Business' partners with associations and peak representative bodies. The partnerships are a unique approach based on personalised and tailored methodology to each individual business. In essence, we link the small business to the appropriate information or service provider.

With more than 140,000 small businesses in South Australia – representing more than 95% of total businesses in the state and accounting for an estimated 46% of South Australia's private sector workforce, the necessity for a tailored service to support small business is paramount.

Whilst the benefits of supporting small business on SA's total economic output is clear, there remains an ongoing need to encourage and expedite the process of due diligence for small business at any stage of the business cycle, including start-ups.

In June 2013 the Small Business Minister announced a SA Government funded boost for small business. The funds were allocated to enable the Office of the Small Business Commissioner to partner with key industry and professional associations to improve the likelihood of success for small business in SA.

'It's My Business' minimises time-consuming research by providing targeted information, specific industry mentors and short, productive workshops that are targeted to address specific needs during start-up or expansion/change in a business.

To achieve this goal in 2013-2014 the SA Government allocated funding for the Small Business Commissioner's Office to launch the IMB initiative. IMB received \$300K in 2013-2014 and will receive a further \$308K in 2014-2015 taking the total allocation to \$608K over two years to complete the "proof of concept."

IMB commenced operations in October 2013.

A successful small business sector is fundamental to SA's jobs growth, competitive advantage, productivity, and employment opportunities. IMB targets small business through all phases, including start-ups, purchase existing, growth, change and those wishing to exit or sell a business.

IMB's success however, depends on the establishment of strong and binding (contractual) partnerships with South Australia's peak industry associations and support organisations. It is these partnerships that provide the tailored, industry specific, business workshop, information and mentoring services.

IMB continues to receive endorsements from the business and start-up communities with more than 550 small businesses already impacted by IMB in 2013 – 2014.

IMB uses these funds to support initiatives specific to the industry sectors of 10 peak associations and service organisations.

IMB provides these funds under strong and binding contracts based on agreed KPI's with each partnering organisation.

IMB is a uniquely collaborative approach with industry and business.

In 2013 – 2014 IMB assisted the following industry associations and organisations provide a range of initiatives that we estimate will assist and improve the prospects for the success of more than 750 small businesses.

Adelaide Business Hub has developed a two-tier support system for the IMB initiative to assist small businesses in South Australia. Tier 1 delivered group mentoring sessions via small and co-ordinated workshops. Tier 2 offers a mentoring (sounding board) for established businesses needing guidance during proposed or existing changes.

Australian Retailers Association provided a series of workshops designed to achieve maximum effectiveness for retailers during initial lease negotiation or renegotiation.

Bakers Association of Australia – used IMB funding to recognise and develop awards for excellence in baking for apprentice bakers.

Business SA – provided a series of interactive workshops to assist small business buy or sell a business, a second series of workshops for 9 hours of face to face workshopping for potential/new businesses with a view to gaining a working knowledge of key areas prior to commencing and finally work-shopping boot camps for the 2013-2014 SAYES candidates.

Certified Practising Accountants SA Branch are preparing a series of Factsheets for each member accounting firm to use for new and existing small business owners to assist in clarifying procedures and tasks that will enable accountants to better target services to support them.

Landscaping Association of SA Inc. will provide assistance using successful business owners to mentor more than 20 member firms (over two years) wanting to undergo expansion or significant change in operations or those which have started-up in recent years.

Motor Trade Association SA will provide assistance using successful business owners to mentor member firms (over two years) wanting to undergo expansion or significant change in operations. The program provides funding for members to access mentors for three one hour sessions.

The 'Motor Trade' (Official Magazine of the Motor Trade Association SA/NT), July/August 2014 edition highlighted some comments from business owners engaged in the Small Business Mentoring Program.



My experience with the Small Business Mentoring Program was an invaluable three hour lesson into my business and its available opportunities. The session was filled with many different aspects of advice such as: what is my role in my business and what do I actually do? I would recommend the program to anyone regardless of how many years of experience they have in business. You can never stop learning.



Andrew Pelham

Andrew Pelham Crash Repairs

Nursery and Garden Industry SA will provide assistance using successful business owners to mentor more than 20 member firms (over two years) wanting to undergo expansion or significant change in operations or those which have started-up in recent years.

Restaurant and Catering SA ran a series of workshops for new entries to the restaurant and catering sector and Business Support & Mentoring programs to assist existing operators develop their business.

Sports Medicine Association SA Branch provided industry mentors to assist the 2,000-plus allied health care professionals in SA expand and diversify their existing practices to incorporate (and lead nationally) a range of services that will expand the client base and encourage employment opportunities within the health and medical sector.

In its first nine months, at least 550 small businesses have directly received information and/or participated in IMB initiatives conducted by industry itself.

Dealing directly with small business provides an opportunity to isolate and define current information gaps. Hence IMB initiated BizLinks Forums (with 11 State and Federal Government departments addressing small business on both services and compliance requirements) in 2013/2014.



Australian Sports Medicine Federation (SA Branch) Inc
ABN: 35 446 122 543
Address: 27 Mallett Road
Kidman Park SA 5025
Postal Address: P.O. Box 219
Brooklyn Park SA 5032
Telephone: (08) 8234 6369
Facsimile: (08) 8234 6352
Email: admin@smasa.asn.au

Office of the Premier
Jay Weatherill MP
Premier
200 Victoria Square
ADELAIDE SA 5000

Dear Premier Weatherill

**Subject: Sports Medicine Australia –SA Advanced Training and Mentor Program
Small Business Commissioner SA (It's My Business Initiative)**

Hi and trust this letter finds you well.

My name is Jan Stirling Executive Officer of Sports Medicine Australia SA (SMA-SA).

Premier I am writing regarding funding support SMA-SA received from the South Australian Small Business Commission (SASBC) through the "Its My Business" initiative. The assistance provided has enabled SMA-SA to enhance the capacity of *health care professionals in their own practices, specifically GP's, Physiotherapists and Podiatrists.*

Attached is a letter sent to Minister Koutsantonis which is self explanatory. This communication with you is stimulated by my belief that positive feedback to Government is not done often enough, so I did not want to miss this opportunity.

The foresight of establishing the SASBC over two years ago I trust you consider has been a proven winner in supporting and encouraging small business to improve and expand their own capabilities for sustained success.

I am sure you have a reasonable understanding of the role SMA-SA has in our sport and physical activity community. We remain a small Not for Profit organisation that relies on the goodwill of our members to serve and provide education and training to the community from grass roots to elite. The passion and desire of our members to *share their depth of knowledge and skill to other health care professionals* throughout South Australia was the stimulus for our quite unique Mentoring and Training program.

The Its My Business program through the SASBC office has made possible our program which is not available in any other state. Reality is without the vision of you and Minister Koutsantonis it would never have happened.

Thank you Premier and I suspect other small businesses that have been encouraged and supported through by the SASBC will be conveying the same view.

Kind regards

Jan Stirling EO
2nd June 2014

Website: www.smasa.asn.au

Brochures, Information Packs, Publications

A priority for 2013 – 2014 was to increase the delivery of information and education to the small business community of South Australia. This was achieved through a variety of channels including publications, face to face presentations where information packs were distributed, regional trips and on line communications.

Total number of hard copy information packs provided to businesses: **983**

Total number of hardcopy 'Overview and Services' Brochures provided to the business community: **50**

Retail and Commercial Leasing Guide

One of the most prevalent enquiries received by the Office of the Small Business Commissioner relates to matters of retail and commercial leasing. In light of the numerous and broad queries dealt with in the Office it was proposed that a comprehensive Retail and Commercial Leasing Guide be developed. During the course of the year the Office endeavoured to consult more widely with stakeholders, landlords and tenants in order to finalise the content of the Guide.

The aim of the Guide is to address the ongoing necessity to inform landlords and tenants about their rights and obligations under the *Retail and Commercial Leases Act 1995*. The Guide will incorporate plain language and cover topics such as: signing the lease; lease documentation; lease term; rental matters; condition of the premises; permitted use/ exclusivity; sub leasing; relocation; demolition and a check list for Lessees and Lessors.

SBC Website

The Small Business Commissioner website (www.sasbc.sa.gov.au) has grown remarkably in the 2013-2014 year and continues to provide valuable information to assist a range of small businesses in South Australia including business start-ups, established businesses, other Government agencies, professional advisors, Lessees and Lessors.

Significant changes to the web site provided further information and event details to small business in South Australia. New information published relates to the 'It's My Business' service for start-ups and newly established businesses, Industry Codes, building and construction security of payments and business scams.

The website was further enhanced with various online forms. This includes lodging a dispute under retail and commercial leases, small business issues and the new industry dispute resolution codes.

The upcoming events calendar has also been further developed to include small business programs provided by industry under the 'It's My Business' service and the BizLinks Seminars which foster a partnership between State and Federal Government departments.

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

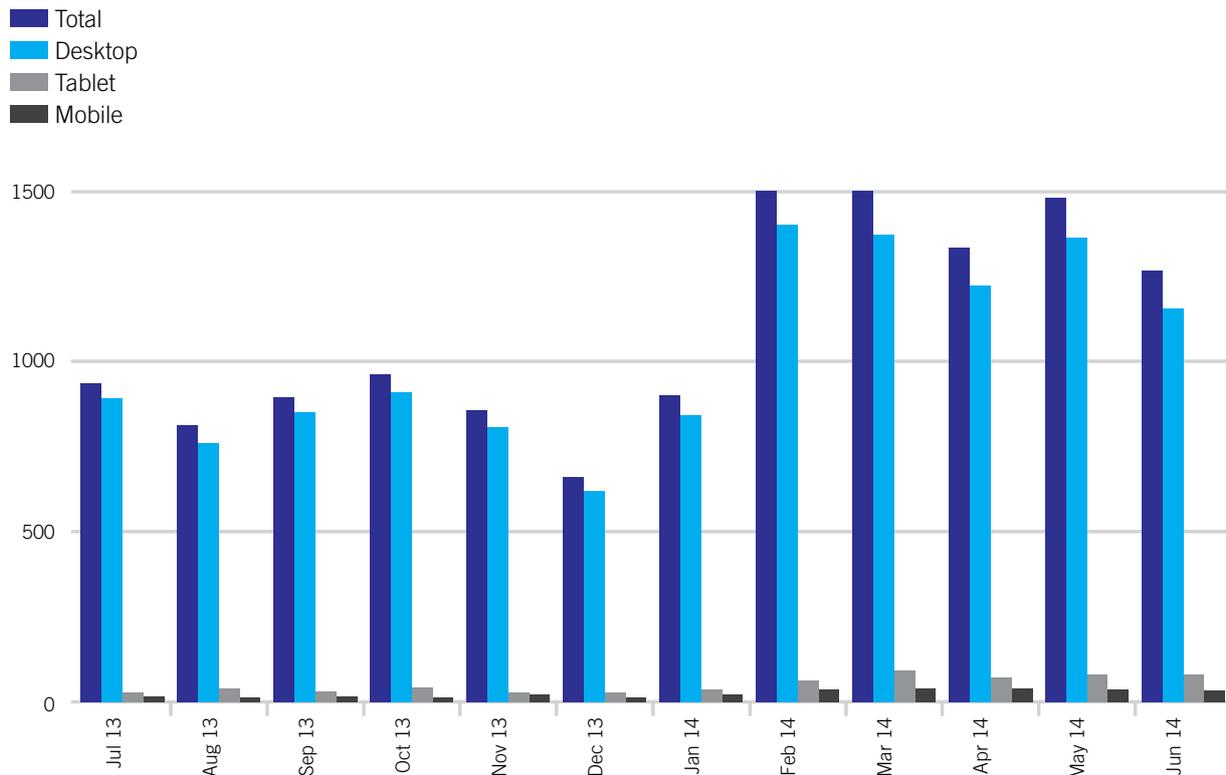
- Services overview
- Dispute resolution information
- Retail & commercial leasing information
- Industry Dispute Resolution Codes
- Legislation
- Resources and online brochures
- Media updates
- Business Scams
- Work Health and Safety Codes of Practice
- Latest News
- Upcoming events and programs
- 'It's My Business' for start-ups and newly established.

Website Statistics

Visits to the Small Business Commissioner website www.sasbc.sa.gov.au for the period 1 July 2013 to 30 June 2014 are as follows:

Visits: 13,139

Website Visits (graph)



The statistics for the Small Business Commissioner website demonstrate a significant increase in activity for the past year which has almost doubled. This is attributed to the ongoing development of the website and the increase of resources available through the various pages. Another aspect of the statistics reflects the usefulness of the website which has enabled users to access information on the particulars of legislation and small business matters. It is the intention of the Small Business Commissioner to continue the ongoing development of the website as an information source for small business owners, tenants, agents, landlords and the general public.

3.5 Advocacy

The Small Business Commissioner and Deputy Small Business Commissioner engaged in a number of matters during the year which contributed to strong advocacy for the South Australian small business community.

Through the development of the WHS Codes of Practice, the Small Business Commissioner provided recommendations from the small business community concerning draft Codes and Codes currently under review. A more detailed account for the WHS Codes of Practice can be found under section 2.1 of this report. During 2013 – 2014 the Small Business Commissioner was invited to attend quarterly meetings with the Minister for Industrial Relations, the Hon John Rau MP.

Furthermore, both the Small Business Commissioner and Deputy Small Business Commissioner continued to provide assistance in the new policy approach to late payment to businesses by the State Government.

The Small Business Commissioner continued to actively participate in the National Small Business Commissioner's group and contributed to nationally based matters.

Other cases of advocacy achieved through the Office of the Small Business Commissioner include the Across Government Stationery Contract matter. In October 2012, the new across government stationery contract was initiated and all public authorities were informed to comply with the arrangements. Shortly after the commencement of the contract the Small Business Commissioner was asked to undertake an independent review and provide the Minister for Finance, The Hon Michael O'Brien with his findings which were submitted to the Minister in April 2013.

The State Government subsequently accepted the recommendations from the Small Business Commissioner which provides processes that enable metropolitan schools and pre-schools to seek exemptions from the across-government stationery contract. An announcement was made on 7 June 2013 from the Department of Premier and Cabinet to all DECD school Principals and preschool Directors. Exemption provisions were granted for 12 months after which a review process would be undertaken. The Small Business Commissioner continued to assist and liaise with industry representatives regarding the processes and procedures assigned to the exemption parameters.

This also provides local stationery businesses with the opportunity to participate in the up to \$11 million per annum stationery spend figure for the DECD schools / preschools.

3.6 Retail and Commercial Leases

Security bonds under the *Retail and Commercial Leases Act 1995* (RACLA) have been processed and administered in the Office of the Small Business Commissioner since November 2012. Under the *Retail and Commercial Leases Act 1995*, all security bonds must be lodged with the Small Business Commissioner. The Retail Shop Leases Fund is also assigned to the Office of the Small Business Commissioner.

Retail and Commercial Leasing matters contribute to a substantial percentage of the enquiries which reach the OSBC. This is reflected in the statistics provided earlier in this report, Section 3.2.

Small Business Commissioner Act 2011 **47%**

Retail and Commercial Leases Act 1995 **50%**

Building and Construction Industry Security of Payments Act 2009 **3%**

As such, a team of dedicated Case Officers, an Information Officer and a specialist Retail Bonds Officer provide assistance and information to the general business community regarding these enquiries. On line information and forms are available through the Small Business Commissioner website.

In this last financial year the office has produced and served one notice pursuant to S.77 of the *Fair Trading Act 1987*. The notice was issued to the lessor of a retail property, which required meeting with the Small Business Commissioner in order to discuss the lessee's complaints. The lessor complied with the notice.

We have now completed a full year of administering all retail and commercial lodgements and refunds within OSBC. The office has processed 738 lodgements to the value of \$1,186,930.10 and 468 refunds to the value of \$762,332.64 which is split between Lessee \$420,312.01 and Lessor \$342,020.63. A total of 233 notice of claim letters have been sent to landlords, lessees and agents. Of the 233 letters distributed to these groups, 18 have been disputed.

Breakdown of enquiries for the Retail and Commercial Leases Act 1995
1 July 2013 to 30 June 2014

Details	2013						2014						Totals
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
How were enquiries made?													
Phone	117	133	111	93	81	54	104	83	97	86	76	95	1,130
Email	4	4	6	6	7	3	8	9	3	2	3	1	56
Fax	0	0	1	0	0	0	0	1	0	0	0	0	2
In writing	0	3	1	1	3	3	0	0	3	2	2	0	18
Face to face	21	12	10	11	8	3	7	3	8	6	8	5	102
Other (specify) Online Form	5	0	1	3	1	0	0	3	1	4	4	0	22
Total	147	152	130	114	100	63	119	99	112	100	93	101	1,330
Who made the enquiry?													
Landlord	37	39	22	18	10	2	16	13	17	20	22	21	237
Tenant	90	86	68	64	46	25	42	33	49	60	47	32	642
Real Estate Agent	15	14	15	6	6	8	10	7	9	9	14	16	129
Solicitor (specify for which party)	2	4	0	2	2	0	0	0	1	1	2	3	17
No Selection & Other (specify)	3	9	25	24	36	28	51	46	36	10	8	29	305
Total Contacts	147	152	130	114	100	63	119	99	112	100	93	101	1,330
Details of the lease													
Shopping centre	8	11	17	15	2	4	4	6	4	5	5	4	85
Strip	28	58	28	7	10	3	6	9	10	8	8	14	189
Stand alone shop	64	53	25	11	7	1	6	5	13	5	31	46	267
No Selection & Other (specify)	47	30	60	81	81	55	103	79	85	82	49	37	789
Total	147	152	130	114	100	63	119	99	112	100	93	101	1,330
Subject matter													
Rent	9	15	12	14	14	9	13	8	15	13	13	8	143
Termination of lease	22	26	14	11	14	5	9	14	8	16	4	11	154
Assignment	9	13	5	4	6	1	2	2	8	3	2	1	56
Outgoings/operating expenses	15	17	18	16	14	3	12	1	5	6	4	9	120
Bond/security deposit/bank guarantee	41	32	38	20	20	15	29	18	35	24	28	38	338
Condition of the property	21	18	13	15	9	13	12	17	16	11	12	7	164
Pre-lease negotiations	2	4	12	13	4	6	8	11	7	12	9	7	95
End of lease negotiations	8	11	7	8	6	2	9	9	8	9	12	13	102
Disclosure statements	6	3	3	3	4	0	1	0	0	0	1	0	21
No Selection & Other (specify)	14	13	8	10	9	9	24	19	10	6	8	7	137
Total	147	152	130	114	100	63	119	99	112	100	93	101	1,330
Action taken in response													
Sent out information	0	0	0	0	1	0	1	0	0	0	0	0	2
Gave strategic advice	109	116	108	103	83	60	106	83	104	83	87	86	1,128
Contacted the other party to discuss	0	0	0	0	0	0	0	0	0	0	0	0	0
Directed to website	0	0	0	0	0	0	0	0	0	0	0	0	0
Directed to application forms	20	15	8	2	2	0	2	4	0	2	2	1	58
Directed to solicitor/agent/another	11	11	7	0	2	0	0	2	2	4	1	12	52
No Selection + Other (specify)	7	10	7	9	12	3	10	10	6	11	3	2	90
Total	147	152	130	114	100	63	119	99	112	100	93	101	1,330

3.7 Other Statistics

Breakdown of enquiries for the Small Business Commissioner Act 2011
1 July 2013 to 30 June 2014

Details	2013						2014						Totals
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
How were enquiries made?													
Phone	83	114	104	112	85	69	62	93	85	54	80	94	1,035
Email	4	6	12	19	20	10	3	8	2	1	4	3	92
Fax	0	0	1	0	1	1	0	0	0	0	0	0	3
In writing	0	0	0	0	1	1	2	1	1	2	1	1	10
Face to face	6	5	4	6	8	5	7	1	4	2	2	0	50
Other (specify) Online Form	1	3	2	0	4	0	1	8	3	7	7	3	39
Total	94	128	123	137	119	86	75	111	95	66	94	101	1,229
Subject matter													
Farming	1	4	2	1	3	2	2	3	6	1	4	3	32
Franchising	5	10	3	5	9	7	7	4	2	4	3	0	59
Local Government	1	8	3	3	1	0	0	2	1	0	1	0	20
State Government	2	5	6	4	2	0	0	0	0	2	1	0	22
Small Business Issue	84	100	109	119	104	77	63	102	84	59	83	98	1,082
Other & No selection	1	1	0	5	0	0	3	0	2	0	2	0	14
Total	94	128	123	137	119	86	75	111	95	66	94	101	1,229

Breakdown of enquiries for the Building and Construction Industry Security of Payment Act 2009
1 July 2013 to 30 June 2014

Details	2013						2014						Total
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Enquiries	0	0	0	8	6	10	16	9	15	9	6	9	88

3.8 Building and Construction Industry Security of Payments Act 2009

The Office of the Small Business Commissioner has responsibility for the administration of the *Building and Construction Industry Security of Payment Act 2009* (the Act). This responsibility was transferred to the Small Business Commissioner by Consumer and Business Services late in 2013.

In that time the office has fielded and assisted contractors and subcontractors with enquiries and advice and the procedures to undertake in order to enact the legislation.

A total of \$31,845,811.32 was claimed through adjudication mechanisms within the Act in the 2013 – 2014 financial years.

Of the amount above, the total amount awarded to claimants in the same period is \$9,824,396.44.

Authorised Nominating Authorities: 7

- Able Adjudication
- Adjudicate Today
- Australian Solutions Centre
- Nominator
- IAMA
- RICS
- MBA

The difference between the claimed amounts and awarded amounts is \$22,021,414.88. The reasons for this significant difference are many and varied, including the variation of costs sought vs actual costs incurred in the estimation process, withdrawal of applications, full payment by the respondent before adjudication and settlement by the respondent. Total funds awarded to claimants through this process ranged from \$770.00 to \$2,134,492.27.

For these reasons this difference is not a true and complete representation of the success or otherwise of the adjudication process.

The following organisations are approved Authorised Nominating Authorities with regard to the Act.

Able Adjudication

Web: www.ableadjudication.com.au
 Phone: 1300 922 303
 Fax: 1300 922 308
 Email: info@ableadjudication.com.au

Adjudicate Today

Web: www.adjudicate.com.au
 Phone: 1300 760 297
 Fax: 1300 760 220
 Email: sa@adjudicate.com.au

Australian Solutions Centre

Web: www.solutionscentre.com.au
 Phone: 1300 722 624
 Fax: 1300722 924
 Email: ascorp@bigpond.net.au

Institute of Arbitrators and Mediators – SA Chapter

Web: www.iama.org.au
 Phone: 1800 724 262
 Fax: 08 8280 9763
 Email: sa.chapter@iama.org.au

Master Builders Association of South Australia

Web: www.mbasa.com.au
 Phone: 1800 067 466
 Fax: 08 8231 5240
 Email: buildsa@mbasa.com.au

Nominator

Web: www.nominator.com.au
 Phone: 08 8267 4800
 Fax: 08 8239 0728
 Email: contact@nominator.com.au

RICS Dispute Resolution Service

Web: www.ricsdrs.com.au
 Phone: 1300 953 459
 Fax: 1300 953 529
 Email: contact@ricsdrs.com.au



LOW COST OR
NO COST DISPUTE
RESOLUTION
SERVICE



4. Case Studies

Case Study 1

A farmer contacted the Office of the Small Business Commissioner (OSBC) in relation to the repayment of a large loan facility with a major bank. The bank was attempting to recoup this debt by defaulting on the loan, and had provided a very short timeframe for repayment of the loan in lieu of default.

This would have left the farmer without a property that had been with his family for many years.

The farmer provided information relating to the dispute to the OSBC at the initial stage. Once all information was provided the OSBC contacted the bank for discussions.

With the assistance of the bank, the OSBC was able to place a hold on this default whilst discussions took place.

After discussions with both parties the farmer sought financial assistance from another bank in order to pay the total loan amount to the bank. The bank agreed to postpone any action until this occurred.

With the assistance of the OSBC, the farmer negotiated with the bank on an agreed settlement, and managed to pay this amount with the finance from the new bank.

Due to the goodwill shown by both parties, the farmer was able to negotiate and repay the loan within broader timelines without the need for litigation, default or further stress and pressure, and the bank was able to recoup its loan in totality whilst working and communicating with the farmer. This dispute was successfully resolved for both parties within a very short timeline and at no cost, saving both parties a significant amount of time and money in the longer term.

Case Study 2

A small business owner contacted the OSBC after a new truck he purchased had major engine problems. Dealership staff were committed to having the engine problems remedied promptly, however there were significant delays in receiving parts from the manufacturer.

Both parties were invited to provide information to the OSBC. After correspondence was sent to the dealership by the OSBC, two possible options were canvassed. The first option was to expedite the supply of parts from the manufacturer to enable repairs to be conducted in a timely manner. In the event of the first option not being possible, a second option of replacing the vehicle was proposed to the manufacturer.

Parts arrived and repairs were undertaken within the first week of OSBC facilitating negotiations between the parties involved. This resulted in both parties achieving an acceptable resolution, without the need for litigation. Furthermore, they were able to continue their successful business relationship moving forward. The services provided by the OSBC were at no cost to the parties.

Case Studies

– Retail and Commercial Leases

Retail Shop Lease

The OSBC was contacted by an ex lessee of a retail premises, with regard to a dispute over early termination of the lease agreement.

The lessor was claiming an amount of money in order to terminate the agreement, whilst the lessee was willing to pay considerably less.

Both parties believed they were contractually correct in this instance and that the other party was incorrect in their interpretations of the lease.

After initial contact with the lessee, the OSBC contacted the lessor for discussions. Very quickly the lessor provided a proposal to resolve the matter and this was provided to the lessee. The lessee replied with a counter proposal which was considered by the lessor.

With the assistance of the OSBC the parties agreed on a settlement amount and the matter was resolved at no cost to the parties within a very short timeline.

Retail Tenancy Bond Dispute

The OSBC was contacted by the lessee of a retail premises. The lessee was leaving the premises and attempting to negotiate the release of the security bond. Unfortunately the lessee and lessor disagreed with the release and refund amount.

The lessee provided her information to the OSBC and case officers who then contacted the lessor for discussion.

After a short period of facilitated negotiations, the lessee and lessor agreed on final works to be completed at the premises and the release of the security bond.

The facilitated communication and successful resolution of the dispute was overseen by the OSBC and was successfully resolved at no cost to the parties.

5. Inquiries

Inset Electricity Networks Inquiry

An inset network can be described as a network which supplies electricity only to a group of premises in the same ownership or community or strata title premises (e.g. shopping centre). It is standard practice that the owner of the premises will supply and sell electricity to all the customers connected to the network.

The inquiry into inset (or embedded) electricity networks was launched in order to achieve a better understanding of the operational methods in which inset or embedded electricity networks operate, with specific focus on shopping centres, office or commercial buildings and industrial parks.

The inquiry captures the following:

- Pricing arrangements for different inset networks/ customers
- Methodologies implemented by inset operators
- Options for inset customers to purchase electricity from other providers
- Recommendations to ensure transparency and fairness within this industry.

The Small Business Commissioner and Deputy Small Business Commissioner called for written submissions from interested parties regarding inset (or embedded) electricity networks addressing the inquiry's terms of reference.

The Office of the Small Business Commissioner continues to investigate issues surrounding the inset electricity networks.

The nature of the inquiry has evolved with the transfer of principal regulation of South Australia's retail energy market to the Australian Energy Regulator (AER) from 1 February 2013. Further dialogue will be held with the AER in the coming year before the report can be finalised.



6. Emerging Issues

6.1 Scams

During 2013 -2014 the Small Business Commissioners Office has continued to receive a substantial amount of enquiries relating to scams and shady business opportunities. Emerging as a 'favourite' among scammers is the directory and advertising (false billing) scams. These scams include the provision of invoices for payment of relatively small amounts to begin with, however this quickly escalates to larger amounts. After initial contact with the first directory often other directories will call and may send invoices wanting payment for services they may fail to deliver. Often there are threats of court action or credit reporting if amounts are not paid.

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 business, especially cold calls, before signing or agreeing verbally to 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.

6.2 Banks and Insurance Companies

Emerging as a significant issue throughout 2013 – 2014 has been the conduct of banks, financial institutions and insurance companies and their dealings with small businesses in South Australia. The Small Business Commissioner expects a high degree of cooperation from all parties to a particular dispute, but in particular, he expects these larger organisations to act as model citizens with regard to cooperation and compliance with this office and the legislated alternative dispute resolution (ADR) processes.

There have been a number of disputes handled by this office involving organisations within these industries where cooperation has not been forthcoming, information is not provided in a timely manner, and legal counsel are used to 'block' the ADR process. This is unacceptable and any such conduct in future will be met with swift action. The introduction of the Industry Dispute Resolution Codes will also assist to minimise this type of conduct.

6.3 Website Hosting

During the 2013 – 2014 financial year the OSBC has dealt with a large number of enquiries and disputes regarding website hosting and domain name services.

This entails South Australian businesses being cold called by other South Australian and interstate companies offering relatively low cost web development and web hosting services, without disclosing that they will not release a website to another host, or will not release it without payment of a larger sum. This creates significant stress for business owners as they are often left feeling like they are being held to ransom for a product they have already paid for.

Similar can be said for domain name registers and hosts, whereby a host company has a domain registered for a business, they will often not let this domain name go to another host without further payment.

Whilst within this industry, contractual agreements are common, it is important that before signing or agreeing to these contracts independent legal and or financial advice is sought. This includes advice as to whether a 'site' can be taken to another web host, and if any other amounts become payable if moving to another host. Any conversations or verbal agreements should be transcribed in writing for the agreement of all parties.

7. Stakeholder Engagement and Strategies

In the 2013 – 2014 financial year, the Office of the Small Business Commissioner continued the Stakeholder Engagement Strategy to include presentations to key groups in the metropolitan area as a way of providing small business the opportunity to meet and hear from the Small Business Commissioner himself. On-going formal presentations were organised throughout the year to various industry or professional groups. Informal presentations took place in the Boardroom of the Office of the Small Business Commissioner. This afforded the small business community to learn about the role of the Small Business Commissioner and the services which are provided through the Office and in particular expand on the Acts from which the Office operates.

Retail landlords, tenants, real estate agents, solicitors, small business operators and new start businesses contacted the Office over the past financial year with expressions of interest to access more information specifically regarding the *Retail and Commercial Leases Act 1995*.

The Small Business Commissioner maintained and developed relationships with industry associations throughout the last financial year, delivering information, awareness and education both to individual small businesses and the broader business sectors. A total of 18 presentations were delivered in 2013 – 2014.

Data from the Bureau of Statistics indicates that at June 2013 there were approximately 140,000 businesses operating in South Australia. This presents a strong argument for improved information, advocacy and mediation services in South Australia.

The following list outlines stakeholders engaged in the period from 1 July 2013 to 30 June 2014.

- Business SA
- Tafe SA, Regional
- LSSA Property Committee
- Premier's Office
- Energy and Water Ombudsman
- Deputy Premier
- Local SA Farmers
- Primary Industries and Regions SA
- National Small Business Commissioners Group
- ASIC SA Regional Liaison Committee
- SafeWork SA
- SA Wine Industry Association Incorporated
- Australian Small Business Commissioner
- AusIndustry
- Restaurant & Catering SA
- Various State Members
- Various Ministers

Meetings were also held with:

- Office of the Training and Skills Commission
- Code Compliance Monitoring Committee
- SA Aquaculture Council Inc
- Adelaide Hospitality & Tourism School
- ASIC
- Australian Institute of Export
- Exporters Association of SA
- Australia-Israel Chamber of Commerce
- Grow SA
- Family Business Australia (SA)
- Pharmacy Guild of Australia (SA Branch)
- Restaurant and Catering SA
- Australian Hotels Association SA
- SA Wine Industry Association Incorporated
- Baking Association of Australia
- Food SA
- Franchise Council of Australia
- SafeWork SA
- The Advertiser
- NAB
- DMITRE, Energy Markets and Programs
- Law Society of SA
- Motor Trade Association SA
- Institute of Chartered Accountants
- Civil Contractors Federation of SA
- Housing Industry Association
- Institute of Automotive Mechanical Engineers Inc
- Hardware Association of SA
- Australian Institute of Company Directors
- Adelaide Business Hub
- Australian Newsagents' Federation Ltd
- Shopping Centre Council of Australia
- CPA Australia (SA)
- Office of the Franchising Mediation Adviser
- Primary Industries and Regions SA
- Primary Producers of SA
- DMITRE, Service Industries and Small Business
- Potatoes SA
- Alinta Energy
- Human Services Partnership Forum
- Optometrists Association of Australia
- BEC Australia
- Master Builders SA
- Sports Medicine Australia SA
- ASIC (WA)
- Kadina RDA
- Adelaide City Council (Enterprise Adelaide)
- Australian Retailers Association
- DMITRE, Olympic Dam Task Force
- Adjudicate Today Pty Ltd
- Christian Business and Marketplace Connections
- Treasury Department, Canberra
- BDO Australia
- ATO Small Business Assistant Program
- TAFE SA
- AusIndustry
- National Small Business Commissioners Group
- Revenue SA
- Various State Members
- Various Ministers

7.1 Regional Visits and Presentations

Presentations

- Small Enterprise Association of Australia and New Zealand (SEAANZ)
- Civil Contractors Federation SA
- Australian Institute of Business Brokers
- LSSA Commercial Law Committee
- Australian Institute of Building
- Business Development Council
- PINpoint
- Corporate Law Teaches Association
- SA Council of Social Service
- Wildcatch Fisheries SA Council Advisory Committee
- League of Extraordinary Women
- Licensed Post Office (LPO) Group
- Unley Business Breakfast (by Handley Accounting)
- Edwardstown Regional Business Association
- Restaurant & Catering SA
- Accounting firm clients (by Sheridans Accounting)
- Various State Members
- Various Ministers



Launch of the Farming Industry Dispute Resolution Code

L to R: Mike Sinkunas – Small Business Commissioner, Hon Tom Kenyon MP – Minister for Small Business, Frank Zumbo – Deputy Small Business Commissioner
11 Sept 2013, Wayville Showgrounds

Regional Visit

Port Lincoln and Whyalla – 28 & 29 July 2014:

Port Lincoln

- RDA Eyre Peninsula
- Port Lincoln Chamber of Commerce
- PIRSA

Whyalla

- Whyalla Chamber of Commerce & Industry
- Australian Retailers Association
- Whyalla City Council



BizLinks Presentation at OSBC Offices

Ilan Nightingale presenting from the Office of the Industry Advocate, 6 March 2014



◀ **DEVELOPING STRONG INDUSTRY CODES** ▶

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Small Business Commissioner

Independent Auditor's Report



Government of South Australia
Auditor-General's Department

Our ref: A14/352

30 September 2014

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Small Business Commissioner
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www.audit.sa.gov.au

Dear Mr Chapman

**The audit of the Small Business Commissioner
for the year ended 30 June 2014**

The audit of the Small Business Commissioner for the year ended 30 June 2014 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

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

S O'Neill
AUDITOR-GENERAL

enc

Small Business Commissioner

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*, I have audited the accompanying financial report of the Small Business Commissioner for the financial year ended 30 June 2014. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2014
- a Statement of Financial Position as at 30 June 2014
- a Statement of Changes in Equity for the year ended 30 June 2014
- a Statement of Cash Flows for the year ended 30 June 2014
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2014
- a Statement of Administered Financial Position as at 30 June 2014
- a Statement of Administered Changes in Equity for the year ended 30 June 2014
- a Statement of Administered Cash Flows for the year ended 30 June 2014
- a Certificate from the Small Business Commissioner and the Director, Finance.

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 2014, 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
30 September 2014

Small Business Commissioner

Independent Auditor's Report ... Continued

CERTIFICATE OF THE FINANCIAL STATEMENTS

We certify that the:

- Financial statements of the Office of the Small Business Commissioner incorporating its administered item of the Retail Shop Leases Fund;
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the authority at the end of financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the Office of the Small Business Commissioner over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.


 JOHN CHAPMAN
 SMALL BUSINESS COMMISSIONER


 PHUONG CHAU
 DIRECTOR, FINANCE

Date... 30.09.14

Date 30.09.14

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Small Business Commissioner

Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
Expenses			
Employee benefit expenses	4	992	873
Supplies and services	5	594	479
Depreciation and amortisation expense	6	11	4
Total expenses		1,597	1,356
Income			
Recoveries	8	403	108
Other income	9	43	2
Total income		446	110
Net cost of providing services		(1,151)	(1,246)
Revenues from SA Government			
Revenues from SA Government	10	1,422	973
Net revenues from SA Government		1,422	973
Net result		271	(273)
Total comprehensive result		271	(273)

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 2014

	Note	2014 \$'000	2013 \$'000
Current assets			
Cash	11	413	5
Receivables	12	75	168
Total current assets		488	173
Non-current assets			
Intangible assets	13	36	47
Total non-current assets		36	47
Total assets		524	220
Current liabilities			
Payables	14	130	58
Employee benefits	15	77	55
Total current liabilities		207	113
Non-current liabilities			
Payables	14	13	20
Employee benefits	15	140	195
Provisions	16	1	–
Total non-current liabilities		154	215
Total liabilities		361	328
Net assets		163	(108)
Equity			
Retained earnings		163	(108)
Total equity		163	(108)

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

Unrecognised contractual commitments	17
Contingent assets and liabilities	20

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 2014

	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)
Prior period adjustment	(7)	(7)
Restated balance at 30 June 2013	(108)	(108)
Net result for 2013–14	271	271
Total comprehensive result for 2013–14	271	271
Balance at 30 June 2014	163	163

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 2014

	Note	2014 Inflows (Outflows) \$'000	2013 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(1,008)	(856)
Payments for supplies and services		(502)	(508)
Cash used in operations		(1,510)	(1,364)
Cash inflows			
Recoveries		496	–
Mediation fees		–	2
Cash generated from operations		496	2
Cash flows from SA Government			
Receipts from SA Government	10	1,422	973
Cash generated from SA Government		1,422	973
Net cash provided by / (used in) operating activities	19	408	(389)
Cash flows from investing activities			
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		408	(440)
Cash at 1 July		5	445
Cash as 30 June	11	413	5

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
- Perform inquiries on behalf of the Small Business Minister
- Administer the *Small Business Commissioners Act 2011*
- Administer the *Retail and Commercial Leases Act 1995*
- Responsibilities under the *Work Health and Safety Act 2012 (SA)*
- Dispute resolution Body for *Late Payment of Government Debts (Interest) Act 2013*
- Operates within the *Fair Trading Act 1987*

Note 2 – Summary of significant accounting policies

a) Statement of compliance

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

The financial statements are general purpose financial statements. The accounts for the Commissioner and the Administered Item comprising the *Retail Shops Leases Fund* (the Fund) have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting

Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

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

Australian Accounting Standards and interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Commissioner for the reporting period ending 30 June 2014. 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 2014.

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

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.

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

d) Transferred functions

There were no transferred functions during the 2013-14 financial year.

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 figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

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 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 provide information about conditions that existed at 30 June.

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

As at the date of this report there are no known or material events that have occurred after the reporting period. Refer to note 23.

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.

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 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 in the Statement of Financial Position includes cash at bank.

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

Cash is measured at nominal value.

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 Commissioner 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.

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.

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 2014 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 2013-14.

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 2014.

Note 4 – Employee benefits expenses

	2014	2013
	\$'000	\$'000
Salaries and wages	765	649
Long service leave	–	14
Annual leave	62	70
Skills and experience retention leave	2	4
Employment on-costs – superannuation	109	96
Employment on-costs – other	44	39
Workers compensation	10	1
Total employee benefits expenses	992	873

No employees received a TVSP or early termination payment during 2013–14.

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

	2014	2013
	Number	Number
\$271 500 – \$281 499	1	–
\$291 500 – \$301 499	–	1
Total number of employees	1	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 \$0.274 million.

Note 5 – Supplies and services

	2014 \$'000	2013 \$'000
Accommodation and service costs	184	218
Accounting and audit fees	20	22
Business training and development support	186	–
Communications and information technology expense	53	64
Contractors	13	30
Mediation fees	1	6
Marketing	25	45
Staff related expenses	43	24
Travel and related expenses	21	41
Office administration expenses	48	29
Total supplies and services	594	479

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 2013-14.

Note 6 – Depreciation and amortisation expense

	2014 \$'000	2013 \$'000
Amortisation		
Intangible assets	11	4
Total amortisation	11	4
Total depreciation and amortisation	11	4

Note 7 – Auditor’s remuneration

	2014 \$'000	2013 \$'000
Audit fees paid/payable to the Auditor-General’s Department relating to the audit of financial statements	20	22
Total audit fees	20	22

Audit fees relate to services for both The Small Business Commissioner \$11,500 (\$11,200) and the Retail Shop Lease Fund \$8,400 (\$11,000). No other services were provided by the Auditor-General’s Department.

Note 8 – Recoveries

	2014 \$'000	2013 \$'000
Administration fees and lease incentive	403	108
Total recoveries	403	108

Includes income that relates to the administration of the Retail Shop Leases Fund of \$0.335m and lease incentive payment of \$0.068m per memorandum of understanding.

Note 9 – Other income

	2014 \$'000	2013 \$'000
Mediation fee revenues	–	2
Restatement of leave liability ⁽¹⁾	43	–
Total other income	43	2

⁽¹⁾ Relates to the accounting treatment of leave entitlements of a transferred employee from Small Business Commissioner to DMITRE. Although the employee’s substantive position is with SBC, in circumstances where an employee is seconded to another agency, their leave provisions should be reflected against the agency where they are currently working, not the agency from which they are seconded. This resulted in a credit balance in the long service expense which is required to be disclosed as income.

Note 10 – Revenues from SA Government

	2014	2013
	\$'000	\$'000
Revenues from SA Government		
Intra government transfers	1,422	973
Total revenues from SA Government	1,422	973

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

Note 11 – Cash

	2014	2013
	\$'000	\$'000
Deposits with the Treasurer	413	5
Total cash	413	5

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 represents fair value.

Note 12 – Receivables

	2014 \$'000	2013 \$'000
Current		
Receivables	75	–
Accrued recoveries from Retail Shop Leases Fund	–	168
Total current receivables	75	168
Total receivables	75	168

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 – refer to table 22.2 in Note 22.

(b) Categorisation of financial instruments and risk exposure information – refer to Note 22.

Note 13 – Intangible assets

	2014 \$'000	2013 \$'000
Intangibles / software		
Computer software	51	51
Accumulated amortisation	(15)	(4)
Total intangible assets	36	47

Impairment

There were no indications of impairment on intangible assets at 30 June 2014.

Reconciliation of Intangible assets

The following table shows the movement of Intangible Assets during 2013-14.

	Intangibles / software \$'000	Total intangibles / software \$'000
Carrying amount at the beginning of the financial year	47	47
Acquisitions	–	–
Depreciation and amortisation	(11)	(11)
Carrying amount at the end of the financial year	36	36

Note 14 – Payables

	2014 \$'000	2013 \$'000
Current		
Accrued expenses	119	50
Employment on-costs	11	8
Total current payables	130	58
Expected to be paid more than 12 months after reporting date		
Employment on-costs	13	20
Total expected to be paid more than 12 months after reporting date	13	20
Total payables	143	78

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 2013 rate of 40% and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2013 rate (10.2%) to 10.3%. 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 – refer to table 22.2 in Note 22.
- b) Categorisation of financial instruments and risk exposure information – refer to Note 22.

Note 15 – Employee benefits

	2014 \$'000	2013 \$'000
Current		
Accrued salaries and wages	3	–
Annual leave	55	47
Long service leave	15	4
Skills and experience retention leave	4	4
Total current employee benefits	77	55
Non-current		
Long service leave	140	195
Total non-current employee benefits	140	195
Total employee benefits	217	250

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 decreased from 2013 (3.75%) to 2014 (3.5%).

This change in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of these changes in the current financial year is an increase in the long service leave liability of \$0.002m and employee benefit expense of \$0.003m. 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 – Provisions

	2014 \$'000	2013 \$'000
Non-Current		
Provision for workers compensation	1	–
Total non-current provisions	1	–
Total provisions	1	–
Carrying amount at the beginning of the period	–	–
Additional provisions recognised	11	–
Payments	(10)	–
Carrying amount at 30 June	1	–

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment performed by the Public Sector Workforce Relations Division of the Department of the Premier and Cabinet.

Note 17 – Unrecognised contractual commitments

	2014 \$'000	2013 \$'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	351	305
Later than one year but not longer than five years	87	827
Total remuneration commitments	438	1,132
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	184	159
Later than one year but not longer than five years	774	670
Later than five years	682	803
Total operating lease commitments	1,640	1,632
Representing:		
Cancellable operating leases	20	6
Non-cancellable operating leases	1,620	1,626
	1,640	1,632

The Commissioner's operating leases relate to office accommodation and motor vehicles. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The lease is non-cancellable with a term of ten years and having the right of renewal. Motor vehicle is leased from SAFA through their agent Lease Plan Australia, with a lease period of three years. This is cancellable without notice.

Office accommodation commitment relates to entities within the SA Government.

Note 18 – Transferred functions

There were no transferred functions during the 2013–14 financial year.

Note 19 – 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.

	2014 \$'000	2013 \$'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	413	5
Balance as per the Statement of Cash Flows	413	5
Reconciliation of net cash provided by operating activities to net result:		
Net cash provided by / (used in) by operating activities	408	(389)
Add / (less) non cash items:		
Depreciation and amortisation expense of non-current assets	(11)	(4)
Prior period adjustments	–	7
Movements in assets / liabilities:		
Increase / (decrease) in receivables	(93)	101
(Increase) / decrease in payables	(65)	26
(Increase) / decrease employee benefits	33	(14)
(Increase) / decrease provisions	(1)	–
Net result	271	(273)

Note 20 – Contingent assets and liabilities

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

Note 21 – Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with SA Government entities below the threshold of \$100,000 have been included with the non-government transactions, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Expenses							
Employee benefit expenses	4	163	135	829	738	992	873
Supplies and services	5	239	213	355	266	594	479
Depreciation and amortisation expense	6	–	–	11	4	11	4
Total expenses		402	348	1,195	1,008	1,597	1,356
Income							
Recoveries	8	403	108	–	–	403	108
Other income	9	43	–	–	2	43	2
Revenues from SA Government	10	1,422	973	–	–	1,422	973
Total income		1,868	1,081	–	2	1,868	1,083
Financial assets							
Receivables	12	75	168	–	–	75	168
Total financial assets		75	168	–	–	75	168
Financial liabilities							
Payables	14	61	63	82	15	143	78
Total financial liabilities		61	63	82	15	143	78

Note 22 – Financial instruments / financial risk management

Table 22.1 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	Note	Carrying amount 2014 \$'000	Fair value 2014 \$'000	Carrying amount 2013 \$'000	Fair value 2013 \$'000
Financial assets						
Cash	Cash	11	413	413	5	5
Loans and receivables	Receivables ⁽¹⁾	12	75	75	168	168
	Total financial assets at cost		488	488	173	173
Financial liabilities						
Financial liabilities at cost	Payables ⁽¹⁾	14	109	109	40	40
	Total		109	109	40	40

⁽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 22.2: Maturity analysis of financial assets and liabilities

	Carrying amount (\$'000)	Contractual Maturities		
		< 1 year (\$'000)	1–5 years (\$'000)	> 5 years (\$'000)
2014				
Financial assets				
Cash	413	413	–	–
Receivables	75	75	–	–
Total financial assets	488	488	–	–
Financial liabilities				
Payables	109	109	–	–
Total financial liabilities	109	109	–	–
2013				
Financial assets				
Cash	5	5	–	–
Receivables	168	168	–	–
Total financial assets	173	173	–	–
Financial liabilities				
Payables	40	40	–	–
Total financial liabilities	40	40	–	–

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

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 23 – 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 2014

	2014 \$'000	2013 \$'000
Expenses		
Administration	331	108
Total expenses	331	108
Income		
Interest and investment income	489	258
Total income	489	258
Net result	158	150
Other comprehensive income		
Market value movement of investments	49	278
Total comprehensive result	207	428

Small Business Commissioner

Statement of Administered Financial Position

As at 30 June 2014

	2014 \$'000	2013 \$'000
Current assets		
Cash	947	962
Receivables	93	70
Investments	3,009	2,786
Total current assets	4,049	3,818
Non-current assets		
Investments	3,929	3,658
Total non-current assets	3,929	3,658
Total assets	7,978	7,476
Current liabilities		
Security bonds lodged	713	611
Payables	23	192
Total current liabilities	736	803
Non-current liabilities		
Security bonds lodged	5,391	5,029
Total non-current liabilities	5,391	5,029
Total liabilities	6,127	5,832
Net assets	1,851	1,644
Equity		
Investments market value reserve	163	114
Retained earnings	1,688	1,530
Total equity	1,851	1,644

Small Business Commissioner

Statement of Administered Changes in Equity

For the year ended 30 June 2014

	Investments Market Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
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
Prior period adjustment	–	7	7
Restated balance at 30 June 2013	114	1,530	1,644
Net result for 2013–14	–	158	158
Gains taken to equity	49	–	49
Total comprehensive result for 2013–14	49	158	207
Balance at 30 June 2014	163	1,688	1,851

Small Business Commissioner

Statement of Administered Cash Flows

For the year ended 30 June 2014

	2014 Inflows (Outflows) \$'000	2013 Inflows (Outflows) \$'000
Cash flows from operating activities		
Cash outflows		
Administration	(503)	–
Bond refunds	(723)	(735)
Cash used in operations	(1,226)	(735)
Cash inflows		
Interest received	25	17
Bonds lodged	1,186	1,164
Cash generated from operations	1,211	1,181
Net cash provided by / (used in) operations	(15)	446
Net (decrease) increase in cash and cash equivalents	(15)	446
Cash and cash equivalents as at 1 July	962	516
Cash and cash equivalents as at 30 June	947	962

Retail Shop Leases Fund

Independent Auditor's Report



Government of South Australia
Auditor-General's Department

Our ref: A14/042

30 September 2014

Mr J Chapman
Small Business Commissioner
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Dear Mr Chapman

The audit of the Retail Shop Leases Fund for the year ended 30 June 2014

The audit of the Retail Shop Leases Fund (the Fund) for the year ended 30 June 2014 is complete.

The audit covered the principal areas of the financial operations of the 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 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 2014-15 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



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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 2014. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2014
- a Statement of Financial Position as at 30 June 2014
- a Statement of Changes in Equity for the year ended 30 June 2014
- a Statement of Cash Flows for the year ended 30 June 2014
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2014
- a Statement of Administered Financial Position as at 30 June 2014
- a Statement of Administered Changes in Equity for the year ended 30 June 2014
- a Statement of Administered Cash Flows for the year ended 30 June 2014
- a Certificate from the Small Business Commissioner and the Director, Finance.

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 Small Business Commissioner as at 30 June 2014, 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
30 September 2014

Retail Shop Leases Fund

Independent Auditor's Report ... Continued

CERTIFICATE OF THE FINANCIAL STATEMENTS

We certify that the:

- Financial statements of the Office of the Small Business Commissioner incorporating its administered item of the Retail Shop Leases Fund;
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the authority at the end of financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the Office of the Small Business Commissioner over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.


 JOHN CHAPMAN
 SMALL BUSINESS COMMISSIONER


 PHUONG CHAU
 DIRECTOR, FINANCE

Date... 30/9/14

Date 30.09.14

INFORM | MEDiate | ADVOCATE



Retail Shop Leases Fund

Statement of Comprehensive Income

For the year ended 30 June 2014

	Note No.	2014 \$'000	2013 \$'000
Expenses			
Administration	4	331	108
Total expenses		331	108
Income			
Interest and investment income	6	489	258
Total income		489	258
Net result		158	150
Other comprehensive income			
Market value movement of investments	7	49	278
Total comprehensive result		207	428

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

Retail Shop Leases Fund

Statement of Financial Position

As at 30 June 2014

	Note No.	2014 \$'000	2013 \$'000
Current assets			
Cash	8	947	962
Receivables	9	93	70
Investments	10	3,009	2,786
Total current assets		4,049	3,818
Non-current assets			
Investments	10	3,929	3,658
Total non-current assets		3,929	3,658
Total assets		7,978	7,476
Current liabilities			
Security bonds lodged	11	713	611
Payables	12	23	192
Total current liabilities		736	803
Non-current liabilities			
Security bonds lodged	11	5,391	5,029
Total non-current liabilities		5,391	5,029
Total liabilities		6,127	5,832
Net assets		1,851	1,644
Equity			
Investments market value reserve		163	114
Retained earnings		1,688	1,530
Total equity		1,851	1,644
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 2014

Note No.	Investments Market Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
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
Prior period adjustment	–	7	7
Restated balance at 30 June 2013	114	1,530	1,644
Net result 2013–14	–	158	158
Gains taken to equity	49	–	49
Total comprehensive result 2013–14	49	158	207
Balance at 30 June 2014	163	1,688	1,851

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 2014

	Note No.	2014 Inflows (Outflows) \$'000	2013 Inflows (Outflows) \$'000
Cash flows from operating activities			
Cash outflows			
Administration		(503)	–
Bond refunds		(723)	(735)
Cash used in operations		(1,226)	(735)
Cash inflows			
Interest received		25	17
Bonds lodged		1,186	1,164
Cash generated from operations		1,211	1,181
Net cash provided by / (used in) operating activities	13	(15)	446
Net (decrease)/increase in cash and cash equivalents		(15)	446
Cash and cash equivalents as at 1 July		962	516
Cash and cash equivalents as at 30 June	8	947	962

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

Retail Shop Leases Fund

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Retail Shop Leases Fund

Notes to the Accounts

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 2014. These are outlined in Note 3.

b) Basis of Preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Fund's accounting policies. The

areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;

- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported;
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report; and
- 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. These are outlined in Note 17.

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 2014 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 Small Business Commissioner administers on behalf of the SA Government.

d) Transferred functions

During the 2013-14 financial period no administrative restructures occurred, the Fund continues to be an

administered responsibility 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 Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) on behalf of 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 and investment income

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 Small Business Commissioner are made available to support the operations and administration of the Fund. Costs are recharged to 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 Fund 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 2014 the Fund held investments in common funds in the following proportions:

Capital Stable	12.20%
Balanced	44.44%
Cash Common Fund	43.36%

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 investments market value reserve.

I) Liabilities

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

Payables

Payables include creditors and 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 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 2013-14.

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 2014.

Note 4 – Administration expenses

	2014 \$'000	2013 \$'000
Administration costs	331	108
Total administration expenses	331	108

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 \$8,400 for the Fund were met by the Small Business Commissioner and is captured in the Administration charge to the Fund.

Note 6 – Interest and investment income

	2014 \$'000	2013 \$'000
Interest and investment income	489	258
Total interest and investment income	489	258

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

Note 7 – Other comprehensive income

	2014 \$'000	2013 \$'000
Gain on revaluation from investments	49	278
Total other comprehensive income	49	278

Gains from investments relate to revaluation increments and decrements due to changes in the value of investments held with Public Trustee, these investments are classified as available for sale financial assets.

Note 8 – Cash

	2014 \$'000	2013 \$'000
Deposits with Treasurer	947	962
Total cash	947	962

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 represents fair value.

Note 9 – Receivables

	2014 \$'000	2013 \$'000
Receivables	4	–
Accrued interest	89	70
Total receivables	93	70

a) Maturity analysis of receivables – refer to table in Note 16

b) Categorisation of financial instruments and risk exposure information – refer to note 16

Note 10 – Investments

	2014 \$'000	2013 \$'000
Current		
Investments	3,009	2,786
Total current investments	3,009	2,786
Non Current		
Investments	3,929	3,658
Total non-current investments	3,929	3,658
Total investments	6,938	6,444

Note 11 – Security bonds lodged

	2014 \$'000	2013 \$'000
Current		
Bonds lodged	713	611
Total current security bonds lodged	713	611
Non Current		
Non Current Bonds lodged	5,391	5,029
Total non current security bonds lodged	5,391	5,029
Total security bonds lodged	6,104	5,640

Note 12 – Payables

	2014 \$'000	2013 \$'000
Creditors	–	168
Unclaimed Bonds	23	24
Total payables	23	192

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 – refer to Note 16

Note 13 – Cash flow reconciliation

	2014 \$'000	2013 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period:		
Balance as per the Statement of Cash Flows	947	962
Cash and cash equivalents disclosed in the Statement of Financial Position	947	962
Reconciliation of net cash provided by operating activities to net result:		
Net cash provided by / (used in) operating activities	(15)	446
Add / (less) non-cash items:		
Unclaimed Bonds at end of period	–	24
Distributions on investments	445	242
Prior period adjustment	–	(3)
Movement in assets and liabilities		
Increase / (decrease) in receivables	23	(25)
(Increase) / decrease in payables	169	(112)
(Increase) / decrease in security bonds	(464)	(422)
Net result	158	150

Note 14 – Unrecognised contractual commitments

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

Note 15 – Contingent assets and liabilities

The Acting Deputy 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 \$6.9 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.

Table 16.1 Maturity analysis of financial assets and liabilities

	Carrying amount (\$'000)	Contractual Maturities		
		< 1 year (\$'000)	1–5 years (\$'000)	> 5 years (\$'000)
2014				
Financial assets				
Cash and cash equivalents	947	947	–	–
Investments	6,938	3,009	3,929	–
Receivables ⁽¹⁾	93	93	–	–
Other financial assets	–	–	–	–
Total Financial assets	7,978	4,049	3,929	–
Financial liabilities				
Payables ⁽¹⁾	23	23	–	–
Other financial liabilities	6,104	713	5,391	–
Total Financial liabilities	6,127	736	5,391	–
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⁾	192	192	–	–
Other financial liabilities	5,640	611	5,029	–
Total Financial liabilities	5,832	803	5,029	–

⁽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)
2014					
Financial Assets					
Investments	6,938	-	-	(69)	69
Total increase/(decrease)		-	-	(69)	69
2013					
Financial Assets					
Investments	6,444	-	-	(64)	64
Total increase/(decrease)		-	-	(64)	64

Note 17 – Transactions with SA Government

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.

	Note	SA Government		Non-SA Government		Total	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Expenses							
Administration	4	331	108	–	–	331	108
Total expenses		331	108	–	–	331	108
Income							
Interest and investment	6	463	242	26	16	489	258
Other income	7	49	278	–	–	49	278
Total income		512	520	26	16	538	536
Financial assets							
Cash	8	947	962	–	–	947	962
Receivables	9	93	70	–	–	93	70
Investments	10	6,938	6,444	–	–	6,938	6,444
Total financial assets		7,978	7,476	–	–	7,978	7,476
Financial liabilities							
Payables	12	–	168	23	24	23	192
Total financial liabilities		–	168	23	24	23	192

Note 18 – Events after the reporting period

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



Small Business
Commissioner

SOUTH AUSTRALIA