



Annual Report 2020-21



Small Business
Development Corporation

GOVERNMENT OF
WESTERN AUSTRALIA

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

All Cleaning
 By T Flowers
 Choose Healthy
 Dial-A-Doctor
 Digit Bookkeeping
 Esteem Dance
 Extreme Finishings
 Fraulein Tech
 Game City Espresso Bar
 Gourmet & More
 Hammer Tech
 Knight HTV
 Le Vow Bridal
 Masonex Building
 My Place Bar and Restaurant
 Viaje Coffee
 Women's & Breast Imaging

The Small Business Development Corporation acknowledges the traditional custodians of the land on which we work and live. We pay our respects to Elders past, present and emerging.

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This report is available in alternative formats on request.

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Photo: Extreme Finishings, Naval Base



Contents

Statement of compliance for the year ended 30 June 2021	4	Disclosures and legal compliance	64
Overview of agency	5	Independent auditor's opinion 2021	64
Executive summary	9	Certification of key performance indicators	68
Chair's report	9	Key performance indicators	69
Chief Executive Officer's report	11	Certification of financial statements for the reporting period ended 30 June 2021	75
Operational structure	14	Financial statements	76
Organisational structure	16	Other legal requirements	108
Outcome-based management framework	17		
Agency performance	19		
Financial targets	19		
Activity reports	20		
Corporate governance	57		





Statement of compliance for the year ended 30 June 2021

Hon Reece Whitby MLA
Minister for Small Business

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the annual report of the Small Business Development Corporation for the reporting period ended 30 June 2021.

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



Steven Dobson
Chair



Overview of agency

About the SBDC

The Small Business Development Corporation (SBDC) is an independent statutory authority of the Government of Western Australia, established in 1984 under the *Small Business Development Corporation Act 1983* (SBDC Act). The *Small Business Development Corporation Amendment Act 2020* was passed in April 2020 to give the Small Business Commissioner additional authority to investigate complaints about any matter that affects the commercial activities of small business.

What we do

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

This is achieved by providing practical advice, information, and guidance to small business owners. The SBDC also offers a dispute resolution service, delivers skills development workshops for existing and aspiring small business operators and investigates unfair practices that impact small business.

The SBDC works directly with small business owners and liaises with industry and business associations to exchange information and provide support and assistance to their members. The Corporation

also provides advice and support to the Minister for Small Business on matters affecting the sector, including the effect of government policy and legislation on small business, and advocates to all levels of government for policies and regulations that support the establishment and growth of small businesses.

Through these and other avenues, the SBDC raises awareness of the importance of small business to the economy and advocates for policies that nurture the growth and diversity of the sector.

Responsible Minister

As at 30 June 2021, the Hon Reece Whitby MLA, Minister for Small Business, has responsibility for the SBDC.

Enabling legislation

The SBDC Act makes provision for the establishment of the SBDC and Small Business Commissioner to encourage, promote, facilitate and assist the establishment, development and carrying on of small business in the state and provide dispute resolution services, and for incidental and other purposes.



Hon Reece Whitby MLA
Minister for Small Business

Our vision

A strong and enterprising small business sector in WA.

Our mission

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

Our values

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

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

Integrity – we act with courage, honesty and respect.

Our strategic objectives

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

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

What is small business?

The SBDC Act defines a 'small business' as a business undertaking that is wholly owned and operated by an individual person, persons in partnership, or by a proprietary company within the meaning of the *Corporations Act 2001 (Cth)* and which:

1. has a relatively small share of the market in which it operates
2. is managed personally by the owner or owners or directors, as the case requires
3. is not a subsidiary of, or does not form part of, a larger business or enterprise.

The SBDC uses the standard Australian Bureau of Statistics (ABS) definition of small business, which is any non-employing business or a business employing fewer than 20 staff.

Photo: Women's & Breast Imaging, Cottesloe





Key small business numbers*

227,754

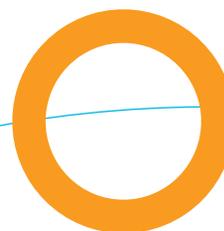
small business in WA
(including non-employed businesses[†])
representing **97.7** per cent of
all businesses in the state.

153,316

non-employed
businesses in WA

2,361,778

small businesses
in Australia



*Australian Bureau of Statistics (June 2020) 8165.0 Counts of Australian Businesses, including Entries and Exits, June 2016 to June 2020, (time series spreadsheet), accessed 1 July 2021.

[†]Statistics include only those businesses actively remitting Goods and Services Tax (GST). As such, small businesses not registered for GST are not captured in this data.

Photo: Gourmet & More, O'Connor

WA small businesses by industry*





“Reliable, quality advice and guidance. The most helpful part of this service is the fact that **friendly, professional staff** answer the phone and are able to respond to your query on the spot! This is a rare jewel! Thank you.”

Joy T

Google Review, March 2021



Steven Dobson

Chair

Small Business Development
Corporation Board

Executive summary

Chair's report

On behalf of the SBDC Board, I proudly present this year's annual report.

Throughout the 2020-21 year, the dynamic staff and executive team of the SBDC have continued to respond to the challenges of a constantly moving environment. The short lockdowns imposed in response to the ongoing threat of COVID-19 tested our capacity to deliver services under increased demand.

I am proud to say that despite the many challenges and interruptions to business as usual, the SBDC delivered strong outcomes and an uninterrupted level of service at a time when small businesses needed us most. Our clients reported a 98 per cent satisfaction rating regarding their overall experience with the agency.

Key achievements this year included the extension of the *Commercial Tenancies (COVID-19 Response) Act 2020*, which provided a framework for rent relief negotiations between landlords and tenants, until 27 May 2021. The agency's dispute resolution service assisted small businesses with access to negotiated agreements and mediation between parties, saving valuable court time and

reducing legal costs. Increased demand for the dispute resolution service, largely due to the Act, saw a 114 per cent increase in cases this year.

In regional WA, the Business Local program delivered more than 17,000 hours of advice through workshops and one-to-one advisory services to small businesses. This added to more than 16,000 business advisory enquiries managed by the Perth based team.

The SBDC continued to work closely with Government agencies to ensure that the impacts of State Government policy on small business was considered in the scope of their regulation and service delivery. The Small Business Friendly Approvals Program saw the agency partner with six local government authorities this year. This program uses human-centred design methodology to streamline application processes and identify regulatory improvements which will ultimately assist the development of local small businesses and better utilisation of regulatory resources. Twenty local governments will have participated in the program by the end of next year.

Executive summary

Chair's report continued

A milestone was reached for the construction industry with the passing of the Building and Construction Industry (Security of Payment) Bill 2021 (WA) on 22 June 2021. The SBDC has worked closely with the Department of Mines, Industry Regulation and Safety in contributing to the Murray and Fiocco Inquiries and the development of this legislation. In 2020-21, 57 per cent of enquiries and complaints received by our Investigations and Inquiry Unit were from the construction industry. We will continue to develop our subcontractor support and investigation capabilities so we can ensure that small business operators have a place to go when they have been treated unfairly.

The SBDC was also called upon to coordinate a number of grant programs to support small businesses most affected by the 'circuit breaker' lockdown and associated restrictions; as well as those in the Mid West impacted by Tropical Cyclone Seroja. Not only were they managed and delivered at short notice, but the grants represented an unfamiliar area of operations for the SBDC. The delivery of financial assistance to businesses required an unprecedented level of inter and cross-agency cooperation that set a new standard for this high achieving agency.

As well as grants, the SBDC also provided on-ground assistance to impacted communities in Tropical Cyclone Seroja-affected areas, collaborating with local, State and Federal Government departments, assisting with recovery committees, and providing on-ground advisers to guide businesses through the recovery process.

In closing, I would like to extend my sincere thanks to our highly capable and experienced board members, who have represented the small business community with integrity and professional governance through another demanding year. We are pleased to be working with Minister Whitby and the State Government to continue to grow the small business sector through our advice and advocacy.



Steven Dobson
Chair, Small Business Development Corporation Board



Photo: SBDC and Business Local Staff provided on-going advisory services to Tropical Cyclone Seroja-affected areas.



David Eaton

Small Business Commissioner
Chief Executive Officer
Small Business Development
Corporation

Executive summary

Chief Executive Officer's report

The 2020-21 year at the SBDC was dominated by the economic impact of the COVID-19 pandemic. The critical needs of the small business community, coupled with the State Government's responses, required substantial adaption and diversification by our agency.

The SBDC was heavily involved in the development and implementation of policies, guidelines and communication resources designed to support the business community during the pandemic. This included the introduction of mandatory contact tracing registers and the SafeWA (QR code) app. The swift adoption of this technology by the community was supported by over 70,000 businesses registering and facilitating its usage. This allowed rapid contact tracing and in all likelihood, reduced the length of lockdowns imposed on our community. I would like to acknowledge the cross-government cooperation that was so important in implementing these policies and programs.

The adoption of new technology was echoed in our increased emphasis on digital channels this year. We provided online access to skills development training and new business resources on our website,

which has become an essential hub of COVID-19 related business information, reinforcing the vital role that the SBDC plays as a source of independent and accurate advice, curated to meet the needs of small business operators. The live chat channel, first implemented in early 2020, accounted for a quarter of all enquiries throughout the year and was critical in swiftly delivering client assistance at times of peak demand.

The PIVOT business resilience program was introduced in July 2020 to mentor businesses to adapt their business model in response to new operating conditions. Funded through the WA Recovery Plan, it targeted small businesses who had been most impacted by the disruption. The program saw 450 businesses across the state receive coaching aimed at enhancing their entrepreneurial skillset, which not only increased their resilience, but also created 66 full time jobs.

The Collie Tourism Readiness Program was another new initiative launched in July 2020, to assist local businesses become tourism ready. With the State Government committing \$21.2 million to the region, with a strong focus on tourism attraction development, the SBDC delivered on-the-ground advisory services to the local business community

Executive summary

Chief Executive Officer's report continued

to help prepare them for increased visitation. The program, delivered through the SBDC's Business Local provider, Business Advisory South West and Peel with the support of the Shire of Collie, has been extended until December 2021 to consolidate Collie as an emerging tourism destination for WA.

Alongside the delivery of these programs, we have also progressed initiatives to improve the operating environment for small businesses. Our Small Business Friendly Approvals Program (funded by the State Government's Streamline WA program) gained momentum, as we worked with the State and local government sector to transform regulatory processes. The complementary Small Business Friendly Local Governments initiative welcomed its 49th local government signatory, and now covers three-quarters of the state's 227,754 small businesses.

The SBDC delivered 64,000 services this year across a broad range of information, guidance and support programs, delivered throughout the state directly and in collaboration with partner organisations. It is a reflection of the quality and dedication of our agency that we were not only able to maintain, but expand our support to small businesses during this time.

I extend my heartfelt thanks to each member of the team, for their willingness to adapt and their focus on the health and well-being of our small business clients. I would also like to thank the Minister for Small Business, the Chair and members of the Small Business Development Corporation Board for their support of the agency throughout the year.

As we look to the future, I would like to recognise our small business community – sole traders to larger enterprises – who have shown incredible resilience, maintaining services and employment for fellow West Australians during very challenging times.



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

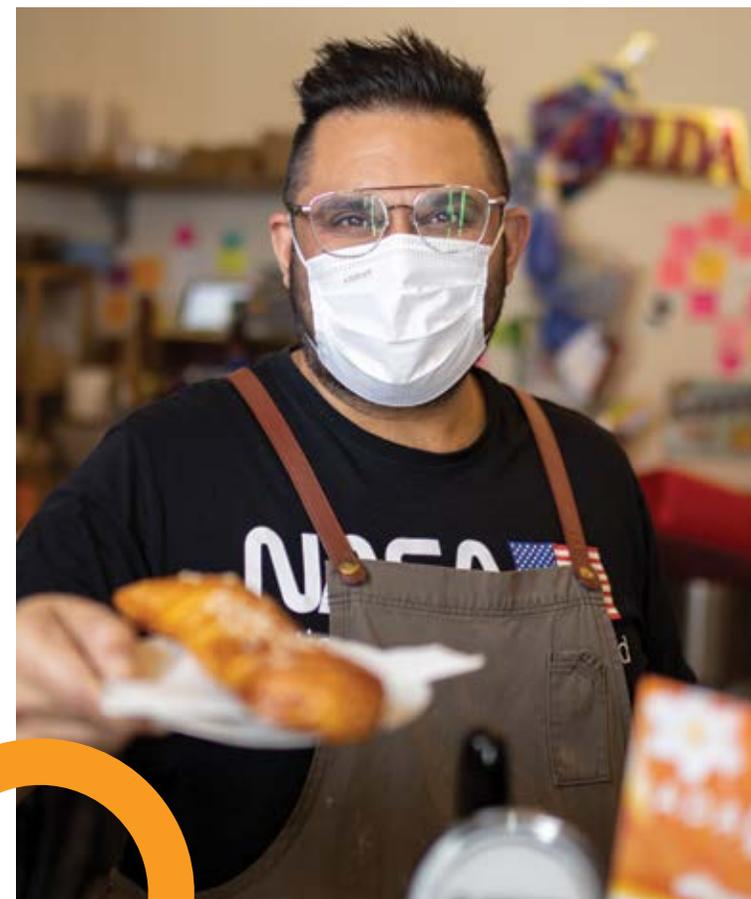


Photo: Game City Espresso Bar, Perth

Year in review 2020-2021



Telephone surveys were undertaken with a random selection of clients who had directly sought information and guidance during 2020-21. 745 client surveys were completed, giving a maximum standard error ratio of +/- 3.5% at the 95% confidence level. The overall response rate for the survey was 89.7%.





Operational structure

SBDC Board

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

Membership as at 30 June 2021

Steven Dobson (Chair)

Danelle Cross

Grant Cucel

Sophie Dwyer

Cindy Hurst

Anthony Masi

David Eaton (ex officio)

(For Board members' biographies see pages 57-58).

Small Business Commissioner

David Eaton is the WA Small Business Commissioner and Chief Executive Officer of the SBDC. This dual role, is responsible for the day-to-day operation of the SBDC. The Small Business Commissioner, whose authority was expanded with the passing of the *Small Business Development Corporation Amendment Act 2020* in April 2020, also undertakes inquiries and investigations into poor practices that impact upon small businesses.

The Commissioner also provides advice to the Minister for Small Business and all tiers of Government, to create an environment that supports the establishment and growth of small businesses in Western Australia.

Small Business Services

Advisory services

The SBDC's core service is the delivery of free advice and guidance to small business operators to aid the development and growth of the sector in WA. These services are provided by phone on the SBDC's 133 140 number, online through live chat and via email. In addition, individual advisory sessions have been conducted in person and virtually using video appointments throughout 2020-21.

The SBDC also provides information and guidance to tenants and landlords on the *Commercial Tenancy (Retail Shops) Agreements Act 1985* and other aspects of commercial leasing, with the assistance of experienced commercial tenancy advisers. During COVID-19, the SBDC was the lead agency to interpret and advise on the WA code of conduct for commercial tenancy under the *Commercial Tenancies (COVID-19 Response) Act 2020*.

See page 23 for details of 2020-21 achievements.

Business information (online services)

Accurate information allows small businesses to make informed decisions. The SBDC facilitates access to business information, including an online Business Licence Finder, industry and market data and financial benchmarking reports to help small business clients plan and evolve their businesses.

See page 24 for details of 2020-21 achievements.

Business workshops

Free and low cost workshops to develop business skills across a range of topics were delivered statewide in person and via online channels in 2020-21, ensuring effective service delivery of enterprise skills building to small businesses throughout WA.

See page 28 for details of 2020-21 achievements.

Business Local

The Business Local program provides business advisory services and workshops in regional areas on behalf of the SBDC. Managed by six providers across 10 designated regions, services are delivered in a way that best suits the needs of local small business communities.

See page 29 for details of 2020-21 achievements.

Outreach services

Outreach extends the reach of the SBDC's services through collaboration with other organisations, including industry associations, educational institutions and corrective services, to cost-effectively engage with diverse stakeholders and small business owners.

See page 31 for details of 2020-21 achievements.

Specialised programs

In 2020-21, the SBDC managed a range of specialised programs on behalf of the State Government, including several targeted grants programs, the PIVOT business resilience program, the Collie Tourism Readiness Project, and support for businesses impacted by Tropical Cyclone Seroja.

See page 33 for details of 2020-21 achievements.

Dispute resolution service

The dispute resolution service is an affordable, confidential and flexible service to assist small businesses to resolve a dispute with another business or government department. The DRS has been essential in facilitating the negotiation and finalisation of commercial tenancy rent relief disputes during 2020-21.

See page 39 for details of 2020-21 outcomes.

Business migration

The WA Business Migration program is a key investment attraction initiative for the state. Business migrants are a source of new capital for business and investment activities that deliver new employment and economic diversification for WA.

See page 41 for details of 2020-21 achievements.

Collaboration with strategic partners

To expand the reach and general services, the agency leverages relationships with strategic partners.

See page 44 for details of 2020-21 achievements.

Policy and Advocacy

The SBDC ensures that the small business voice is heard and considered by governments at all levels, through evidence-based advocacy, submissions, representation and liaison. The agency influences policy development that affects small business, particularly in relation to regulatory reform and improving the operating environment for small businesses.

See page 48 for details of 2020-21 achievements.

Investigations and Inquiry

A specialist unit within the SBDC investigates poor practices including delayed payments and breaches of contract experienced by subcontractors and other small businesses in relation to larger organisations or government entities.

See page 53 for details.

Communications and Marketing

The SBDC's Communications and Marketing team promotes the SBDC brand and ensures information about the agency's range of services and resources for small business is available to the public through channels including the website, social media platforms, earned content, advertising and events.

See page 54 for details of 2020-21 achievements.



Organisational structure



Outcome-based management framework

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

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

There were no changes to the Outcome-based management framework during the reporting period.



Shared responsibility with other agencies

The SBDC worked collaboratively with the following agencies to deliver services and programs that impacted small business:

- the Department of Primary Industries and Regional Development (DPIRD) (Agriculture and Food) to deliver the farm debt mediation service and liaise with Local Content Officers
- the Department of Mines, Industry Regulation and Safety (DMIRS) on the continued application of the WA commercial tenancy code of conduct
- the Department of Local Government, Sport and Cultural Industries (DLGSC) to deliver the Land Tax Assistance for Landlords Program, Small Business Lockdown Assistance Program and Small Business Cyclone Seroja Grants
- the Department of Jobs, Tourism, Science and Innovation (JTSI) to deliver the Travel Agents' Assistance Package and the International Education Industry Support Fund
- Main Roads Western Australia to deliver the Roadhouse Assistance Program
- the Department of Premier and Cabinet's Collie Delivery Unit to deliver a tourism readiness program in Collie
- the Department of Fire and Emergency Services (DFES) in response to the Wooroloo bushfires and Cyclone Seroja recovery efforts.

Photos: Collie Tourism Readiness Project delivered in partnership with the Department of Premier and Cabinet



Agency Performance

Financial Targets



	2020-21 Target \$'000 ¹	2020-21 Actual \$'000	Variation \$'000	Explanation of significant variations ²
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)	16,038	15,013	1,025	The variance is due mainly to lower than expected expenditure for programs including Business Local, the Small Business Friendly Approvals Program and the Investigations and Inquiry Unit (subcontractor support).
Net cost of services (sourced from Statement of Comprehensive Income)	15,716	14,598	1,118	In addition to the variation in Total Cost of Services the agency received higher than expected income for the period.
Total equity (sourced from Statement of Financial Position)	3,584	4,530	946	The increase in total equity is due primarily to a higher than expected surplus for the period.
Net increase/ (decrease) in cash held (sourced from Statement of Cash Flows)	(191)	747	938	The increase is due to under expense in the Business Local service, the Small Business Friendly Approvals Program and the Investigations and Inquiry Unit (subcontractor support), together with additional income received.
Approved full-time equivalent (FTE) staff level	64	61	3	The reduction is largely due to delays in appointing staff for the Small Business Friendly Approvals Program and the Investigations and Inquiry Unit.

¹ As specified in the 2020-21 Budget Statements (Budget Paper No 2 Volume 1) pages 267-275.

² Further explanations are contained in Note 8.4 "Explanatory Statement to the financial statements".

Agency Performance

Activity Reports

Small Business Services

Delivery of targeted, contemporary and practical services across WA

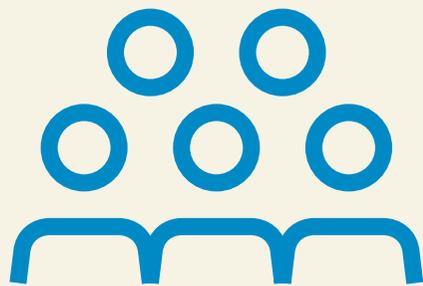
The SBDC provides products and services to assist small businesses throughout the state. This includes the provision of free, confidential and independent information and advice across a broad range of critical areas of business management and operations. Services are delivered through various channels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

Photo: By T Flowers, Nollamara



Small Business Services 2020-2021

64,000
services delivered



21%
financial management

21%
other topics

20%
commercial tenancy

14%
starting a business

9%
planning and research

7%
licensing and regulations

7%
products/services

Case Study

Digit

Andrew Erkins first launched Digit to help small businesses in WA strengthen their financial management through bookkeeping and payroll support. Eight years later, Andrew has grown the business into an award-winning enterprise, having won the Bookkeeping Firm of the Year award at the 2021 Australian Accounting Awards.

Throughout his business journey, Andrew has found one of the key challenges has been building the right team. "Like many small businesses, finding great people over the years has been the challenge," he said. "We look for people who are aligned with our values and are motivated by a desire to help others succeed."

Andrew is a member of the SBDC Facebook group *I'm a small business owner in Western Australia* and has been able to create some valuable connections through the group.

Photo: Digit, West Perth

"We've asked for help and recommendations through the page and have been introduced to some great people as a result. We've also helped with free advice purely to support the community which has been personally satisfying."

"Everyone genuinely looks out for others. It's a great community of like-minded business owners and the support provided by SBDC in shepherding the community is fantastic.

"I would advise anybody going into business to build strong relationships with people and don't be afraid to reach out for help. Everyone wants you to succeed - and the quicker you can seek advice, support and leverage the strengths of others - the faster you'll grow."

Andrew Erkins
Digit





Activity reports

Business advisory

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

The business disruption caused by the COVID-19 pandemic resulted in sustained demand for SBDC advice in 2020-21. There were 16,809 client enquiries for information and advice received by the SBDC (excluding third party service providers), representing a 10 per cent increase on the previous year.

Of these enquiries, the most sought after information was financial management (21 per cent), closely followed by commercial tenancy advice (20 per cent).

In its first full year of use on the SBDC website, live chat became an increasingly important channel for business advisory and support, with 6,101 enquiries received, accounting for nearly a quarter (23 per cent) of business advisory enquiries.

Photo: Knight HTV, Byford

Activity reports

Business information – online services

The growing importance of online service delivery can be seen across the SBDC. For small businesses at every stage of development, free, practical online tools covering financial management, industry research, business planning, marketing and debt recovery are available on the Corporation's website. When navigating pandemic-related disruption, 24 hour access to information was critical in providing a high level of assistance to small business owners.

The online Business Licence Finder enables individuals to search, discover and inform themselves about their business compliance obligations across all levels of government. During 2020-21, 4,048 people accessed this service.

Ensuring prospective and current business owners can access accurate and up-to-date information about their industry can help them make better decisions about their business.

More than 2,500 clients were assisted to access detailed market research information about their chosen industry sector and financial performance, including IBISWorld industry data and Australian financial benchmarking reports. By using these tools, business clients were able to build detailed insights to help them understand their performance, learn more about their industry, customers and competitors, and uncover new opportunities.

Photo: Le Vow Bridal, Morley



Activity Reports

Commercial tenancy advice

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

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

- the *Commercial Tenancy (Retail Shops) Agreements Act 1985* (CTA)
- negotiating and leasing business premises, including those in shopping centres
- commercial tenancy disputes including those arising through the *Commercial Tenancies (COVID-19 Response) Act 2020* (CTCR Act)

The SBDC was the key agency to advise small business tenants and landlords on the CTCR Act and provide assistance to resolve disputes. The legislation initially covered the emergency period 30 March to 29 September 2020.

This period was extended until 28 March 2021, and the temporary commercial tenancy laws continued to apply.

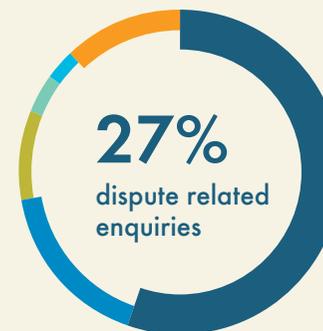
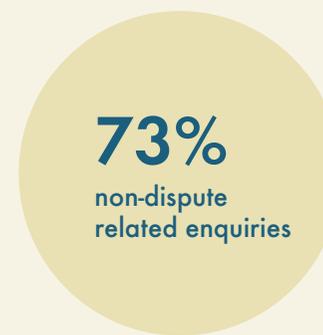
The period during which an eligible tenant could make a request for assistance in resolving a dispute was extended a further 60 days until 27 May 2021, to allow matters arising during the emergency period to be resolved.

Commercial rent relief disputes unable to be resolved through the SBDC's dispute resolution process could be referred to the State Administrative Tribunal (SAT) for determination.

Commercial Tenancy outcomes for 2020-21



- CTCR Act **40%**
- Termination of tenancy **12%**
- Rent and rent review **10%**
- Starters advice **9%**
- Operating expenses **4%**
- Other **25%**



The proportion of commercial tenancy dispute enquiries increased by **15 per cent** from the previous year

- CTCR Act **56%**
- Rent and rent review **17%**
- Termination of tenancy **9%**
- Repairs and maintenance **4%**
- Bond monies **3%**
- Other **11%**

Case Study

Fraulein Tech

Claudia Franke started her IT consulting business, Fraulein Tech, in her spare time in 2015 while still working in an office-based role. After two years of building her business, she resigned from her day job to focus on providing IT consulting, support and training services for small businesses.

"As a business owner, I really enjoy being in close contact with other business owners and their staff, knowing their needs, their challenges and helping them to run a successful business," said Claudia. "Working with small businesses and running one means there are fast decisions and clear goals, and I am in charge of my time and resources."

Claudia has found the challenges of business include managing an unpredictable workload, setting boundaries and running a business alone.

"A big challenge to run a business from home is to create boundaries between my business and

private life, such as not checking emails after hours. Sometimes I miss my colleagues, their expertise, the banter and the camaraderie of working with others."

Claudia joined the SBDC Facebook group *I'm a small business owner in Western Australia* and has enjoyed connecting with others and learning more about different aspects of running a business.

"There's no marketing, no spam, professional advice and it's very well monitored. There's a good sense of community, especially as it is all local business owners. I have even reviewed my insurance set up after reading about it in the group."

Claudia Franke
Fraulein Tech



Photo: Fraulein Tech, Kingsley

Activity Reports

The SBDC was consulted by the Department of Mines, Industry Regulation and Safety (DMIRS), the administrators of the CTA and the CTCR Act, to represent the interests of small business on a range of commercial tenancy issues. The SBDC provided advice and marketplace information to DMIRS on matters including:

- the drafting and operation of the CTCR Act
- issues on the operation of and the statutory review of the CTA.

The SBDC received 3,050 commercial tenancy enquiries in 2020-21. Of these, 27 per cent were dispute related and 73 per cent non-dispute related. A greater proportion of dispute related enquiries were received in 2020-21, increasing by 15 per cent in comparison to the previous year.



Activity Reports

Business workshops

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

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

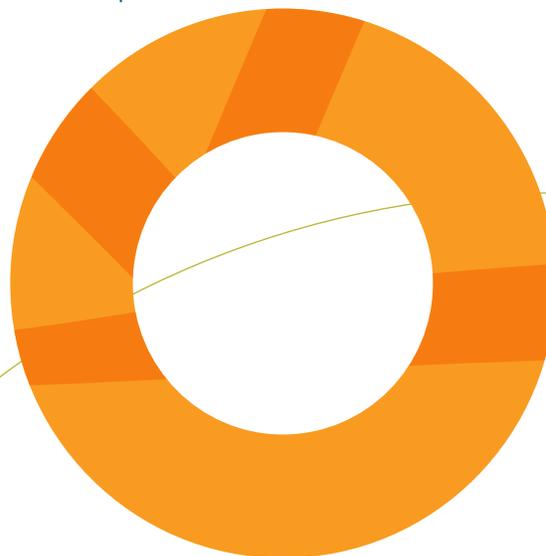
This comprehensive program delivers practical information to businesses in the early stages of development, through to more specialised or advanced topics for established business operators.

More than 1,400 people attended the 'Starting a Business' workshop from a total of 7,521 workshop participants in 2020-21. Workshops were held in a range of locations to make them accessible to local businesses. Online delivery, introduced in response to the pandemic, continued to perform strongly.

In 2020-21, 15 per cent of people attended in person workshops, while 85 per cent participated in online workshops.

7,500+ people attended SBDC workshops in 2020-21

85 per cent of workshop participants joined an online workshop



Activity Reports

Business Local

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

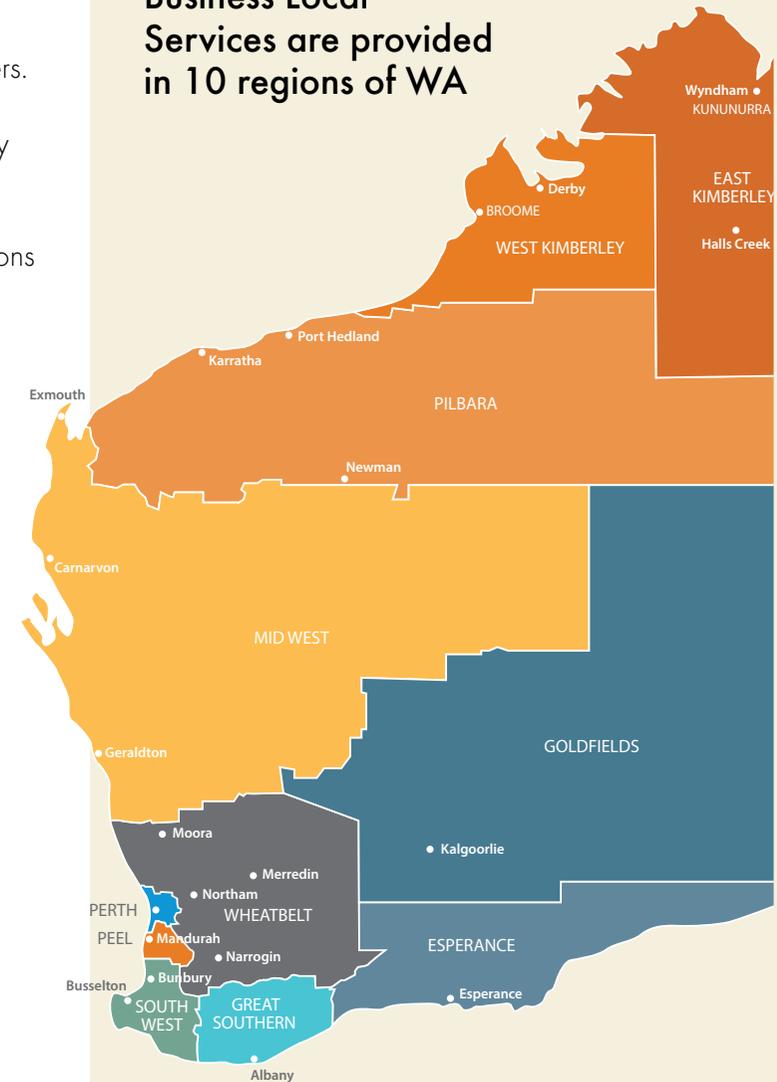
In 2020-21, the Business Local regional service provided 17,284 hours of advice through one-to-one advisory sessions and workshops. The service was accessed for the first time by 3,921 small business owners.

Throughout the year, Business Local providers continued to support their local business communities and collaborate with key stakeholders. One example was the Peel Business Mastery event, a collaboration between Business Advisory South West and Peel, and the Peel Development Commission. The full day event in late February 2021 consisted of workshop sessions, presentations and advisory appointments aimed at assisting Peel small business owners to recover from the impacts of the COVID-19 pandemic on their businesses.

Business Local services 2020-21

	Total
One-to-one advisory sessions delivered (hours)	11,776
Hours of advice delivered through workshops	5,508
Small businesses accessing the service for the first time	3,921

Business Local Services are provided in 10 regions of WA





Case Study

Choose Healthy

Fiona Taylor is a health and wellness coach who runs her business, Choose Healthy, while managing the demands of a separate day job. Fiona has enjoyed bringing her business dreams to life, now running online food workshops, challenges, webinars and in-person workshops and presentations on food, energy and self-care.

"I love my business and what I do, so it doesn't feel like 'work', but creating space by having time away from the business every week is when the magic happens," said Fiona.

As Fiona builds her business with a view to eventually work for herself full time, she has put her professional experience in personal development to the test.

"Running a business is one of the biggest personal development journeys you'll ever go on - it's like being on a rollercoaster! There's the challenge

of building a regular income, and there's the excitement and frustration of learning everything."

"Often family and friends don't get what you do or why you do it - but finding the right support, such as a business coach and business group makes a huge difference!"

Fiona Taylor
Choose Healthy



Photo: Choose Healthy, Doubleview

Activity Reports

Outreach Program

The Outreach Program extends the reach of SBDC services by collaborating with industry and business associations, local governments, tertiary institutions, and other organisations.

The program provides quality information and advice to assist the development of businesses, leading to a stronger and more sustainable small business sector. Events were generally held at an organisation’s premises, with information delivered by a range of specialist presenters. They were offered at a time and location convenient for the stakeholder’s members or networks, including online delivery.

Supporting people who are actively considering starting a business is a major focus of Outreach. During 2020-21, the SBDC collaborated with 41 organisations to deliver 130 workshops and events to 2,567 participants across the metropolitan area. This included presentations to 222 New Enterprise Incentive Scheme (NEIS) participants.

The SBDC Outreach team sought to support and improve the participation of small businesses in the government supply chain, focusing on major public works such as Metronet.

	Total
Organisations collaborated with	41
Workshops/events presented	130

Organisations collaborated with

Industry and Business Associations: Australian Lottery and Newsagents’ Association; Australian Institute of Health & Safety; Baysie Rollers; Building Designers Association of WA; Financial Counsellors Association of WA; Kalamunda Chamber of Commerce; Pharmacy Guild of Australia (WA); REIWA; Rockingham Kwinana Chamber of Commerce; Australian Institute of Architects (WA).

Local Government: City of Canning; City of Cockburn; City of Joondalup; City of Kalamunda; City of Stirling.

State Government: Construction Training Fund, Department of Justice (Bandyup, Boronia, Karnet, Hakea, Worooloo and Casuarina prisons); DefenceWest; Department of Primary Industries and Regional Development; Lotterywest; Public Transport Authority (METRONET).

Education institutions and training providers: ABS Institute; APM (Advanced Personnel Management); Business Foundations; Curtin University; Check In Australia; Engine Room Business Innovation; MPA Skills; Murdoch Business Society; North Metropolitan TAFE; Sheridan Institute of Higher Education; South Metropolitan TAFE.

Others: Agri Finance Alliance; Exhibitions & Events Australia; Helpline; Portuguese Australian Women’s Association; Wirrpanda Foundation; Women’s Entrepreneurship Day Organisation; Working Spirit.



Case Study

Viaje Coffee

With prime position in the lobby of a busy inner-city building, café Viaje was thriving under the management of Hugh Nguyen and his business partner Wayne Kang.

“Before the pandemic, our business was going well,” said Hugh. “We had a very loyal customer base and our business was growing. Then, COVID-19 had a massive impact. The building was pretty much shut down and there were only about 10 per cent of the people left in the building.”

The partners were selected to commence the SBDC’s PIVOT business resilience program in August 2020, in response to the disruption to their business.

Viaje means ‘journey’ in Spanish. Hugh and Wayne had always embraced the idea of a journey within their business, so joining the PIVOT program was a natural extension of this philosophy. They seized the opportunity to build new skills in marketing, business development and developing a mindset for business.

Photo: Viaje Coffee, Perth



“The challenge with any small business really is that you’re always working in the business, not on the business. With the program, what we learned was just to step back and work on the business, work on the strategy behind the business, rather than just day-to-day tasks. So we went from a very day-to-day business mindset to being more open to new things, open to expanding, not just only to another cafe but with new products, new areas that we’d never really thought about.”

“The most valuable thing with the program was the focus on mindset. What it demonstrated to us was that if you change what’s inside, your outside is going to change.”

Hugh Nguyen and Wayne Kang
Viaje Coffee

Activity Reports

Specialised programs

In 2020-21, the SBDC managed a range of specialised programs on behalf of the State Government, in response to disruption in the small business environment. These included several grants programs, the Collie Tourism Readiness Project, natural disaster assistance, and the PIVOT program.

PIVOT program

As part of the \$5.5 billion WA Recovery Plan, the State Government committed \$240,000 to the SBDC to deliver the PIVOT program to support business resilience. The acronym PIVOT stands for:

Persist

(keep on going)

Invent

(discover new ways of doing things)

Viewpoint

(maintain optimism)

Opportunity

(they are everywhere and ready to be taken)

Timing

(the importance of planning and reviewing)

Photo: Masonex Building, Wangara

The program, delivered by SBDC provider Blow Your Own Mind (BYOM), was designed to mentor businesses to adapt their operations and adjust to new operating conditions. It targeted small businesses who had been most impacted by the COVID-19 pandemic. BYOM have exclusive rights in Australia to use a proprietary product, Entrepreneurial Mindset Profile (EMP), which formed the basis of the program.

The EMP is a tool developed by Florida's Eckerd College to assist entrepreneurs to understand their mindset, and identify strengths and target areas for further development. It measures a series of personality scales such as independence, risk acceptance, action orientation, passion and need to achieve; as well as skills such as future focus, idea generation, optimism, persistence, and execution. All participants completed an EMP at the start of the program to provide a quantitative baseline, and a secondary profile at the end of the program to determine its impact. Comparisons of the data sets demonstrated growth across entrepreneurial mindset profile criteria, most significantly in self confidence, execution, risk acceptance and optimism.



Activity Reports

Expressions of interest for the PIVOT program were called for in late July 2020. Of the 496 businesses selected, a third were located in regional WA. A diverse range of industries was represented. The program was delivered entirely online using Zoom and a learning management system, and included a series of recorded webinars, interactive workshops, coaching sessions, exercises and information sheets which focused on aspects required to pivot.

The PIVOT program concluded in late March 2021, with 450 people still actively engaged. Participant surveys indicated that overall the coaching sessions and webinars provided the most significant learning opportunity from the program. The program also created employment opportunities, with 66 full time positions generated through the program, including newly created jobs and an increase in hours worked in the business.

Photo: Dial-A-Doctor, Victoria Park



Activity Reports

Collie Tourism Readiness Program

The State Government committed \$21.2 million to the Collie region, with several infrastructure projects aimed at increasing its tourism attractiveness. These projects include the Wellington Dam mural, Lake Kepwari and mountain bike trails. The SBDC partnered with the Department of Premier and Cabinet's Collie Delivery Unit to assist local businesses to become tourism ready in preparation for the projected increase in tourism visitors once a number of these projects were completed.

The SBDC provided a full time business adviser from Business Advisory South West and Peel (BASWP) to deliver on-the-ground advisory services to the local business community and identify opportunities to enhance enterprise skills. The SBDC and BASWP worked collaboratively to identify gaps in business skills and opportunities to improve business offerings to capitalise on new tourism markets. The Shire of Collie provided support to the project through access to office accommodation for the business adviser.

This financial year, the project:

- Created collaborative relationships with the Shire of Collie, the Collie Visitor Centre, Collie Chamber of Commerce and Industry, the South West Development Commission, South Regional TAFE - Collie Campus; Collie River Valley Marketing, Australia's South West and the Department of Biodiversity, Conservation and Attractions.
- Assisted eight local businesses to become accredited through Trails WA's Trail Friendly Business program.
- Delivered 25 workshops aimed at developing the enterprise and tourism skills of local small business operators and their staff. These workshops covered topics such as social media and digital marketing; customer service; food management; and visual merchandising.

- Facilitated a better understanding of the local attractions in the Collie region through the delivery of bus tours to local business operators.
- Developed activities for the school holidays in conjunction with local operators. These included movie screenings, treasure hunts and recreational activities.

The project has been extended to December 2021 to allow further development of the business community and consolidate Collie as an emerging tourism destination for WA.



Activity Reports



Photo: SBDC adviser with Kalbarri business owner

Natural disaster assistance

The SBDC contributed to the State Government's recovery efforts in response to the Wooroloo Bushfires which occurred in February 2021 and Tropical Cyclone Seroja in April 2021 by providing business advice and support to impacted business communities.

The SBDC assisted communities impacted by Tropical Cyclone Seroja by undertaking regular site visits; coordinating support services and raising awareness of support programs. The SBDC will continue to work with impacted communities throughout the recovery process.

Grant programs

Throughout the financial year, the SBDC partnered with several State Government departments to provide financial assistance to businesses who had been severely and adversely affected by the COVID-19 border and trading restrictions.

The SBDC was also responsible for the management of a grants program for small businesses impacted by Tropical Cyclone Seroja, which devastated Kalbarri and surrounding communities in April 2021. The following grants were promoted, and managed by the SBDC, in collaboration with the partner agency.

Grant programs were ongoing at 30 June 2021.

Activity Reports

Grant programs

Grant programs managed by the SBDC 2020-21

Program name	Partner Agency	Target group
Land Tax Assistance for Landlords Program	DLGSC	Commercial landlords providing rent relief to tenants
Travel Agent Support Program	JTSI (Tourism WA)	Travel agents across WA
Roadhouse Assistance Program	Main Roads WA	Key, strategic roadhouses located on major interstate transport routes
International Education COVID-19 Industry Support Fund	JTSI	International education providers
Small Business Tropical Cyclone Seroja Grants	DLGSC	Small businesses which suffered losses located within the path of the cyclone
Small Business Lockdown Assistance Grant (Anzac weekend)	DLGSC	Eligible small businesses located within the restricted areas (Perth, Peel and Rottneest)



Case Study

Esteem Dance

Carrie-Anne Forsyth had been helping children to build resilience, self-esteem and a love of dance for 11 years through Esteem Dance Company before the impact of COVID-19 led to her business closing its studio doors.

"I had put blood, sweat, tears and 11 years of my life into the business," Carrie-Anne said. "All of that love and passion and devotion to helping these wonderful children was potentially going to come to an end in a very abrupt way."

Carrie-Anne discovered the PIVOT program through the SBDC and the City of Wanneroo. The program helped her develop the skills, mindset and confidence she needed to transform her business.

"I'm first and foremost a dance educator, so owning a business has been a beautiful thing for me, but I've never really had time to work on my business skills. The PIVOT program was a chance

to streamline my business knowledge, financial literacy and entrepreneurial skills. The program has dramatically changed the way I look at my business and the day-to-day running of my business. I have KPIs. I've done budgets for the first time. I look at my profit and loss cashflow reports and I've worked on building the growth of the business."

"We've had enormous growth. From February this year to May, we've had an increase of 28 per cent. That is new clients walking through the door and staying."

Carrie-Anne Forsyth Esteem Dance



Photo: Esteem Dance, Wangara

Activity Reports

Dispute resolution service

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

As part of the service, DRS case managers provide independent and objective guidance to both parties in dispute through a case management process. Parties are assisted to identify the relevant issues in dispute, clarify their individual rights and responsibilities and consider possible pathways to resolution.

In 2020-21, 1,021 disputes were referred to the DRS team for case management, plus 114 cases were carried over from 2019-20. New cases increased by 114 per cent from the previous year, which can be attributed to the Commercial Tenancy (COVID-19 Response) Act 2020 (WA) (CTCR Act) which applied until March 2021.

The 1,044 cases finalised* by case managers during the year had an estimated value of \$43.3 million (based on client estimations). More than three times the number of DRS cases were finalised compared to the previous year.

Mediation

If the parties are unable to finalise their dispute with the assistance of case management, the SBDC also provides access to a subsidised mediation service. Parties benefit from the assistance of a professionally accredited mediator. Mediations are typically held at the SBDC offices and each party is required to pay a subsidised fee of \$125. Case managers work with the parties to ensure they are fully prepared for mediation and to maximise the potential for settlement.

A total of 22 disputes were referred to mediation. The value of disputes successfully resolved through the SBDC mediation process this year was conservatively estimated at \$954,404.

Commercial tenancy

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

Commercial tenancy disputes referred to DRS increased by more than 200 per cent in 2020-21. As part of the response to the COVID-19 pandemic, the WA Government passed the CTCR Act and associated regulations on 29 May 2020 for the emergency period 30 March to 29 September 2020. This period was subsequently extended to 28 March 2021 with a further 60 days added to finalise disputes.

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

Activity Reports

The temporary modifications to WA law made through the CTCR Act prevented landlords from taking prohibited actions against tenants of small commercial leases during the emergency period, and required tenants and landlords to negotiate rent relief arrangements in accordance with a code of conduct. The DRS assisted tenants and landlords impacted by the pandemic to resolve their disputes, or referred the parties to the SAT for determination.

Eligible tenants and landlords were able to apply to the Small Business Commissioner or the SAT for dispute resolution until 27 May 2021. DRS cases relating to the CTCR Act accounted for 56 per cent of commercial tenancy dispute clients in 2020-21. The Small Business Commissioner issued 223 certificates to parties who intended to apply to the SAT for determination of their commercial tenancy-related dispute. This was more than eight times the 27 certificates issued in 2019-20.

8x increase in
SAT certificates issued.

Farm Debt Mediation Scheme

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

Commercial farm debt disputes are complex, as there is often an intergenerational link to the land through the agribusiness and family home.

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

During the year, two farm debt cases were finalised through mediation, with an estimated value of \$6.8 million.



Activity Reports

WA Business Migration program

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

The SBDC promotes the state to migration agents and potential business migrants through local and international marketing initiatives.

The program attracts migrants by:

- Marketing the state as a leading destination for investment, employment, education and lifestyle.
- Providing information on business visas, and living, working and establishing a business in WA.
- Supporting qualifying clients with State nomination to lodge a visa application with the Department of Home Affairs (DHA) under the Business Innovation and Investment Program.

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

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

The closure of international borders due to COVID-19 has meant that potential business migrants have been unable to travel to WA to explore business opportunities and SBDC representatives have been unable to travel overseas to promote the program in key markets. Furthermore, the negative impact of the pandemic on world economies has resulted in liquidity problems and delays in completing projects.

New business migrants

During 2020-21, the SBDC approved State nomination for 333 new business migrants from 25 countries to invest and establish businesses in WA. China, including Hong Kong, remains the top market for business migrants coming to the state (44 per cent), ahead of the combined markets of Malaysia and Singapore (16 per cent) and Vietnam and Cambodia (7.5 per cent). South Africa was the fourth most significant market for WA business migrants (7.5 per cent) and Indonesia was the fifth largest (5 per cent).

In response to ongoing international border closures, client interviews were conducted by telephone, and overseas visits by SBDC representatives to key international markets have been replaced by online presentations. Staff delivered business migration presentations to members of the Migration Institute of Australia and Migration Alliance and to clients of migration agents in Australia and overseas.



Activity Reports

The SBDC received an annual allocation of 360 State nominations from the DHA for WA, of which 331 were approved by 30 June 2021. Receiving a decision from DHA on a business visa application can take up to two years. It can then take a further two to five years before the total investment in the WA economy is finalised.

Finalised business migrants

In this financial year, 82 business migrants who received their State nominated visa approval between two and seven years ago confirmed finalisation of their investment and/or business establishment in WA. Investments and businesses established by migrants covered a variety of industries, including Construction, Retail Trade, Wholesale Distribution, Accommodation and Food Services. Of the six export businesses, products included wine, agricultural goods, health products, beef and seafood.



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

	2017-18	2018-19	2019-20	2020-21
Jobs created	257	1,032	267	99
Business exporting	8	15	12	6
Total net assets in WA	\$396.5M	\$752.5M	\$404.2M	\$230.7M
Net assets in business	\$161.4M	\$584.1M	\$171.3M	\$104.2M
Treasury Bonds and investments	\$63.7M	\$41M	\$70.3M	\$44.1M

Notes:

- State nomination application fees generated \$339,750 during the financial year to assist with funding of the program, including visits to international target markets.
- Eighteen employees were retained in 2020-21 following purchase of a business by a business migrant.
- The significant increase for the 2018-19 program year is due to two finalised business migrants making a combined economic contribution of 855 new jobs and \$348.7million in total net assets in WA.
- The downturn for 2020-21 was due to the negative impact of the COVID-19 pandemic on the program.

Case Study

Dial-A-Doctor

Dial-A-Doctor is a mobile medical service, offering in-home visits from general practitioners (GPs) throughout the night, all day Sundays and on public holidays.

In 2020, the impact of COVID-19 saw a drastic decrease in the need for medical treatments to help patients return to work or school sooner, as many were already staying at home. At the same time, community concerns were heightened around any kind of visitor entering aged care facilities or homes. The changing conditions and collective uncertainty presented a major challenge for Dial-A-Doctor to continue providing a valuable service to the community.

CEO Mike Dale discovered the PIVOT program in September 2020. After participating in a series of webinars, coaching and networking sessions, workshops, and applying various tools, templates

and other resources, Mike was able to discover a new approach to help him and his team move forward with confidence.

“The PIVOT program really changed our whole focus,” Mike said. “We realised we can come out of this if we’re persistent, if we can innovate or think differently and look for opportunities to continue to improve. Without the SBDC...we might have closed the doors, but I am forever grateful for this opportunity that they have given us.”

Mike Dale
CEO, Dial-A-Doctor

Photo: Dial-A-Doctor, Victoria Park



Activity Reports

Collaboration with strategic partners

To expand the reach and awareness of the SBDC's services, it is essential to leverage relationships with strategic partners.

John Curtin Law Clinic and pro-bono legal services

Sharing a common interest in improving justice for the small business sector by improving access to legal advice, the SBDC continued its affiliation with the John Curtin Law Clinic at Curtin University.

The John Curtin Law Clinic, opened in early 2017, provides free legal services to eligible WA small businesses in a clinical legal education environment. Small business clients can arrange an appointment

with final-year law students who assist them by carrying out legal research, identifying legal options, and preparing court documentation and referrals, all under the supervision of qualified lawyers. All student advice is reviewed by a qualified lawyer holding a current practising certificate.

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

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

In 2020-21, the SBDC referred 64 small business clients to the John Curtin Law Clinic. The Law Clinic assisted these clients by providing direct legal advice and/or connecting the business with other legal services, including barristers, lawyers and community legal centres, to assist on a pro bono basis.



Photo: Final year law students from Curtin University meet the Small Business Commissioner and SBDC staff.

Activity Reports

Small Business Friendly Local Governments (SBFLG) initiative

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

To demonstrate their commitment to being small business friendly, local government authorities commit to the SBFLG charter. The charter sets out the minimum commitments that are necessary for the local government to work with, and support, their small business community. This includes paying small business suppliers on time, improving communication and consultation with small business stakeholders, minimising the administrative burden on small businesses, and having a dispute resolution process in place. Local governments are also required to introduce at least three other initiatives to improve the operating environment for small businesses, and report regularly to the SBDC on their progress.



Photo: SBDC staff at the City of Canning Small Business Showcase with Mayor Patrick Hall

As at 30 June 2021, 49 metropolitan and regional local governments around the state were participating in the SBFLG initiative. This means that almost 170,000 small businesses, representing

74 per cent of all small businesses in WA, now operate within a 'small business friendly' local government area.

Activity Reports



Small Business Friendly Approvals Program (Approvals Program)

Building on the SBFLG initiative, the Approvals Program aims to streamline the process of obtaining business licences and trading permits from local government authorities by working closely with them to develop and implement reform.

The Approvals Program was piloted in 2019-20 with the cities of Canning and Stirling. Through this process, a suite of reform initiatives was identified to reduce the timeframe for the granting of approvals, improve business customers' access to early information and guidance, enhance customer service, and introduce internal efficiencies within the local government.

As a direct outcome of the pilot, in October 2020 the City of Canning partnered with the City of Gosnells and the Town of Victoria Park to introduce a Simplified Trading Permit for food trucks, the first of its kind for WA. The initiative allows mobile food businesses to obtain a single permit with one application fee to trade at approved events in all three local government areas. Application fees for the permit were waived throughout 2020-21 to recognise the impact of the COVID-19 pandemic on small businesses in the events sector.

Following its participation in the pilot, the City of Stirling introduced its Address and Application Assistant in 2020-21. The online tool is designed to help people discover the development potential of any property within the City of Stirling. The Project was awarded the Planning Institute of Australia (WA) Improving Planning Processes and Practices Award and the Minister's Award in November 2020. The City had implemented 96 per cent of its reforms and reported a 20 day reduction in approval timeframes for planning applications as at 30 June 2021.

Following the completion of the pilot, the State Government committed \$2.25 million as part of Streamline WA to expand the program to 20 additional local government authorities. During the year, the SBDC partnered with the cities of Armadale, Joondalup, Kwinana, Melville, Rockingham and Wanneroo to identify regulatory reforms and customer service improvements. Using a human-centred design approach to examine their approval processes and small business touchpoints, each local government progressed an implementation plan for their identified reforms.

The Approvals Program has been recognised as demonstrating better practice regulatory principles and was added to the Department of the Prime Minister and Cabinet's case study library.



Photo: My Place Restaurant and Bar, Perth

Case Study

Masonex Building

Masonex is a shop-fitting company based in Wangara, offering retail shop fit-outs, de-fits and store maintenance.

“Before COVID came around, we always had plenty of work,” said company director Julia Nesbitt. “We never looked for jobs, we never advertised or had to promote or market our business. Then COVID hit and it dramatically changed everything.”

When shops were forced to close, Masonex had no work for the foreseeable future. Julia found the PIVOT program and set to work building new skills in business management, networking and embracing an entrepreneurial mindset to set a new course for the future of the business.

“Even from watching the first few videos, I thought, this is something I can do. I was open to taking on all the challenges that were there. I sucked up all the information like a sponge, I did every little activity and worksheet, everything - because I needed to make a change.”

Photo: Masonex Building, Wangara



“The most valuable part of the program for me was the coaching sessions, and learning about networking. We’ve got new designers on board, new clients on board, all from just networking with people within my industry.”

“It’s the best business decision I’ve made really. When you change the way you see your business, the way you perceive yourself within that business, it’s priceless. It’s been such a fantastic opportunity and I’m forever grateful for the opportunity to learn so much.”

Julia Nesbitt
Masonex Building

Activity Reports

Policy and advocacy

Consistent with the objective of supporting a fair and productive operating environment for small businesses in Western Australia, the SBDC contributes to the development and implementation of policies and initiatives that benefit the sector and support the growth and diversity of the WA economy.

Some of the activities underpinning this work include:

- developing and reviewing small business-related policies and initiatives across all levels of Government
- providing submissions to regulatory reviews, including:
 - improving security of payment protections for subcontractors in the construction industry
 - Government procurement and contract management reforms
 - faster payment times to small business suppliers
 - enhancing unfair contract term legislation to better protect small businesses
 - reducing administrative and regulatory burdens

- consulting with the business community and representing small business interests on Government committees and working groups
- providing advice to the Minister for Small Business on matters impacting the sector, including:
 - the impact of the COVID-19 pandemic on small businesses
 - enhancing support for subcontractors in the construction industry
 - payment terms, times and practices impacting on small businesses
 - procurement reforms at the State and local government levels
 - improving the regulatory environment and streamlining approval and licensing processes
 - on-selling of electricity arrangements in commercial embedded networks
 - public liability and professional indemnity insurance issues impacting groups of small businesses.

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

- the Chamber of Commerce and Industry WA (CCIWA)
- the Regional Chambers of Commerce and Industry of WA (RCCIWA) and individual chambers
- the Western Australian Local Government Association (WALGA)
- the Australian Hotels Association (WA)
- the Pharmacy Guild of Australia (WA)
- the Franchise Council of Australia (WA)
- Bankwest Curtin Economics Centre
- Community Cabinet, 'town hall' physical and virtual meetings

Pandemic response activity

During 2020-21, much of the SBDC's policy focus was on pandemic-related activity. The Corporation played a key role in progressing the State's economic response to the crisis through small

Activity Reports



business stimulus and survival measures, industry-specific support and recovery initiatives as part of the Government's \$5.8 billion *WA Recovery Plan*. This included liaison, research, analysis, advocacy and policy development, including:

- working with economic agencies to co-ordinate the cross-government response to COVID-19 as part of the *WA Recovery Plan*, and providing input into the development of the Industry, Economic and Infrastructure, and Regions recovery sub-plans
- advocating on behalf of specific groups of small businesses acutely impacted by government trading and travel restrictions
- contributing to the development of the Government's emergency commercial tenancy relief measures
- developing grant and support programs relating to the COVID-19 pandemic including the Small Business Lockdown Assistance Grants programs and the Travel Agents' Support Package.
- providing advice to Government on the development and implementation of contact tracing measures.

Reviews, submissions and consultations

An important function of the SBDC is to monitor and review policy and regulatory reforms including proposed amendments to legislation that will affect small business. This includes liaising with Government agencies and stakeholders to ensure that the impacts of policy and regulatory decisions are understood and addressed through evidence-based advocacy and research.

The SBDC regularly consults with key small business representative groups, including the Australian Small Business and Family Enterprise Ombudsman (ASBFEO), the Chamber of Commerce and Industry WA (CCIWA), Regional Chambers of Commerce and Industry of WA (RCCIWA), the Master Grocers Association, the Master Builders Association, and the Pharmacy Guild of Australia (WA). The SBDC also engages with State and Commonwealth regulators including the Department of Mines, Industry Regulation and Safety (DMIRS), the Australian Competition and Consumer Commission (ACCC), the Australian Taxation Office (ATO) and others, to keep informed of issues and emerging trends.

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

- Building and Construction Industry (Security of Payment) Bill 2021
- Department of Finance's proposed Debarment Regime
- ASBFEO's inquiry into the practices of the insurance industry impacting small businesses
- Productivity Commission's inquiry into the 'Right to Repair'
- Planning and Development (Local Planning Schemes) Regulations
- enhancing national unfair contract term legislation to better protect small businesses
- regulation of the accident towing industry
- various ACCC authorisations, including the extension of the Casual Mall Licensing Code of Conduct.

Activity Reports

Influencing regulatory reform

The SBDC continued to focus on identifying opportunities to reduce unnecessary compliance burdens on small business in 2020-21, in particular:

- introducing risk-based regulatory frameworks
- encouraging greater digitisation of licence applications across government
- reforming and streamlining business regulation, and
- enhancing regulatory practices.

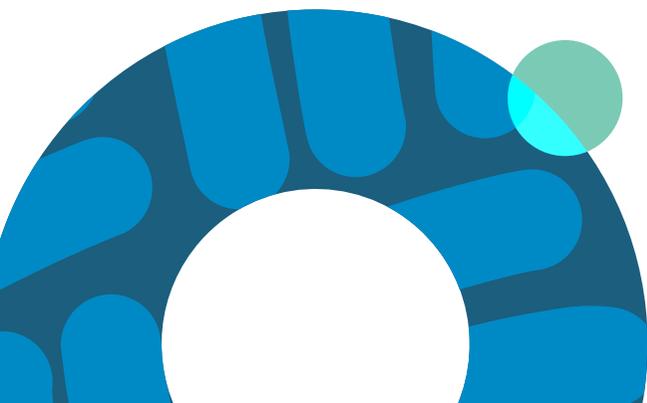
This included providing submissions to legislative reviews and national reforms as well as involvement in intergovernmental and cross-government working groups.

During the year, as part of the Streamline WA Directors General Implementation Group, the SBDC identified ways in which small businesses can be better supported through improved regulation and Government service delivery. The SBDC also participated in the interagency One-Stop Shop Working Group.

In 2020-21, the SBDC expanded its Approvals Program to six local governments and partnered with DLGSC to examine the application process for low risk liquor licences. Using a facilitated, human-centred approach, the SBDC worked with State and local regulators to systematically evaluate their small business touchpoints and approval processes, to identify opportunities for reform to save business applicants time and money as well as improve their regulatory experience. An additional benefit of the reforms is releasing government resources from unnecessary administrative tasks to increase the focus on customer service and assessing high-risk applications.



The SBDC continued to work with State regulators throughout the year to address regulatory impacts, minimise compliance burdens and advocate for an operating environment more conducive to growth. As the State recovers from COVID-19, it is ever-more critical to remove obstacles and cost pressures on small businesses to help them get back on their feet and enable development and job creation.



Activity Reports

Security of payments in the construction industry

The SBDC is committed to supporting subcontractors in the building and construction industry by reducing payment disputes and improving conduct in the industry supply chain.

The SBDC contributed to the development of the Building and Construction Industry (Security of Payment) Bill 2021, which was introduced into Parliament as a key priority following the State Government election in March 2021. The Bill passed Parliament in June 2021, increasing protections for subcontractors in the industry and complementing measures already delivered through the expanded use of Project Bank Accounts on government projects.

The Bill introduces a mandatory retention trust scheme to protect subcontractors' retention money from being misappropriated or lost in insolvency at each level of the contracting chain. It also provides for an effective, rapid dispute resolution process to speed up the receipt of outstanding payments, including provisions for minimum monthly progress payments, to ensure subcontractors are not left with large outstanding invoices.



Case Study

Hammer Tech

It's no secret that launching and running a small business requires a considerable amount of multi-tasking.

Being able to manage demanding FIFO shifts as a boilermaker while completing an accounting degree is what first gave Jarrod Whitbourne confidence in his capacity to build a business. He registered his company Hammer Tech in 2017, initially offering labour hire services.

"This allowed me to build relationships with a few clients without having the overhead expenses like a workshop," said Jarrod. "It was probably a year or so afterwards that companies started requesting bigger jobs... Fast forward to now and we are busier than ever with four employees and on the hunt for a larger workshop."

Photo: Hammer Tech, Kewdale

Persistence has been key to Jarrod's success to date.

"You need to keep persisting day in day out. There can be numerous occasions where you want to throw in the towel - but you just have to keep getting up and carrying on. Persist with clients, persist with workers and persist with growing the business."

Jarrod is a member of the SBDC Facebook group *I'm a small business owner in Western Australia* and has attended SBDC workshops. "It's great to have discussions with people who are experiencing and overcoming some of the same issues through the Facebook group. SBDC is one of the greatest organisations I've come across and I cannot believe the amount of value they give."

Jarrod Whitbourne
Hammer Tech



Activity Reports

Investigations and Inquiry Unit

New authority enabled by amendments to the SBDC Act in April 2020 gave the Commissioner greater ability to inquire into conduct that is having an adverse impact upon small business in Western Australia, via the Corporation's Investigations and Inquiry Unit (IIU).

The ability to undertake evidence-based inquiries provides vital insights into contemporary practices in many industries, including the construction sector. These inquiries have supported the Commissioner's advocacy and advice on a range of topics, including policy responses to COVID-19 and poor payment and contract management practices in supply chains.

In 2020-21, the IIU received complaints and allegations from a range of industries and small businesses. These allegations are initially assessed to determine their merit and whether further inquiries should be conducted to deliver an evidence-based conclusion and appropriate outcome.

In complex matters or those of strategic significance, the IIU undertakes Preliminary Inquiries. Preliminary Inquiries are designed to establish, based on evidence, if the allegation can be substantiated and has merit. An outcome of a Preliminary Inquiry may be to:

- determine the alleged conduct has no foundation
- refer the evidence in a report to an appropriate agency for further action or consideration, or
- make a recommendation to the Commissioner to proceed to a formal investigation.

Formal investigations can, where appropriate, use compulsive powers to obtain evidence.

In 2020-21, the IIU investigated complaints that affected small business, including construction industry subcontractors, concerning breaches of contract and payment terms. The IIU received 100 enquiries and complaints in 2020-21, 57 per cent of which were related to the construction industry.

Of these complaints:

- 26 per cent involved the non-payment of invoices for work completed
- 14 per cent sought general advice
- 22 per cent involved other contract-related concerns such as unfair contracts, bullying and unreasonable delays in the release of retentions.



The IIU also undertook a number of preliminary inquiries as well as governance reviews related to grant programs.

The unit works with other State and Commonwealth agencies as well as industry associations to address enquiries and complaints, often achieving outcomes in a cooperative and collaborative manner.

Activity Reports

Communications and marketing

Marketing and communicating the services of the SBDC was significantly impacted by COVID-19 throughout 2020-21. The associated changes in public behaviour reinforced the importance of digital channels to reach a diverse range of small business stakeholders in an agile and cost-effective way.

Crisis communications were required throughout COVID-19 lockdown and restriction periods that impacted small business, while the agency communicated new support areas, such as targeted grant programs.

Brand revitalisation

An exciting initiative undertaken during the year was refreshing the visual identity of the SBDC brand, significantly updating the circle motif that represents the connection between State Government and small businesses and creating a new suite of motifs for use on print and digital applications. The existing look and feel had been in place for several years and the update was required to modernise the style to appeal to new audiences, while maintaining a connection to the Corporation's strong brand past. The interlocking rings and overlapping shapes that form the core of the refreshed brand convey inclusivity and assistance. In addition, the revitalisation allowed some usability issues within the colour palette to be addressed. This will ensure that SBDC content, which is increasingly delivered via digital platforms, meets State Government accessibility requirements.

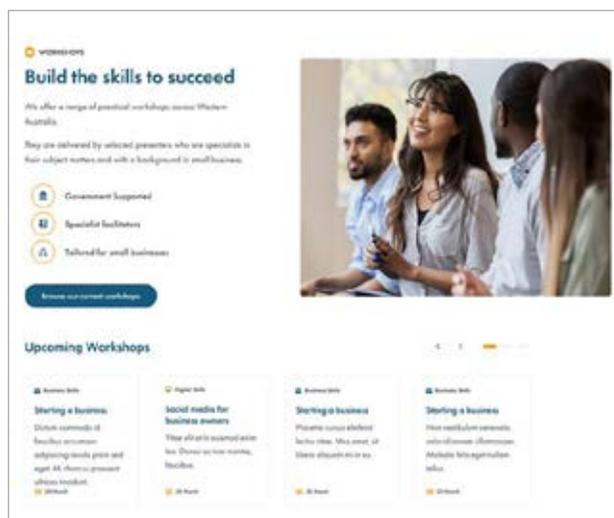
The brand refresh was completed in May 2021 and will be implemented over the 2021-22 year.



SBDC Brochure with new design elements and photography



Social media tiles incorporating new design elements

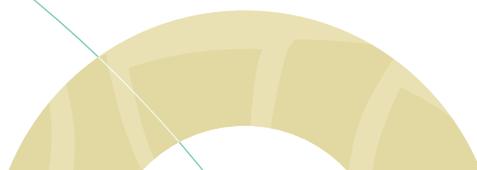
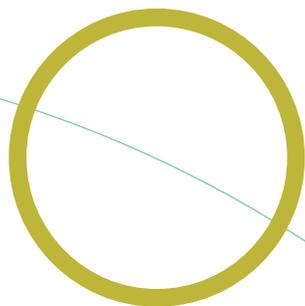


Website design refresh

Website refresh

A review of the SBDC website was completed during the year which identified a number of issues with the existing website infrastructure. Limitations within the build made it difficult to present content in a way that engaged users. With this insight as a foundation, a refresh of the agency website was commenced to address the limitations and future-proof this very important platform.

The refresh, which commenced in January 2021, involves significant enhancements to the site navigation and search function, improving the way content is presented, and implementing the new brand style. The updates will also improve backend functionality to provide greater insight into how users are searching for and engaging with content on the website. The refreshed website is expected to go live later in 2021.



Activity Reports

Communications and marketing

COVID communications

COVID-19 continued to be a significant feature in the environment in 2020-21 and a disruptor for the agency. With a series of lockdowns occurring during the year, the communications and marketing team were able to adapt to ensure the SBDC website, blog, enews and social media were updated to provide timely and accurate information to our small business clients. There were substantial increases in website traffic and engagement from WA with our blog and other digital assets aligned to the announcement of lockdown restrictions and Small Business Lockdown Assistance Grants, including

- Surges in website traffic in February and May 2021 aligned to the Australia Day lockdown, Anzac weekend lockdown and the announcement of Small Business Lockdown Assistance Grants.
- An increase in website traffic of 28 per cent in 2020-21 compared to 2019-20, and a 145 per cent increase since the pre-COVID-19 year of 2018-19.

- The most visited pages during the year were the WA Government coronavirus relief package page, Small Business Lockdown Assistant Grants EOI and application page and 8 steps to starting a business.

This surge in website traffic reinforced the very important role the SBDC plays in bridging communication between WA Government policy announcements and delivering key messages and actions to the small business community.

The implementation of the SafeWA app, launched in November 2020, was another significant event that has required an ongoing level of marketing focus to reinforce the requirements and expectations of small businesses in maintaining contact registers.

Grant communications

Throughout the year, the SBDC managed a range of grant programs on behalf of the State Government. The development and implementation of communication plans, and the creation of online interfaces for accepting applications was critical to their success.

Profile and community building

Earned media, events and the agency's owned social media platforms continued to be important channels to build the profile of the SBDC and its community. Articles created by the SBDC were featured in a number of publications, including *The Grower* (Vegetables WA), the Chung Wah Association magazine and *Business News*. Speaking opportunities at small business-focused events were leveraged by the Minister for Small Business and the Commissioner throughout the year.

Stakeholder engagement through the SBDC's Facebook page and group continued to grow. The number of people 'following' the page has grown to more than 23,200 while the group 'I'm a small business owner in Western Australia' continued to provide a highly active virtual networking space for small business operators, with membership growing by 21 per cent during the year to reach more than 10,700 members by 30 June 2021.



Corporate Governance

Governance disclosures



Photo: SBDC Board Members and Small Business Commissioner with Minister for Small Business, Hon Reece Whitby MLA

Enabling legislation

The SBDC Act makes provision for the establishment of the SBDC and Small Business Commissioner to encourage, promote, facilitate and assist the establishment, development and carrying on of small business in the state and provide dispute resolution services, and for incidental and other purposes.

SBDC Board

Steven Dobson

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

Mr Dobson is a member of the Gaming and Wagering Commission of WA, trustee director of the Association of Financial Advisers Investment Fund, Vice President of Bull Creek Leeming Junior

Football Club and a Justice of the Peace. Mr Dobson previously served on the boards of Perth NRM, Kids are Kids! and Meritum Financial Group Advisory Board. He holds a Master of Business Administration from Murdoch University, a Bachelor of Business (Financial Planning) from RMIT and is a graduate member of the Australian Institute of Company Directors.

Danelle Cross

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

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

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



Grant Cucel

Grant Cucel was appointed to the Board in October 2017. Mr Cucel is self-employed, Pilbara born and raised, and resides in Karratha. He has an extensive business background having run his own recruitment business for 10 years. Mr Cucel has a Bachelor of Business from Curtin University. He was the 2012 inductee into the Western Australian Regional Small Business Hall of Fame and was recognised as the 2013 City of Karratha Citizen of the Year. For nine years, he held the role of Chair of the Small Business Centre West Pilbara and strongly advocated for small and medium enterprises in regional WA. Having sold his recruitment business to a publicly listed company, Mr Cucel now has a strong focus on assisting a cross section of organisations in a voluntary capacity.

Sophie Dwyer

Sophie Dwyer was appointed to the Board in August 2017. Ms Dwyer has extensive experience in the finance and agribusiness sectors and owns and operates her own small business.

Ms Dwyer is a graduate of the Australian Institute of Company Directors. She also holds a Master of Business Administration from Curtin University and a Bachelor of Science (Horticulture) with

Honours from The University of Western Australia. Ms Dwyer is a member of a number of company and government boards.

Cindy Hurst

Cindy Hurst was appointed to the Board in September 2020. Ms Hurst has owned and operated her own small business in Kalgoorlie, Goldfields Chiropractic and Healing Centre, since early 2009. Ms Hurst holds a Bachelor of Science (Chiropractic) and a Bachelor of Chiropractic from Murdoch University, along with Certificates III and IV in Fitness and a post graduate certification in International Sports Chiropractic.

She was the recipient of the Kalgoorlie Boulder Chamber of Commerce and Industry Young Achiever Award in 2009 and a finalist in the WA Regional Small Business Awards community engagement category in 2017. Ms Hurst is a member of a number of not for profit boards in the Goldfields region and maintains strong affiliations with multiple community and sporting organisations.

Anthony Masi

Anthony Masi was appointed to the Board in April 2014. Mr Masi is a pharmacist and has owned and operated successful small businesses in

regional WA since 1991. These include a camera store, a health food shop, an IGA grocery store and two pharmacies. He is a former board member of Kimberley Pilbara Medicare Local and is a Branch Committee Member of the Pharmacy Guild of Australia (WA Branch). Mr Masi is also an active member of the Kyle Andrews Foundation, a Broome-based children's cancer charity. He was the Chair from 2008-2010 and is currently the treasurer.

David Eaton (ex officio)

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

Corporate Governance

Governance disclosures

Functions of the Board

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

- setting the direction of the agency
- determination of standards
- coordination of planning, policies, and decision-making framework
- acting in an advisory capacity to the Minister, the government and other agencies.

Operational roles of the Board include:

- setting strategies
- focusing on client service and customer needs
- striving for organisational best practice and compliance with standards
- delegation of operational decision making to officers within the SBDC.

Members current as at 30 June 2021

Name	Initially appointed	Term expires	2020-21 meetings attended ¹
Mr Steven Dobson	10/09/2012	30/11/2021	11
Ms Danelle Cross	01/07/2019	30/06/2022	9
Mr Grant Cucel	28/08/2017	30/06/2021	10
Ms Sophie Dwyer	28/08/2017	30/06/2021	9
Ms Cindy Hurst ²	31/08/2020	30/08/2023	8
Mr Anthony Masi	07/04/2014	20/06/2022	9
Vacant ³			
Mr David Eaton (ex officio)			11

1. A total of 11 meetings was held during the reporting period

2. Attended first meeting October 2020

3. Vacant from 1 June 2021

Corporate Governance

Governance disclosures



Position	Name	Type of remuneration	Period of membership	Gross actual remuneration (\$)
Chair	Mr Steven Dobson	Annual	Full year	22,712.24
Member	Ms Danelle Cross	Annual	Full year	9,105.72
Member	Mr Grant Cucel	Annual	Full year	11,239.13
Member	Ms Sophie Dwyer	Annual	Full year	9,105.72
Member	Mr Anthony Masi	Annual	Full year	9,105.72
Member	Ms Cindy Hurst	Annual	Part year	7,633.68 ⁴
Member	Ms Nicolle Jenkins	Annual	Part year	8,475.32 ⁵

4. Appointed 31 August 2020

5. Term completed 31 May 2021

Corporate Governance

Governance disclosures

Corporate resources

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

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

Other financial disclosures

Internal audit

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

Pricing policies

The SBDC collects the following fees and charges:

- DRS (mediation) fees set at \$125 per party per session. This represents partial cost recovery for government. The total cost of each mediation session is generally \$1,000 with the SBDC subsidising the difference.

- Business Migration State Nomination application fees set at \$750 for both provisional and permanent business visas. The fees represent partial cost recovery for the processing of applications under the Business Innovation and Investment visa program.
- Business workshop fees, with the exception of the free 'Starting a Business' workshop, are priced at \$20 per participant. This fee was waived from March 2020 to December 2020 in recognition of the impact of COVID-19 on small businesses, and re-introduced in January 2021.

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



Corporate Governace

Our people

Workforce development

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

Development opportunities for staff include individual and group skills development, knowledge sharing and acting in short term vacancies. Leadership development remains a key focus for the SBDC, including the continued development of current leaders as well as identifying and supporting potential future leaders.

A new Workforce and Diversity Management Plan has been created and will help shape the agency's approach to workforce development through to 2024.

WA Multicultural Policy Framework

The SBDC implemented its first Multicultural Plan in early 2021. The plan, developed with the support of the Office of Multicultural Interests, aims to ensure that the SBDC takes a planned approach to identifying opportunities to ensure inclusivity of all people. The plan identifies the following policy priorities:

- harmonious and inclusive communities
- culturally responsive policies, programs and services
- economic, social, cultural, civic and political participation.

Staffing summary – as at 30 June 2021

Employee profile	2020/21
Permanent full-time	43
Permanent part-time	17
Fixed term contract	3
Total	63



Corporate Governance

Our people

Occupational health and safety (OHS) and injury management

The SBDC is committed to ensuring operational activities are carried out with full regard for the health, safety and welfare of employees, contractors and the public. The agency's management team supports this through participation in training programs.

OHS is a standard agenda item at all executive and all-of-agency meetings. The agency recognises that consultation, communication and cooperation between managers and employees is essential to maintaining a safe and healthy workforce.

	Actual results		Results against target	
	2019-20	2020-21	Target	Comment on result
Number of fatalities	0	0	0	No injured workers
Lost time injury/disease (LTI/D)	0	0	0 or 10% reduction on previous year	No injured workers
Lost time injury/disease severity rate	0	0	0 or 10% reduction on previous year	No injured workers
Percentage of injured workers returned to work:				
(i) within 13 weeks	No injured workers	No injured workers	100%	Target met
(ii) within 26 weeks	No injured workers	No injured workers	100%	Target met
Percentage of managers trained in occupational safety, health and injury management responsibilities	100%	100%	Greater than or equal to 80%	Target exceeded

Disclosures and legal compliance

Independent auditor's opinion 2021

Small Business Development Corporation

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Small Business Development Corporation (Corporation) which comprise:

- the Statement of Financial Position as at 30 June 2021 and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and Summary of Consolidated Appropriations for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Small Business Development Corporation for the year ended 30 June 2021 and the financial position at the end of that period

- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report.

I am independent of the Corporation in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibility of the Board for the financial statements

The Board is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Corporation.

Independent auditor's opinion 2021

Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report

and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Small Business Development Corporation. The controls exercised by the Corporation are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

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

In my opinion, in all material respects, the controls exercised by the Small Business Development Corporation are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2021.

The Board's responsibilities

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

Auditor General's responsibilities

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

Independent auditor's opinion 2021

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

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

Limitations of controls

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

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Small Business Development Corporation for the year ended 30 June 2021. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Small Business Development Corporation are relevant and appropriate to assist users to assess the Corporation's performance and fairly represent indicated performance for the year ended 30 June 2021.

The Board's responsibility for the key performance indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as it determines necessary to enable the preparation of key performance indicators that

are free from material misstatement, whether due to fraud or error.

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

Auditor General's responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

Independent auditor's opinion 2021

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

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

My independence and quality control relating to the reports on controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports Other Financial Information, and*

Other Assurance Engagements, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

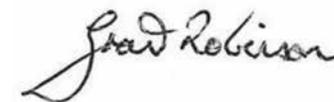
The Board is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial statements, key performance indicators and my auditor's report.

My opinions do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements and key performance indicators of the Small Business Development Corporation for the year ended 30 June 2021 included on the Corporation's website. The Corporation's management is responsible for the integrity of the Corporation's website. This audit does not provide assurance

on the integrity of the Corporation's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/ from these financial statements, controls, or key performance indicators. If users of the financial statements, controls, and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements, controls and key performance indicators.



Grant Robison

Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western
Australia
Perth, Western Australia
27 August 2021

Key Performance Indicators

Certification of key performance indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Small Business Development Corporation's performance, and fairly represent the performance of the Small Business Development Corporation for the financial year ended 30 June 2021.



Steven Dobson

Chairman



David Eaton

Small Business Commissioner

25 August 2021

Key Performance Indicators

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

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

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

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

In 2020-21, the Corporation achieved the desired outcome through the provision of specialised information, referral and business facilitation services for the effective development of enterprises in Western Australia (WA). This included access to justice for small businesses through the Dispute Resolution (DR) service and the Investigation and Inquiry Unit.

Effectiveness indicators

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

The effectiveness of the Corporation in meeting its desired outcome is measured by:

- Client surveys of the following key stakeholder groups:
 - small business owners - those already operating their own business; and
 - small business starters - those planning or contemplating operating a business in the future.
- Business Migration Program - the value of net assets into the State and the number of jobs created.

Key Performance Indicators

Client opinions of the services provided by the Corporation

The Corporation provides a range of small business services to those in business as well as those planning on starting or buying a business. Refer to the Report on Operations for details of these services. The Corporation also provides core business facilitation services across the State through the provision of funding for the Business Local Service (BLS). The effectiveness of small business services is measured by surveys of those clients who have contacted the Corporation and the BLS during 2020-21.

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

The measures, "the extent to which the information or guidance provided was useful", and "the extent to which the information or guidance provided contributed to a decision to start or buy a business" reported below are based on two surveys conducted during 2020-21 of random samples of Corporation and BLS clients. The surveys have been carried out by an independent market research company to ensure maximum objectivity.¹

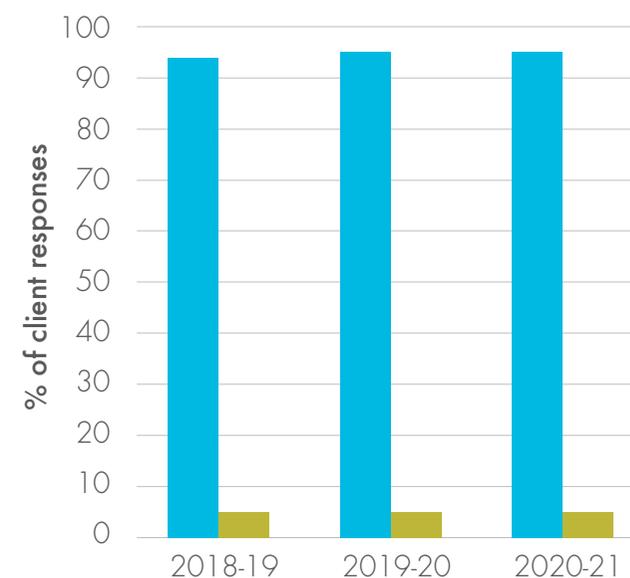
High customer satisfaction with services has been maintained over several years with the effectiveness indicators measured in 2020-21 showing no statistically significant shifts at the 95% confidence level in comparison with the previous two years.

The extent to which the information or guidance provided was useful.¹

All clients surveyed were asked - "How would you rate the usefulness of the information/ guidance provided to you?"

95% of survey participants rated the information/guidance provided as useful in 2020-21 including 66% that indicated it was very useful and 29% rating it as somewhat useful. The target for 2020-21 was 95% useful rating.

Usefulness of the information/guidance provided



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

Key Performance Indicators

The extent to which the information or guidance provided contributed to a decision to start or buy a business.¹

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

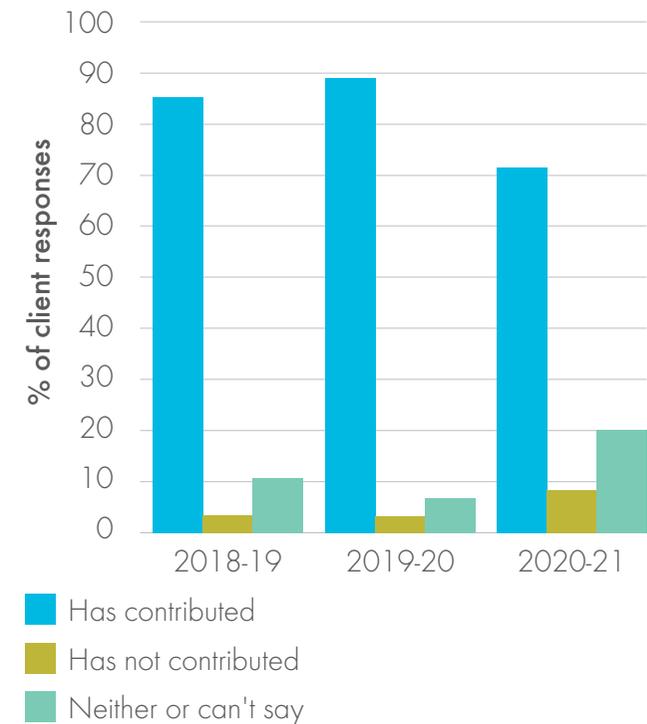
72% of respondents believed the services of the Corporation / BLS had directly contributed to their decision on whether or not to start or buy a business. The target for 2020-21 was 85%. The reduction against the 2020-21 target is largely due to reduced confidence brought about by COVID-19 and the resultant impacts on small businesses generally.

¹Note: The performance evaluation for 2020-21 where clients were contacted by telephone was undertaken by Advantage Communications and Marketing. Telephone surveys were undertaken with random selections of clients who had directly sought information and guidance during 2020-21. 745 client surveys were completed to give a maximum standard error ratio of +/- 3.5% at the 95% confidence level. The overall response rate for the survey was 89.7%.

The valid sample for each service area was as follows:

	Business owners			Business starters			Total sample		
	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21
Clients - Direct advice									
Small Business Services	209	211	237	60	61	37	269	272	274
Business Information & Programs	71	87	77	131	121	129	202	208	206
Business Local Service	183	190	169	74	65	96	257	255	265
Total	463	488	483	265	247	262	728	735	745

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



Key Performance Indicators

Western Australian Business Migration Program

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

Confirmed and finalised economic contribution and job creation to WA by existing business migrants for 2020-21 and the previous 2 years is as follows:

Business Migration Program ²	2020-21 Target ³	2020-21 Actual ³	2019-20 Actual	2018-19 Actual ⁴
Total value of net assets to the State from the Business Migration program	\$377M	\$230.7M	\$404.2M	\$752.5M
Number of jobs created through the Business Migration program	212	99	267	1,032

²Note: The reported total value of net assets to the State and number of jobs created is sourced from the final investment declared by the applicant in meeting the economic terms of their State nomination agreement.

³Note: The 2020-21 target for both total value of net assets and number of jobs created is the forecast investment into the State under the program based on results from previous periods. There is a timing difference of up to 4 years between when the business migrant nominates their proposed level of investment and when that investment is finalised. The actual result in 2020-21 for both total value of net assets and jobs created was lower than the target when the investment was finalised. This is largely due to the significant economic impact of COVID-19 on world-wide economies and the closure of international borders reducing the movement of business migrants to WA.

⁴Note: The significant increased investment for the 2018-19 program year was due to two finalised business migrants making a combined economic contribution of 855 new jobs and \$348.7M in total net assets in WA.

Key Performance Indicators

Efficiency Indicators

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

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

The Corporation provides specialised information, referral and business facilitation services for the effective development of enterprises in Western Australia. Three efficiency indicators are measured. The results for each indicator together with the target for 2020-21 and comparatives from the previous two years are set out below:

Efficiency indicators	2020-21 Target	2020-21 Actual	2019-20 Actual	2018-19 Actual
Cost per client serviced directly by the agency ⁵	\$29.48	\$22.85	\$25.51	\$33.15
Cost per client serviced through third party delivery ⁶	\$157.21	\$144.14	\$132.24	\$147.86
Cost of policy development, advice and reform projects as a percentage of the total cost of service ⁷	19.44%	15.59%	11.64%	9.59%

⁵Clients serviced directly include those that have contacted the Corporation for information or guidance either by a personal visit, by telephone, have attended a Corporation workshop, have visited Corporation websites for two minutes or more, have had a direct engagement through the Corporation social media (Facebook page or group, Instagram and LinkedIn), or have submitted a grant application under an approved grants scheme administered by the Corporation. The reduction in the cost against the 2020-21 target and 2019-20 result is predominately due to a significant increase in the number of client engagements, largely COVID-19 related.

⁶Clients serviced through third party delivery comprise Business Local Service regional clients and metropolitan workshop clients. A client contact is the equivalent of a one hour engagement either through one-to-one service delivery or through a workshop (one-to-many). The reduction in the cost against the 2020-21 target is due to continued high demand for services during COVID-19 which had been forecast to ease. The increased cost against the 2019-20 result is due to a reduction in demand, albeit not to the extent forecasted.

⁷Policy development, advice and reform projects include policy and regulatory submissions, industry liaison, advocacy, investigative research, ministerial correspondence, together with small business sector reform projects. The reduction in the cost (as a percentage of the total cost of the service) in 2020-21 against the 2020-21 target is due to lower than expected costs for a new sector reform project which was delayed. The increase against the 2019-20 result is mainly due to an increase in staffing and expenses associated with the new sector reform project.

Key Performance Indicators

Service 2 - Access to justice for small business

The Corporation provides access to justice through the dispute resolution service and support for subcontractors. Two efficiency indicators are measured. The results for each indicator together with the target for 2020-21 and comparatives from the previous two years are set out below:

Efficiency indicators	2020-21 Target	2020-21 Actual	2019-20 Actual	2018-19 Actual
Cost per client serviced directly in the provision of dispute resolution ⁸	\$1,310.36	\$1,117.71	\$1,211.03	\$1,279.09
Cost of subcontractor support services as a percentage of the total cost of service ⁹	49.64%	33.68%	41.51%	35.69%

⁸The Dispute Resolution Service offers low cost and practical assistance to small businesses in dispute with another business or Government agency. The reduced cost in 2020-21 actual compared to the 2020-21 target and 2019-20 result is largely due to continued high demand for the service.

⁹Subcontractor support is a service established in January 2019 to investigate complaints of non-payment and provide direct support to subcontractors with security of payment issues. The reduced cost in 2020-21 (as a percentage of the total cost of the service) against the 2020-21 target and the 2019-20 result is mainly due to lower than expected staffing, marketing and other program costs as the service establishes and matures.

Financial Statements

Certification of financial statements for the reporting period ended 30 June 2021

The accompanying financial statements of the Small Business Development Corporation have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ending 30 June 2021 and the financial position as at 30 June 2021.

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



Steven Dobson
Chair



David Eaton
Small Business Commissioner



Ray Buttsworth
Chief Finance Officer

25 August 2021

Financial Statements

Statement of Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
COST OF SERVICES			
Expenses			
Employee benefits expenses	2.1(a)	7,587,415	7,007,765
Supplies and services	2.2	7,094,004	6,636,137
Depreciation and amortisation expenses	4.1.1,4.2.1,4.3	144,583	136,975
Finance costs	6.2	845	636
Communications expenses		92,497	102,305
Maintenance expenses		12,151	8,180
Other expenses	2.2	81,660	88,484
Total cost of services		15,013,155	13,980,482
Income			
User charges and fees	3.2	384,805	366,057
Interest revenue		14,517	33,873
Other income	3.3	12,948	10,073
Total income		412,270	410,003
NET COST OF SERVICES		14,600,885	13,570,479
Income from State Government			
Service appropriation	3.1	15,222,000	13,881,000
Income from other public sector entities	3.1	3,000	40,800
Resources received	3.1	121,027	130,491
Royalties for Regions Fund	3.1	180,000	0
Total income from State Government		15,526,027	14,052,291
SURPLUS FOR THE PERIOD		925,142	481,812
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		925,142	481,812

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

Financial Statements

Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6.3	4,822,494	4,099,045
Restricted cash and cash equivalents	6.4	23,995	0
Receivables	5.1	270,803	230,102
Amounts receivable for services	5.2	60,000	60,000
Other current assets	5.3	555,968	350,531
Total Current Assets		5,733,260	4,739,678
Non-Current Assets			
Amounts receivable for services	5.2	937,000	829,000
Furniture, plant and equipment	4.1	287,556	117,690
Intangible assets	4.2	27,244	56,834
Right-of-use assets	4.3	23,564	20,899
Total Non-Current Assets		1,275,364	1,024,423
TOTAL ASSETS		7,008,624	5,764,101
LIABILITIES			
Current Liabilities			
Payables	5.4	582,561	430,039
Contract liabilities	5.5	3,750	27,750
Lease liabilities	6.1	5,534	11,922
Employee related provisions	2.1(b)	1,565,917	1,432,433
Total Current Liabilities		2,157,762	1,902,144
Non-Current Liabilities			
Lease liabilities	6.1	19,023	9,776
Employee related provisions	2.1(b)	301,629	320,113
Total Non-Current Liabilities		320,652	329,889
TOTAL LIABILITIES		2,478,414	2,232,033
NET ASSETS		4,530,210	3,532,068
EQUITY			
Contributed equity		1,624,885	1,551,885
Accumulated surplus		2,905,325	1,980,183
TOTAL EQUITY		4,530,210	3,532,068

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

Financial Statements

Statement of Changes In Equity

for the year ended 30 June 2021

	Notes	Contributed equity \$	Accumulated surplus \$	Total equity \$
Balance at 1 July 2019		1,478,885	1,521,621	3,000,506
Initial application of AASB 15		0	(23,250)	(23,250)
Restated balance at 1 July 2019		<u>1,478,885</u>	<u>1,498,371</u>	<u>2,977,256</u>
Surplus		0	481,812	481,812
Total comprehensive income for the period		0	481,812	481,812
Transactions with owners in their capacity as owners:				
Capital appropriations		73,000	0	73,000
Balance at 30 June 2020		<u>1,551,885</u>	<u>1,980,183</u>	<u>3,532,068</u>
Balance at 1 July 2020		1,551,885	1,980,183	3,532,068
Surplus		0	925,142	925,142
Total comprehensive income for the period		0	925,142	925,142
Transactions with owners in their capacity as owners:				
Capital appropriations		73,000	0	73,000
Balance at 30 June 2021		<u>1,624,885</u>	<u>2,905,325</u>	<u>4,530,210</u>

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

Financial Statements

Statement of Cash Flows

for the year ended 30 June 2021

Cash flows from State Government

	Notes	2021 \$	2020 \$
Service appropriation		15,054,000	13,712,000
Capital appropriations		73,000	73,000
Funds from other public sector entities		4,800	40,200
Holding account drawdown		60,000	60,000
Royalties for Regions Fund		180,000	0

Net cash provided by State Government

15,371,800 **13,885,200**

Utilised as follows:

Cash flows from operating activities

Payments

Employee benefits		(7,439,850)	(6,689,240)
Supplies and services		(7,077,495)	(6,326,711)
Finance costs		(845)	(636)
Communication expenses		(90,915)	(101,739)
Maintenance expenses		(11,660)	(8,040)
GST payments on purchases		(727,391)	(636,082)
Other payments		(91,507)	(91,223)

Receipts

User charges and fees		360,805	370,556
Interest received		15,906	45,101
GST receipts on sales		4,759	10,997
GST receipts from taxation authority		698,015	644,539
Other receipts		20,487	19,250

Net cash used in operating activities

(14,339,691) **(12,763,228)**

Cash flows from investing activities

Payments

Purchase of non-current assets		(271,334)	(37,319)
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Net cash used in investing activities

(271,334) **(37,319)**

Cash flows from financing activities

Payments

Principal elements of lease payments		(13,331)	(12,556)
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Net cash used in financing activities

(13,331) **(12,556)**

Net increase in cash and cash equivalents		747,444	1,072,097
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Cash and cash equivalents at the beginning of the period		4,099,045	3,026,948
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Cash and cash equivalents at the end of the period

6.3,6.4 **4,846,489** **4,099,045**

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

Financial Statements

Summary of Consolidated Account Appropriations

for the year ended 30 June 2021

	2021 Budget \$	2021 Supplementary Funding \$	2021 Revised Budget \$	2021 Actual \$	2021 Variance \$
<u>Delivery of Services</u>					
Item 49 Net amount appropriated to deliver services	15,065,000	0	14,962,000	14,962,000	0
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975	260,000	0	260,000	260,000	0
Total appropriations provided to deliver services	15,325,000	0	15,222,000	15,222,000	0
<u>Capital</u>					
Item 121 Capital appropriations	73,000	0	73,000	73,000	0
GRAND TOTAL	15,398,000	0	15,295,000	15,295,000	0

No supplementary income was received by the Corporation.

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

1. Basis of preparation

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

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

These annual financial statements were authorised for issue by the Accountable Authority of the Corporation on 25 August 2021.

Statement of compliance

These general purpose financial statements are prepared in accordance with:

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

The FMA and TIs take precedence over AASs. Several AASs are modified by TIs to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

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

Judgements and estimates

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

Contributed equity

AASB Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated as contributions by owners (at the time of, or prior to, transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 Contributions by Owners made to Wholly Owned Public Sector Entities and have been credited directly to Contributed Equity.

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

2. Use of our funding

Expenses incurred in the delivery of services

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

	2021	2020
	\$	\$
Employee benefits expenses		Notes 2.1(a)
Employee related provisions		2.1(b)
Other expenditure		2.2

2.1(a) Employee benefits expenses

Employee benefits	6,901,236	6,373,125
Superannuation - defined contribution plans	686,179	634,640
Total employee benefits expenses	7,587,415	7,007,765
Add: AASB 16 Non-monetary benefits	14,370	14,487
Less: Employee contributions (per the statement of comprehensive income)	(10,918)	(8,291)
Net employee benefits	7,590,867	7,013,961

Employee Benefits: include wages, salaries, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits (such as cars) for employees.

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

AASB 16 Non-monetary benefits: non-monetary employee benefits, that are employee benefits expenses, predominantly relate to the provision of vehicle benefits is measured at the cost incurred by the Corporation.

Employee Contributions: contributions made to the Corporation by employees towards employee benefits that have been provided by the Corporation. This includes both AASB 16 and non-AASB 16 employee contributions.

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

2.1 (b) Employee related provisions

Current

Employee benefits provisions

	2021 \$	2020 \$
Annual leave	677,350	516,917
Long service leave	878,217	894,659
Purchased leave	1,749	13,041
	<u>1,557,316</u>	<u>1,424,617</u>

Other provisions

Employment on-costs	8,601	7,816
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Total current employee related provisions

<u>1,565,917</u>	<u>1,432,433</u>
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Non-current

Employee benefits provisions

Long service leave	300,000	318,380
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Other provisions

Employment on-costs	1,629	1,733
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Total non-current employee related provisions

<u>301,629</u>	<u>320,113</u>
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Total employee related provisions

<u>1,867,546</u>	<u>1,752,546</u>
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Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

Long service leave liabilities: Unconditional long service leave provisions are classified as current liabilities as the Corporation does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Corporation has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

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

and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Purchased leave: The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Employment on-costs: The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses, Note 2.2' and are not included as part of the Corporation's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

	2021 \$	2020 \$
<u>Employment on-cost provision</u>		
Carrying amount at start of period	9,549	8,121
Additional provisions recognised	681	1,428
Carrying amount at end of period	10,230	9,549

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

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

Several estimates and assumptions are used in calculating the Corporation's annual leave and long service leave provisions. These include:

- expected future salary rates;
- discount rates;
- employee retention rates; and
- expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the annual leave and long service leave provisions. Any gain or loss following revaluation of the present value of annual leave and long service leave liabilities is recognised as employee benefits expense.

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

2.2 Other expenditure

Supplies and services

	2021 \$	2020 \$
Premises - accommodation expenses	1,220,567	1,181,839
Media, advertising and promotions	314,371	497,396
Travel and accommodation	21,143	49,216
Professional services	4,736,982	4,295,149
Sponsorships	13,155	5,159
Other services	438,434	425,168
Consumable supplies	193,347	182,210
Royalties for Region Fund payments	156,005	0
Total supplies and services expenses	<u>7,094,004</u>	<u>6,636,137</u>

Other expenses

Employment on-costs	681	1,428
Other employee related expenses	31,544	37,621
Audit fees	49,435	49,435
Total other expenses	<u>81,660</u>	<u>88,484</u>
Total other expenditure	<u>7,175,664</u>	<u>6,724,621</u>

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred.

Other expenses:

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

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

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

3. Our funding sources

How we obtain our funding

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

	2021	2020
	\$	\$
Income from State Government		Notes 3.1
User charges and fees		3.2
Other income		3.3

3.1 Income from State Government

Appropriation received during the period:

- Service appropriation	15,222,000	13,881,000
Total appropriation received	15,222,000	13,881,000

Income received from other public sector entities during the period:

- workshop presentation	3,000	7,800
- intensive case management service	0	33,000
Total grants and subsidies	3,000	40,800

Resources received free of charge from other public sector entities during the period:

- Department of Justice - legal services	10,221	20,171
- Department of Finance - Building Management Works	110,806	110,320
Total resources received	121,027	130,491

Royalties for Regions Fund:

- Regional Community Services Account	180,000	0
Total Royalites for Regions Fund	180,000	0

Total income from State Government	15,526,027	14,052,291
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Financial Statements

Notes to the Financial Statements for the year ended 30 June 2021

Service Appropriations are recognised as income at the fair value of consideration received in the period in which the Corporation gains control of the appropriated funds. The Corporation gains control of the appropriated funds at the time those funds are deposited in the bank account or credited to the holding account held at Treasury.

Income from other public sector entities are recognised as income when the Corporation has satisfied its performance obligations under the funding agreement. If there is no performance obligation, income will be recognised when the Corporation receives the funds.

Resources received from other public sector entities are recognised as income (and assets or expenses) equivalent to the fair value of the assets, or the fair value of those services that can be reliably determined and which would have been purchased if not donated.

The Regional Community Services Account is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent fund is committed to projects and programs in WA regional areas and is recognised as income when the Corporation receives the fund.

	Notes	2021 \$	2020 \$
3.2 User charges and fees			
Workshop income		19,691	51,784
Business Migration visa application fees		363,750	308,250
Fees for mediation services		1,364	6,023
Total user charges and fees		384,805	366,057

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

3.3 Other income

Employee contributions	2.1(a)	10,918	8,291
Miscellaneous		2,030	1,782
Total other income		12,948	10,073

Financial Statements

Notes to the Financial Statements for the year ended 30 June 2021

4. Key assets

Assets the Corporation utilises for economic benefit or service potential

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

	Notes
Furniture, plant and equipment	4.1
Intangible assets	4.2
Right-of-use assets	4.3

4.1 Furniture, plant and equipment

Year ended 30 June 2021	Computing equipment \$	Furniture, fittings and equipment \$	Total \$
1 July 2020			
Gross carrying amount	364,222	139,950	504,172
Accumulated depreciation	(251,777)	(134,705)	(386,482)
Carrying amount at start of period	112,445	5,245	117,690
Additions	0	261,334	261,334
Depreciation	(55,512)	(35,956)	(91,468)
Carrying amount at 30 June 2021	56,933	230,623	287,556
Gross carrying amount	364,222	268,564	632,786
Accumulated depreciation	(307,289)	(37,941)	(345,230)

Initial recognition

Items of furniture, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, the cost is valued at its fair value at the date of acquisition. Items of furniture, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

Subsequent measurement

Subsequent to initial recognition of an asset, the historical cost model is used for the measurement of all items of furniture, plant and equipment where they are stated at historical cost less accumulated depreciation and accumulated impairment losses.

	Notes	2021 \$	2020 \$
4.1.1 Depreciation and impairment			
Charge for the period			
<u>Depreciation</u>			
Computing equipment	4.1	55,512	54,086
Furniture, fittings and equipment	4.1	35,956	1,446
Total depreciation for the period		91,468	55,532

As at 30 June 2021, there were no indications of impairment to furniture, plant and equipment.

Finite useful lives

All furniture, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

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

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

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

Financial Statements

Notes to the Financial Statements for the year ended 30 June 2021

Impairment

Non-financial assets, including items of furniture, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

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

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

4.2 Intangible assets

Year ended 30 June 2021	Computer software \$	Website development \$	Total \$
1 July 2020			
Gross carrying amount	692,292	86,850	779,142
Accumulated amortisation	(663,487)	(58,821)	(722,308)
Carrying amount at start of period	28,805	28,029	56,834
Additions	10,000	0	10,000
Amortisation expense	(22,220)	(17,370)	(39,590)
Carrying amount at 30 June 2021	16,585	10,659	27,244
Gross carrying amount	702,292	86,850	789,142
Accumulated amortisation	(685,707)	(76,191)	(761,898)

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

Initial recognition

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

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

Subsequent measurement

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

2021	2020
\$	\$

4.2.1 Amortisation and impairment

Charge for the period

Amortisation

Computer software	22,220	50,222
Website development	17,370	17,370
Total amortisation for the period	39,590	67,592

As at 30 June 2021 there were no indications of impairment to intangible assets.

The Corporation held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

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

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

Computer software - 3 to 4 years

Website development costs - 5 years

Computer Software

Software that is an integral part of the related hardware is recognised as part of the tangible asset. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

Financial Statements

Notes to the Financial Statements for the year ended 30 June 2021

Website development costs

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

Impairment of intangible assets

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

	2021	2020
	\$	\$

4.3 Right-of-use assets

Vehicles

23,564	20,899
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Net carrying amount

23,564	20,899
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Additions to right-of-use assets during the 2021 financial year were \$11,288 (2020 : \$33,841).

Initial recognition

Right-of-use assets are measured at cost including the following:

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

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

Financial Statements

Notes to the Financial Statements for the year ended 30 June 2021

Subsequent measurement

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

Depreciation and impairment of right-of-use assets

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

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

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

	2021	2020
	\$	\$
Right-of-use asset depreciation - vehicles	13,525	13,851
Lease interest expense	845	636

The total cash outflow for leases in 2021 was \$14,175 (2020: \$13,192).

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

The Corporation has leases for vehicles and office accommodation.

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

The Corporation recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

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

Financial Statements

Notes to the Financial Statements for the year ended 30 June 2021

5. Other asset and liabilities

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

	2021	2020
	\$	\$
Receivables		Notes 5.1
Amounts receivable for services		5.2
Other current assets		5.3
Payables		5.4
Contract liabilities		5.5

5.1 Receivables

Trade and other debtors	5,940	2,640
Net GST recoverable	260,259	221,469
Accrued interest	4,604	5,993
Total receivables	270,803	230,102

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

5.2 Amounts receivable for services (Holding Account)

Current	60,000	60,000
Non-current	937,000	829,000
Balance at end of period	997,000	889,000

Amounts receivable for services represent the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

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

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

	2021 \$	2020 \$
5.3 Other current assets		
Prepayments	555,968	350,531
Balance at end of period	555,968	350,531

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.4 Payables

Trade payables	458	40,609
Accrued expenses	476,526	314,504
Accrued salaries	105,577	74,926
Balance at end of period	582,561	430,039

Payables are recognised at the amounts payable when the Corporation becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as settlement is generally within 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight after the reporting period. The Corporation considers the carrying amount of accrued salaries to be equivalent to its fair value.

5.5 Contract liabilities

Reconciliation of changes in contract liabilities

Opening balance	27,750	0
Additions	0	27,750
Revenue recognised in the reporting period	(24,000)	0
Balance at end of period	3,750	27,750
Current	3,750	27,750

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

Financial Statements

Notes to the Financial Statements for the year ended 30 June 2021

6. Financing

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

	2021	2020
	\$	\$
Lease liabilities		6.1
Finance costs		6.2
Cash and cash equivalents		6.3
Restricted cash and cash equivalents		6.4
	2021	2020
	\$	\$

6.1 Lease liabilities

Current	5,534	11,922
Non-current	19,023	9,776
	24,557	21,698

Initial measurement

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

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

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

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

This section should be read in conjunction with note 4.3.

Subsequent measurement

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

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

6.2 Finance costs

Lease interest expense

Finance costs expensed

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

2021
\$

2020
\$

845 636

845 636

6.3 Cash and cash equivalents

Cash and cash equivalents

- Bank account

- Cash investments - investment with Department of Treasury

- Cash on hand

Balance at end of period

4,322,244 3,598,795

500,000 500,000

250 250

4,822,494 4,099,045

6.4 Restricted cash and cash equivalents

Royalties for Regions fund

Balance at end of period

23,995 0

23,995 0

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

Financial Statements

Notes to the Financial Statements for the year ended 30 June 2021

7. Financial instruments and contingencies

This note sets out the key risk management policies and measurement techniques of the Corporation.

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2

7.1 Financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2021 \$	2020 \$
<u>Financial assets</u>		
Cash and cash equivalents	4,822,494	4,099,045
Restricted cash and cash equivalents	23,995	0
Financial assets at amortised cost (a)	1,007,544	897,633
Total financial assets	5,854,033	4,996,678
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	582,561	430,039
Total financial liability	582,561	430,039

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

7.2 Contingent assets and liabilities

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

No contingent assets and contingent liabilities exist as at 30 June 2021.

Financial Statements

Notes to the Financial Statements for the year ended 30 June 2021

8. Other disclosures

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

	Notes
Key management personnel	8.1
Related party transactions	8.2
Remuneration of auditors	8.3
Explanatory statement	8.4

8.1 Key management personnel

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

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

Compensation of members of the accountable authority

Compensation Band (\$)	2021	2020
0 - 10,000	2	0
10,001 - 20,000	4	6
20,001 - 30,000	1	1

Compensation of other senior officers

Compensation Band (\$)	2021	2020
140,001 - 150,000	0	1
150,001 - 160,000	1	1
170,001 - 180,000	3	0
180,001 - 190,000	0	1
200,001 - 210,000	0	1
280,001 - 290,000	1	0
290,001 - 300,000	0	1
	\$	\$

Total compensation of key management personnel

<u>1,059,927</u>	<u>1,070,504</u>
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Total compensation includes the superannuation expense incurred by the Corporation in respect of members of the accountable authority and senior officers.

Financial Statements

Notes to the Financial Statements for the year ended 30 June 2021

8.2 Related party transactions

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

Related parties of the Corporation include:

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

Material transactions with related parties

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

8.3 Remuneration of auditors

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

	2021 \$	2020 \$
- Auditing the accounts, financial statements, controls and key performance indicators	30,000	29,435

8.4 Explanatory statement (Controlled Operations)

All variances between annual estimates (original budget) and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. Narratives are provided for key major variances, which are greater than 10% and \$0.14 million for the Statements of Comprehensive Income and Statement of Cash Flows, and are greater than 10% and \$0.06 million for the Statement of Financial Position.

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

8.4.1 Statement of Comprehensive Income Variances

	Variance note	Estimate 2021 \$	Actual 2021 \$	Actual 2020 \$	Variance between actual and estimate \$	Variance between actual results for 2021 and 2020 \$
COST OF SERVICES						
Expenses						
Employee benefits expense	1	7,693,000	7,587,415	7,007,765	(105,585)	579,650
Supplies and services		7,875,000	7,094,004	6,636,137	(780,996)	457,867
Depreciation and amortisation expense		153,000	144,583	136,975	(8,417)	7,608
Finance costs		1,000	845	636	(155)	209
Communications expense		110,000	92,497	102,305	(17,503)	(9,808)
Maintenance expense		56,000	12,151	8,180	(43,849)	3,971
Other expenses		150,000	81,660	88,484	(68,340)	(6,824)
Total cost of services		16,038,000	15,013,155	13,980,482	(1,024,845)	1,032,673
Income						
User charges and fees		292,000	384,805	366,057	92,805	18,748
Interest revenue		30,000	14,517	33,873	(15,483)	(19,356)
Other revenue		0	12,948	10,073	12,948	2,875
Total income		322,000	412,270	410,003	90,270	2,267
NET COST OF SERVICES		15,716,000	14,600,885	13,570,479	(1,115,115)	1,030,406

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

8.4.1 Statement of Comprehensive Income Variances

	Variance note	Estimate 2021 \$	Actual 2021 \$	Actual 2020 \$	Variance between actual and estimate \$	Variance between actual results for 2021 and 2020 \$
Income from State Government						
Service appropriation	A	15,325,000	15,222,000	13,881,000	(103,000)	1,341,000
Income from other public sector entities		0	3,000	40,800	3,000	(37,800)
Resources received		190,000	121,027	130,491	(68,973)	(9,464)
Royalties for Regions Fund	B	180,000	180,000	0	0	180,000
Total income from State Government		15,695,000	15,526,027	14,052,291	(168,973)	1,473,736
SURPLUS/(DEFICIT) FOR THE PERIOD		(21,000)	925,142	481,812	946,142	443,330
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(21,000)	925,142	481,812	946,142	443,330

Major Estimate and Actual (2021) Variance Narratives

- 1) Supplies and services expense falls short of estimates by \$0.78 million (10%) due to delays in the implementation of the Small Business Friendly Approvals project. In addition, the majority of Business Local and metropolitan enterprise skills workshops were delivered online throughout 2020/21 as a result of COVID-19 with a corresponding reduction in costs.

Major Actual (2021) and Comparative (2020) Variance Narratives

- A) Services appropriation increased by \$1.34 million (10%) as a result of new programs including Small Business Friendly Approvals, PIVOT and funding for the administration of grant programs relating to Small Business Lockdown Assistance and Cyclone Seroja.
- B) Royalties for Regions Fund increased by \$0.18 million (100%) due to funding for the Collie Tourism Readiness and Economic Stimulation project.

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

8.4.2 Statement of Financial Position Variances

	Variance note	Estimate 2021 \$	Actual 2021 \$	Actual 2020 \$	Variance between actual and estimate \$	Variance between actual results for 2021 and 2020 \$
ASSETS						
Current Assets						
Cash and cash equivalents		3,908,000	4,822,494	4,099,045	914,494	723,449
Restricted cash and cash equivalents		0	23,995	0	23,995	23,995
Receivables		230,000	270,803	230,102	40,803	40,701
Amounts receivable for services		60,000	60,000	60,000	0	0
Other current assets	2,C	331,000	555,968	350,531	224,968	205,437
Total Current Assets		4,529,000	5,733,260	4,739,678	1,204,260	993,582
Non-Current Assets						
Amounts receivable for services		937,000	937,000	829,000	0	108,000
Furniture, plant and equipment	D	317,000	287,556	117,690	(29,444)	169,866
Intangible assets		12,000	27,244	56,834	15,244	(29,590)
Right-of-use assets		22,000	23,564	20,899	1,564	2,665
Total Non-Current Assets		1,288,000	1,275,364	1,024,423	(12,636)	250,941
TOTAL ASSETS		5,817,000	7,008,624	5,764,101	1,191,624	1,244,523
LIABILITIES						
Current Liabilities						
Payables		429,000	582,561	430,039	153,561	152,522
Contract liabilities		28,000	3,750	27,750	(24,250)	(24,000)
Lease liabilities		12,000	5,534	11,922	(6,466)	(6,388)
Employee related provisions		1,433,000	1,565,917	1,432,433	132,917	133,484
Total Current Liabilities		1,902,000	2,157,762	1,902,144	255,762	255,618

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

8.4.2 Statement of Financial Position Variances

	Variance note	Estimate 2021 \$	Actual 2021 \$	Actual 2020 \$	Variance between actual and estimate \$	Variance between actual results for 2021 and 2020 \$
Non-Current Liabilities						
Lease liabilities		11,000	19,023	9,776	8,023	9,247
Employee related provisions		320,000	301,629	320,113	(18,371)	(18,484)
Total Non-Current Liabilities		331,000	320,652	329,889	(10,348)	(9,237)
TOTAL LIABILITIES		2,233,000	2,478,414	2,232,033	245,414	246,381
NET ASSETS		3,584,000	4,530,210	3,532,068	946,210	998,142
EQUITY						
Contributed equity		1,625,000	1,624,885	1,551,885	(115)	73,000
Accumulated surplus		1,959,000	2,905,325	1,980,183	946,325	925,142
TOTAL EQUITY		3,584,000	4,530,210	3,532,068	946,210	998,142

Major Estimate and Actual (2021) Variance Narratives

2) Other current assets exceeded estimates by \$0.22 million (68.0%) as a result of increased software licence prepayments during the year.

Major Actual (2021) and Comparative (2020) Variance Narratives

C) Other current assets increased by \$0.21 million (58.6%) as a result of increased software licence prepayments during the year.

D) Furniture, plant and equipment increased by \$0.17 million (144.3%) mainly due to office refurbishment to accommodate additional staff and to improve general office functionality and amenity.

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

8.4.3 Statement of Cash Flows Variances

	Variance note	Estimate 2021 \$	Actual 2021 \$	Actual 2020 \$	Variance between actual and estimate \$	Variance between actual results for 2021 and 2020 \$
Cash flows from State Government						
Service appropriation		15,157,000	15,054,000	13,712,000	(103,000)	1,342,000
Capital appropriation		73,000	73,000	73,000	0	0
Funds from other public sector entities		0	4,800	40,200	4,800	(35,400)
Holding account drawdown		60,000	60,000	60,000	0	0
Royalties for Regions Fund	E	180,000	180,000	0	0	180,000
Net cash provided by State Government		15,470,000	15,371,800	13,885,200	(98,200)	1,486,600
Cash flows from operating activities						
Payments						
Employee benefits	F	(7,642,000)	(7,439,850)	(6,689,240)	202,150	(750,610)
Supplies and services	G	(7,716,000)	(7,077,495)	(6,326,711)	638,505	(750,784)
Finance costs		(1,000)	(845)	(636)	155	(209)
Communication expense		(110,000)	(90,915)	(101,739)	19,085	10,824
Maintenance expense		(56,000)	(11,660)	(8,040)	44,340	(3,620)
GST payments on purchases		(680,000)	(727,391)	(636,082)	(47,391)	(91,309)
Other payments		(150,000)	(91,507)	(91,223)	58,493	(284)
Receipts						
User charges and fees		292,000	360,805	370,556	68,805	(9,751)
Interest received		30,000	15,906	45,101	(14,094)	(29,195)
GST receipts on sales		10,000	4,759	10,997	(5,241)	(6,238)
GST receipts from taxation authority		670,000	698,015	644,539	28,015	53,476
Other receipts		0	20,487	19,250	20,487	1,237
Net cash used in operating activities		(15,353,000)	(14,339,691)	(12,763,228)	1,013,309	(1,576,463)

Financial Statements

Notes to the Financial Statements

for the year ended 30 June 2021

8.4.3 Statement of Cash Flows Variances

	Variance note	Estimate 2021 \$	Actual 2021 \$	Actual 2020 \$	Variance between actual and estimate \$	Variance between actual results for 2021 and 2020 \$
Cash flows from investing activities						
Payments						
Purchase of non-current physical assets	H	(295,000)	(271,334)	(37,319)	23,666	(234,015)
Net cash used in investing activities		(295,000)	(271,334)	(37,319)	23,666	(234,015)
Cash flows from financing activities						
Payments						
Principal elements of lease payments		(13,000)	(13,331)	(12,556)	(331)	(775)
Net cash used in financing activities		(13,000)	(13,331)	(12,556)	(331)	(775)
Net decrease in cash and cash equivalents		(191,000)	747,444	1,072,097	938,444	(324,653)
Cash and cash equivalents at the beginning of period		4,099,000	4,099,045	3,026,948	45	1,072,097
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		3,908,000	4,846,489	4,099,045	938,489	747,444

Major Estimate and Actual (2021) Variance Narratives

Nil

Major Actual (2021) and Comparative (2020) Variance Narratives

- E) Royalties for Regions Fund increased by \$0.18 million (100%) due to funding for the Collie Tourism Readiness and Economic Stimulation project.
- F) Employee benefits increased by \$0.75 million (11.2%) due to increase staffing for the Small Business Friendly Approvals project and the Investigation and Inquiry Unit. In addition, casual advisors were used to meet the significant increase in client demand in advisory and Dispute Resolution Services as a result of COVID-19.
- G) Supplies and services increased by \$0.75 million (11.9%) as a result of additional programs including PIVOT, Small Business Friendly Approvals, Collie Tourism Readiness and Economic Stimulation along with costs for the administration of grant programs relating to Small Business Lockdown Assistance and Cyclone Seroja.
- H) Purchase of non-current physical assets increased by \$0.23 million (627.1%) mainly due to office refurbishment to accommodate additional staff and to improve general office functionality and amenity.

Other legal requirements

Disability Access and Inclusion Plan (DAIP) outcomes

The SBDC is committed to creating a community that is accessible and inclusive to help minimise the impacts of disability. The agency's endorsed DAIP covers the period 2017-21 and includes initiatives focused on seven outcome areas, that people with disability:

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

7. Have the same opportunities as other people to obtain and maintain employment within the SBDC.

Equal employment opportunity (EEO)

The SBDC has met its obligations under Section 145 (preparation and implementation of management plans) of the *Equal Opportunity Act 1984* by progressing EEO initiatives outlined in the agency's EEO Management Plan.

The three high-level outcomes relating to EEO are:

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

Compliance with public sector standards and ethical codes

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

During 2020-21, the SBDC received no claims against the public sector standards and no reports of non-compliance with the WA Code of Ethics or the agency's own code of conduct.

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

- Quality feedback is provided to applicants as part of all recruitment processes.
- Information about Public Sector Standards is included on the SBDC intranet and covered at inductions.

Corruption prevention

The SBDC is committed to the highest level of integrity, ethics and equity. Corruption prevention forms part of the agency's overall risk management strategy as an important element of internal control.

Other legal requirements

Staff and Board members are regularly briefed on a range of statutory and administrative requirements relating to ethical conduct, including the requirement to declare conflicts of interest. A comprehensive induction program, the inclusion of policies on the SBDC intranet, and regular internal communications are also employed to ensure staff are aware of, and understand, their responsibilities.

Recordkeeping plan

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

The SBDC has maintained an effective training program, with all new staff and contractors receiving comprehensive induction training detailing policies and procedures, and their recordkeeping responsibilities. Additional training materials are available from the SBDC's intranet for staff and tailored training to meet specific needs is available on request. The effectiveness of training is regularly monitored and reviewed to ensure it meets the needs of the SBDC and State Records Office.

Unauthorised use of credit cards

Officers of the Corporation hold corporate credit cards where their functions warrant usage of this facility. Despite each cardholder being reminded of their obligations annually under the Corporation's credit card policy, three employees inadvertently utilised their corporate credit cards for personal use. The matter was not referred for disciplinary action as the Chief Finance Officer noted prompt advice and settlement of the personal use amounts, and, that the nature of the expenditure was immaterial and characteristic of honest mistakes.

Details	2020-21
Number of instances the Western Australian Government Purchasing Cards have been used for personal purposes	3
Aggregate amount of personal use expenditure for the reporting period	\$172
Aggregate amount of personal use expenditure settled by the due date (within five working days)	\$172
Aggregate amount of personal use expenditure settled after the period (after five working days)	\$0
Aggregate amount of personal use expenditure remaining unpaid at the end of the reporting period	\$0
Number of referrals for disciplinary action instigated by the notifiable authority during the reporting period	0

Other legal requirements

In accordance with Section 175ZE of the *Electoral Act 1907*, set out below are details of expenditure incurred during 2020-21 in relation to:

Advertising agencies:		\$160,144
Rare	\$10,053	
Google Ads	\$71,894	
Facebook	\$77,519	
Microsoft	\$151	
Sensis	\$229	
Telstra	\$133	
LinkedIn	\$165	
Media advertising organisations:		\$167,653
Initiative	\$147,262	
Optimum Media Decisions	\$20,391	
Market research organisations:		\$20,246
Advantage Communications and Marketing	\$20,246	
Polling organisations		Nil
Direct mail organisations		Nil
Total expenditure for 2020-21:		\$348,043

Publications

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

- Annual reports: Each financial year, the annual report highlights the agency's business and financial activities. Electronic (PDF) copies of previous reports are available from the SBDC website.
- Promotional publications: Outlining the SBDC's services.
- Information leaflets and guides: Providing advice and support for small business operators. They are available in hard copy or can be downloaded from the SBDC website.
- Enews: The SBDC produces a monthly newsletter that provides relevant business and SBDC updates. It is available free of charge and subscribers can sign up from the SBDC website.

Other legal requirements

Legislation impacting on activity

In the performance of its functions, the SBDC complies with the following legislation:

<i>A New Tax System (Goods and Services Tax) Act 1999 (Cth)</i>	<i>Electronic Transaction Act 2011</i>	<i>Public Interest Disclosure Act 2003</i>
<i>Auditor General Act 2006</i>	<i>Equal Opportunity Act 1984</i>	<i>Public Sector Management Act 1994</i>
<i>Business Names Act 1962</i>	<i>Evidence Act 1906</i>	<i>Small Business Development Corporation Act 1983</i>
<i>Business Names (Commonwealth Powers) Act 2012</i>	<i>Evidence Act 1995 (Cth)</i>	<i>Small Business Development Corporation Amendment Act 2020</i>
<i>Business Names Registration Act 2011 (Cth)</i>	<i>Financial Management Act 2006</i>	<i>Spam Act 2003 (Cth)</i>
<i>Copyright Act 1968 (Cth)</i>	<i>Freedom of Information Act 1992</i>	<i>State Records Act 2000</i>
<i>Commercial Tenancy (Retail Shops) Agreements Act 1985</i>	<i>Fringe Benefits Tax Act 1986 (Cth)</i>	<i>State Superannuation Act 2000</i>
<i>Corporations (Western Australia) Act 1990</i>	<i>Income Tax Assessment Act 1936 (Cth)</i>	<i>State Supply Commission Act 1991</i>
<i>Corruption and Crime Commission Act 2003</i>	<i>Income Tax Assessment Act 1997 (Cth)</i>	<i>State Trading Concerns Act 1916</i>
<i>Criminal Code Act Compilation Act 1913</i>	<i>Industrial Relations Act 1979</i>	<i>Superannuation Guarantee (Administration) Act 1992 (Cth)</i>
<i>Disability Services Act 1993</i>	<i>Legal Deposit Act 2012</i>	<i>Taxation Administration Act 2003</i>
<i>Electoral Act 1907</i>	<i>Minimum Conditions of Employment Act 1993</i>	<i>Treasurer's Instructions 804 and 805</i>
	<i>Occupational Safety and Health Act 1984</i>	<i>Workers' Compensation and Injury Management Act 1981</i>
	<i>Pay-roll Tax Act 2002</i>	
	<i>Pay-roll Tax Assessment Act 2002</i>	
	<i>Privacy Act 1988 (Cth)</i>	
	<i>Public and Bank Holidays Act 1972</i>	

Cth = Commonwealth Acts



Turn to us.

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