

## SMALL BUSINESS DEVELOPMENT CORPORATION

### PART 8 - MINISTER FOR FINANCE; COMMERCE; SMALL BUSINESS

#### DIVISION 41

#### APPROPRIATIONS, EXPENSES AND CASH ASSETS

	2009-10 Actual \$'000	2010-11 Budget \$'000	2010-11 Estimated Actual \$'000	2011-12 Budget Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
<b>DELIVERY OF SERVICES</b>							
<b>Item 66 Net amount appropriated to deliver services .....</b>	12,206	11,897	11,897	<b>12,055</b>	10,571	10,876	11,166
<b>Amount Authorised by Other Statutes - Salaries and Allowances Act 1975.....</b>	202	218	218	<b>222</b>	228	235	242
Total appropriations provided to deliver services .....	12,408	12,115	12,115	<b>12,277</b>	10,799	11,111	11,408
<b>CAPITAL</b>							
<b>Item 138 Capital Appropriation.....</b>	84	78	78	<b>84</b>	84	78	78
<b>TOTAL APPROPRIATIONS .....</b>	12,492	12,193	12,193	<b>12,361</b>	10,883	11,189	11,486
<b>EXPENSES</b>							
Total Cost of Services .....	13,407	13,058	13,926	<b>12,837</b>	11,690	11,690	12,086
Net Cost of Services <sup>(a)</sup> .....	12,253	12,255	12,823	<b>12,010</b>	10,854	11,142	11,538
<b>CASH ASSETS <sup>(b)</sup> .....</b>	1,553	1,331	764	<b>1,170</b>	1,117	1,021	902

(a) Represents total cost of services (expenses) less retained revenues applied to the agency's services. Reconciliation to the 'Total appropriations provided to deliver services' includes adjustments related to movements in cash balances and other accrual items such as resources received free of charge, receivables, payables and superannuation.

(b) As at 30 June each financial year.

#### MAJOR SPENDING CHANGES

Details of major decisions impacting on the agency's Income Statement since publication of the 2010-11 Budget to Parliament on 20 May 2010 are outlined below.

	2010-11 Estimated Actual \$'000	2011-12 Budget Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Business Migration Program .....	-	500	-	-	-
Small Business Commissioner .....	-	300	-	-	-

#### RESOURCE AGREEMENT

The following performance information (financial and non-financial) is the subject of a Resource Agreement signed by the Minister, Accountable Authority and Treasurer under Part 3, Division 5 of the *Financial Management Act 2006*.

## OUTCOMES, SERVICES AND KEY PERFORMANCE INFORMATION

### Relationship to Government Goals

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the agency's service and desired outcome, and the government goal it contributes to. The key effectiveness indicators measure the extent of impact of the delivery of services on the achievement of desired outcomes. The key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the service.

Government Goal	Desired Outcome	Service
Financial and Economic Responsibility: Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.	Development of new and existing Small Business in Western Australia.	1. Information, Guidance, Referral and Business Development Services

### Service Summary

Expense	2009-10 Actual \$'000	2010-11 Budget \$'000	2010-11 Estimated Actual \$'000	2011-12 Budget Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
1. Information, Guidance, Referral and Business Development Services .....	13,407	13,058	13,926	12,837	11,690	11,690	12,086
<b>Total Cost of Services.....</b>	<b>13,407</b>	<b>13,058</b>	<b>13,926</b>	<b>12,837</b>	<b>11,690</b>	<b>11,690</b>	<b>12,086</b>

### Significant Issues Impacting the Agency

- Legislation to establish a Small Business Commissioner in Western Australia is currently before the Parliament of Western Australia. The Small Business Commissioner will provide a low cost, non-litigious service to small businesses to resolve all types of business disputes. It is anticipated this service will be available to small businesses in 2011.
- A major education and awareness campaign will be undertaken to assist small businesses to develop a better understanding of their rights and obligations when dealing with other businesses, especially in relation to negotiating retail leases, franchise agreements and contract arrangements generally. The emphasis of this campaign will be to assist small businesses to avoid, or at least minimise, business to business disputes through a better understanding of the key issues to focus on, and the major pitfalls to avoid.
- A new service will be introduced to receive and deal with complaints about retail tenancy disputes, the unfair market practices employed against small businesses by other businesses and the commercial activities of government agencies where they impact negatively on small businesses. This service will provide information and guidance to small businesses and hands on assistance and support in investigating the complaint and liaising with the respondent. Its particular focus will be on resolving disputes between landlords and tenants.
- A panel of private sector mediators will be established to provide dispute resolution services for business in relation to retail tenancy matters and small business disputes arising from unfair market practices. The costs of this mediation service will be subsidised by the State Government. It is expected that the provision of this service will reduce the number of retail tenancy disputes going before the State Administrative Tribunal and assist businesses to resolve disputes through a simpler, less litigious process.

- Business migrants represent a key investment attraction avenue for the State and are a prime source of new capital, business establishment, export income, and employment generation. In 2010-11, the Business Migration Program is anticipated to attract over \$250 million in new capital from sponsored and registered business migrants and generate 280 jobs for Western Australia. In a market affected by the high rate of the Australian dollar and increasing labour shortages, the program is forecast to further deliver over \$200 in new capital and generate 200 jobs in 2011-12.
- The State Government continues to progress the Business Online Services project, which is part of the Council of Australian Governments (COAG) Seamless National Economy initiative. The project aims to provide unified national online services for businesses and in 2011-12 will deliver a national business licence and information service and Australian Business Account in Western Australia. This will enable existing and prospective business operators to access licence and regulatory information relevant to their operations and transact with all levels of government through a single national client account.
- During 2010-11, the rapid response service provided prompt assistance to regional small businesses affected by major changes to the natural or economic environment. The service supported non-farm small businesses impacted by the drought, businesses adversely affected by the closure of the Gunns saw mill in Manjimup, and those Carnarvon businesses impacted by the December 2010 floods.
- The State-wide network of 25 Small Business Centres (SBCs) plays a significant role in delivering small business services and programs under contract for the Corporation, particularly in regional areas of Western Australia. Each SBC is managed by an experienced business operator, who is able to assist small businesses to grow their business or explore new business ideas. In 2010-11, Corporation support for the network focused on the professional and personal development of SBC managers to improve the strategic and innovative delivery of services to small business clients.

#### Outcomes and Key Effectiveness Indicators <sup>(a)</sup>

	2009-10 Actual	2010-11 Budget	2010-11 Estimated Actual	2011-12 Budget Target	Note
<b>Outcome: Development of new and existing Small Business in Western Australia:</b>					
A random sample of clients was asked to rate the usefulness of the information/guidance provided to them by the Small Business Development Corporation: .....					
- Very or somewhat useful .....	91%	90%	90%	90%	
- Not very or not at all useful.....	7%	0%	5%	0%	
- Neutral .....	2%	10%	5%	10%	

(a) Further detail in support of the key effectiveness indicators is provided in the agency's Annual Report.

## Services and Key Efficiency Indicators

### 1: Information, Guidance, Referral and Business Development Services

Provision of specialised information, referral, and business facilitation services for the effective development of enterprises in Western Australia.

	2009-10 Actual	2010-11 Budget	2010-11 Estimated Actual	2011-12 Budget Target	Note
Total Cost of Service.....	\$'000 13,407	\$'000 13,058	\$'000 13,926	\$'000 12,837	1
Less Income.....	1,154	803	1,103	827	
Net Cost of Service .....	12,253	12,255	12,823	12,010	
<b>Employees (Full Time Equivalents) .....</b>	<b>59</b>	<b>56</b>	<b>56</b>	<b>57</b>	
<b>Efficiency Indicators <sup>(a)</sup></b>					
Average Cost per Direct Client Contact/Equivalent <sup>(b)</sup> .....	\$25.73	\$18.82	\$25.26	\$20.26	1
Average Cost per Indirect Client Contact <sup>(c)</sup> .....	\$2.34	\$2.16	\$2.30	\$2.25	
Average Cost per Small Business Centre Client Contact <sup>(d)</sup> .....	\$75.81	\$96.39	\$80.64	\$85.92	2
Cost per Unit of Policy Advice <sup>(e)</sup> .....	\$1,322,430	\$1,447,358	\$1,318,045	\$1,416,071	

(a) Further detail regarding efficiency indicators is provided in the agency's Annual Report.

(b) Direct client contacts have contacted the agency for guidance or information either by a personal visit, by telephone or have visited the agency websites for equal to or greater than four minutes, or a Business License Information Service website for equal to or greater than two minutes. Equivalent client contacts are serviced through provision of grant money.

(c) Indirect client contacts are exposed to a display of a range of advisory, information, referral and business services impacting on growth and business development. These include attendees at Award functions, Expos or other forums, which the agency has organised, has been the major sponsor of or where the focus has been on business development, or where an agency representative has given an address on small business matters. This also includes agency website visits between two and four minutes.

(d) A network of 25 Small Business Centres operate throughout Western Australia.

(e) Policy advice includes policy submissions, investigative research, ministerial correspondence, industry liaison and small business sector advocacy.

### Explanation of Significant Movements

(Notes)

1. The reduction in the Total Cost of Service and the Average Cost per Direct Client Contact/Equivalent between the 2010-11 Estimated Actual and the 2011-12 Budget Target of \$1.1 million (7.8%) and \$5 (19.8%) respectively is due to the finalisation of the Small Business Resilience Program (BIZFIT) in 2010-11.
2. The increase in the Average Cost per Small Business Centre Client Contact between the 2010-11 Estimated Actual and the 2011-12 Budget Target of \$5.28 (6.5%) is due to an increase in Small Business Centres - Operational Grants in 2011-12.

**ASSET INVESTMENT PROGRAM**

	Estimated Total Cost \$'000	Estimated Expenditure to 30-6-11 \$'000	2010-11 Estimated Expenditure \$'000	2011-12 Estimated Expenditure \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
<b>COMPLETED WORKS</b>							
Furniture and Office Equipment Replacement 2010-11 Program.....	200	200	200	-	-	-	-
<b>NEW WORKS</b>							
Furniture and Office Equipment Replacement 2011-12 Program.....	200	-	-	200	-	-	-
2012-13 Program.....	200	-	-	-	200	-	-
2013-14 Program.....	200	-	-	-	-	200	-
2014-15 Program.....	200	-	-	-	-	-	200
<b>Total Cost of Asset Investment Program.....</b>	<b>1,000</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>
<b>FUNDED BY</b>							
Capital Appropriation.....			78	84	84	78	78
Drawdowns from the Holding Account.....			122	116	116	122	116
Internal Funds and Balances.....			-	-	-	-	6
<b>Total Funding .....</b>			<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>

**FINANCIAL STATEMENTS****Income Statement***Expenses*

Supplies and services expenditure is estimated to be \$1.6 million in the 2011-12 Budget Estimate, representing a reduction of \$0.6 million (27.7%) from the 2010-11 Estimated Actual. Other expenses is estimated to be \$0.7 million in the 2011-12 Budget Estimate, representing a reduction of \$0.3 million (27.9%) from the 2010-11 Estimated Actual. Both reductions are due primarily to the finalisation of the BIZFIT in 2010-11.

*Income*

Other revenue is estimated to be \$0.2 million in the 2011-12 Budget Estimate representing a reduction of \$0.3 million (62.5%) from the 2010-11 Estimated Actual. This income relates primarily to funding from Tourism Western Australia in 2010-11 for the Corporation to deliver business development support to mainstream tourism aspirants and operators, and a Capacity Building Program for Aboriginal tourism operators.

**Statement of Financial Position**

Cash assets are estimated to be \$1.2 million in the 2011-12 Budget Estimate representing an increase of \$0.4 million (53.1%) from the 2010-11 Estimated Actual. The increase is primarily due to the deferral of appropriation from the Department of Treasury of \$0.5 million from 2010-11 to 2011-12.

**INCOME STATEMENT <sup>(a)</sup>**  
**(Controlled)**

	2009-10 Actual \$'000	2010-11 Budget \$'000	2010-11 Estimated Actual \$'000	2011-12 Budget Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
<b>COST OF SERVICES</b>							
<b>Expenses</b>							
Employee benefits <sup>(b)</sup> .....	5,626	6,062	5,579	5,917	6,114	6,337	6,585
Grants and subsidies <sup>(c)</sup> .....	3,022	3,270	3,910	3,627	3,180	3,234	3,289
Supplies and services .....	2,449	1,539	2,250	1,627	816	654	750
Accommodation .....	1,042	1,050	1,050	814	814	814	814
Depreciation and amortisation .....	232	116	116	116	122	116	116
Other expenses .....	1,036	1,021	1,021	736	644	535	532
<b>TOTAL COST OF SERVICES</b> .....	<b>13,407</b>	<b>13,058</b>	<b>13,926</b>	<b>12,837</b>	<b>11,690</b>	<b>11,690</b>	<b>12,086</b>
<b>Income</b>							
Sale of goods and services .....	935	368	368	368	368	368	368
Grants and subsidies .....	-	255	255	279	288	-	-
Other revenue .....	219	180	480	180	180	180	180
<b>Total Income</b> .....	<b>1,154</b>	<b>803</b>	<b>1,103</b>	<b>827</b>	<b>836</b>	<b>548</b>	<b>548</b>
<b>NET COST OF SERVICES</b> .....	<b>12,253</b>	<b>12,255</b>	<b>12,823</b>	<b>12,010</b>	<b>10,854</b>	<b>11,142</b>	<b>11,538</b>
<b>INCOME FROM STATE GOVERNMENT</b>							
Service appropriations .....	12,408	12,115	12,115	12,277	10,799	11,111	11,408
Resources received free of charge .....	16	-	-	-	-	-	-
<b>TOTAL INCOME FROM STATE GOVERNMENT</b> .....	<b>12,424</b>	<b>12,115</b>	<b>12,115</b>	<b>12,277</b>	<b>10,799</b>	<b>11,111</b>	<b>11,408</b>
<b>SURPLUS/(DEFICIENCY) FOR THE PERIOD</b> .....	<b>171</b>	<b>(140)</b>	<b>(708)</b>	<b>267</b>	<b>(55)</b>	<b>(31)</b>	<b>(130)</b>
<b>CHANGE IN SURPLUS/(DEFICIENCY) FOR THE PERIOD AFTER EXTRAORDINARY ITEMS</b> .....	<b>171</b>	<b>(140)</b>	<b>(708)</b>	<b>267</b>	<b>(55)</b>	<b>(31)</b>	<b>(130)</b>

(a) Full audited financial statements are published in the agency's Annual Report.

(b) The Full Time Equivalents (FTEs) for 2009-10 Actual, 2010-11 Estimated Actual and 2011-12 Estimates are 59, 56 and 57 respectively. In some cases the figures for 2009-10 and 2010-11 may differ from previously published figures due to changes in calculation methodology.

(c) Refer Details of Controlled Grants and Subsidies table below for further information.

**Details of Controlled Grants and Subsidies**

	2009-10 Actual \$'000	2010-11 Budget \$'000	2010-11 Estimated Actual \$'000	2011-12 Budget Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
Capacity Building Program .....	-	-	150	-	-	-	-
Dry Seasons Assistance Program .....	-	-	500	-	-	-	-
Export Accelerator Program .....	-	10	-	-	-	-	-
Small Business Centres - Capital Grants .....	-	185	185	-	-	-	-
Small Business Centres - Operational Grants .....	3,022	3,075	3,075	3,627	3,180	3,234	3,289
<b>TOTAL</b> .....	<b>3,022</b>	<b>3,270</b>	<b>3,910</b>	<b>3,627</b>	<b>3,180</b>	<b>3,234</b>	<b>3,289</b>

**STATEMENT OF FINANCIAL POSITION <sup>(a)</sup>**  
**(Controlled)**

	2009-10 Actual \$'000	2010-11 Budget \$'000	2010-11 Estimated Actual \$'000	2011-12 Budget Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
<b>CURRENT ASSETS</b>							
Cash assets .....	1,553	1,331	764	1,170	1,117	1,021	902
Holding account receivables.....	122	116	116	116	122	116	116
Receivables .....	243	156	243	243	243	243	243
Other.....	276	185	183	125	165	157	140
<b>Total current assets.....</b>	<b>2,194</b>	<b>1,788</b>	<b>1,306</b>	<b>1,654</b>	<b>1,647</b>	<b>1,537</b>	<b>1,401</b>
<b>NON-CURRENT ASSETS</b>							
Holding account receivables.....	124	139	139	154	163	178	193
Property, plant and equipment.....	281	611	363	444	520	602	684
Intangibles .....	102	156	104	106	109	111	113
<b>Total non-current assets .....</b>	<b>507</b>	<b>906</b>	<b>606</b>	<b>704</b>	<b>792</b>	<b>891</b>	<b>990</b>
<b>TOTAL ASSETS.....</b>	<b>2,701</b>	<b>2,694</b>	<b>1,912</b>	<b>2,358</b>	<b>2,439</b>	<b>2,428</b>	<b>2,391</b>
<b>CURRENT LIABILITIES</b>							
Employee provisions .....	690	961	703	715	723	733	743
Payables.....	27	31	27	27	27	27	27
Other.....	437	191	260	338	379	306	306
<b>Total current liabilities .....</b>	<b>1,154</b>	<b>1,183</b>	<b>990</b>	<b>1,080</b>	<b>1,129</b>	<b>1,066</b>	<b>1,076</b>
<b>NON-CURRENT LIABILITIES</b>							
Employee provisions .....	355	323	360	365	368	373	378
Other.....	17	15	17	17	17	17	17
<b>Total non-current liabilities .....</b>	<b>372</b>	<b>338</b>	<b>377</b>	<b>382</b>	<b>385</b>	<b>390</b>	<b>395</b>
<b>TOTAL LIABILITIES .....</b>	<b>1,526</b>	<b>1,521</b>	<b>1,367</b>	<b>1,462</b>	<b>1,514</b>	<b>1,456</b>	<b>1,471</b>
<b>EQUITY</b>							
Contributed equity.....	863	1,583	941	1,025	1,109	1,187	1,265
Accumulated surplus/(deficit) .....	312	(410)	(396)	(129)	(184)	(215)	(345)
<b>Total equity.....</b>	<b>1,175</b>	<b>1,173</b>	<b>545</b>	<b>896</b>	<b>925</b>	<b>972</b>	<b>920</b>
<b>TOTAL LIABILITIES AND EQUITY .....</b>	<b>2,701</b>	<b>2,694</b>	<b>1,912</b>	<b>2,358</b>	<b>2,439</b>	<b>2,428</b>	<b>2,391</b>

(a) Full audited financial statements are published in the agency's Annual Report.

**STATEMENT OF CASHFLOWS <sup>(a)</sup>**  
**(Controlled)**

	2009-10 Actual \$'000	2010-11 Budget \$'000	2010-11 Estimated Actual \$'000	2011-12 Budget Estimate \$'000	2012-13 Forward Estimate \$'000	2013-14 Forward Estimate \$'000	2014-15 Forward Estimate \$'000
<b>CASHFLOWS FROM STATE GOVERNMENT</b>							
Service appropriations .....	12,277	11,984	11,984	12,146	10,668	10,980	11,277
Capital appropriation .....	84	78	78	84	84	78	78
Holding account drawdowns .....	116	122	122	116	116	122	116
<b>Net cash provided by State Government .....</b>	<b>12,477</b>	<b>12,184</b>	<b>12,184</b>	<b>12,346</b>	<b>10,868</b>	<b>11,180</b>	<b>11,471</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>							
<b>Payments</b>							
Employee benefits .....	(5,937)	(5,998)	(5,515)	(5,832)	(6,051)	(6,274)	(6,522)
Grants and subsidies .....	(3,123)	(3,270)	(3,910)	(3,627)	(3,180)	(3,234)	(3,289)
Supplies and services .....	(2,244)	(1,456)	(2,167)	(1,557)	(867)	(766)	(800)
Accommodation .....	(1,075)	(1,050)	(1,050)	(814)	(814)	(814)	(814)
Other payments .....	(1,590)	(1,702)	(1,914)	(1,417)	(1,325)	(1,216)	(1,193)
<b>Receipts</b>							
Grants and subsidies .....	-	255	255	279	288	-	-
Sale of goods and services .....	944	368	368	368	368	368	368
GST receipts .....	713	680	680	680	680	680	680
Other receipts .....	277	180	480	180	180	180	180
<b>Net cash from operating activities .....</b>	<b>(12,035)</b>	<b>(11,993)</b>	<b>(12,773)</b>	<b>(11,740)</b>	<b>(10,721)</b>	<b>(11,076)</b>	<b>(11,390)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of non-current assets .....	(10)	(200)	(200)	(200)	(200)	(200)	(200)
<b>Net cash from investing activities .....</b>	<b>(10)</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD .....</b>							
	432	(9)	(789)	406	(53)	(96)	(119)
Cash assets at the beginning of the reporting period .....	1,764	1,340	1,553	764	1,170	1,117	1,021
Net cash transferred to/from other agencies .....	(643)	-	-	-	-	-	-
<b>Cash assets at the end of the reporting period .....</b>	<b>1,553</b>	<b>1,331</b>	<b>764</b>	<b>1,170</b>	<b>1,117</b>	<b>1,021</b>	<b>902</b>

(a) Full audited financial statements are published in the agency's Annual Report.