

# Small Business Commissioner

Financial report  
for the year ended  
30 June 2019



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## To the Small Business Commissioner

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Small Business Commissioner for the financial year ended 30 June 2019.

### Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Small Business Commissioner as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Small Business Commissioner and the Acting Manager, Business Services.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Small Business Commissioner. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* have been met.

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

## **Responsibilities of the Small Business Commissioner for the financial report**

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

## **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Small Business Commissioner's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Small Business Commissioner
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Small Business Commissioner about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson

**Auditor-General**

27 September 2019

**Small Business Commissioner**  
**Certification of the Financial Statements**  
*for the year ended 30 June 2019*

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We certify that the attached general purpose financial statements for the Small Business Commissioner:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987* and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the authority; and
- present a true and fair view of the financial position of the Small Business Commissioner as at 30 June 2019 and the results of its operations and cash flows for the financial year.

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



John Chapman  
Small Business Commissioner

26<sup>th</sup> September 2019



Rosanne Davies  
A/Manager, Business Services

26 September 2019

**Small Business Commissioner**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2019*

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	Note	2019 \$'000	2018 \$'000
<b><u>Expenses</u></b>			
Employee benefits expenses	2.2	1 251	1 235
Supplies and services	3.1	576	663
Depreciation and amortisation	3.2	158	163
Grants and subsidies		22	19
<b>Total expenses</b>		<b>2 007</b>	<b>2 080</b>
<b><u>Income</u></b>			
Recoveries	4.2	208	241
Resources received free of charge	4.3	16	14
Mediation income		6	3
<b>Total income</b>		<b>230</b>	<b>258</b>
<b>Net cost of providing services</b>		<b>(1 777)</b>	<b>(1 822)</b>
<b><u>Revenues from SA Government</u></b>			
Revenues from SA Government	4.1	1 859	1 847
<b>Total net revenues from SA Government</b>		<b>1 859</b>	<b>1 847</b>
<b>Net result</b>		<b>82</b>	<b>25</b>
<b>Total comprehensive result</b>		<b>82</b>	<b>25</b>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

**Small Business Commissioner**  
**Statement of Financial Position**  
*as at 30 June 2019*

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	Note	2019 \$'000	2018 \$'000
<b><u>Current assets</u></b>			
Cash and cash equivalents	6.1	1 157	862
Receivables	6.2	46	44
<b>Total current assets</b>		<b>1 203</b>	<b>906</b>
<b><u>Non-current assets</u></b>			
Property, plant and equipment	5.1	186	302
Intangible assets	5.2	123	165
<b>Total non-current assets</b>		<b>309</b>	<b>467</b>
<b>Total assets</b>		<b>1 512</b>	<b>1 373</b>
<b><u>Current liabilities</u></b>			
Payables	7.1	121	70
Employee benefits	2.3	127	123
Provisions	7.2	2	-
<b>Total current liabilities</b>		<b>250</b>	<b>193</b>
<b><u>Non-current liabilities</u></b>			
Payables	7.1	22	23
Employee benefits	2.3	241	243
Provisions	7.2	3	-
<b>Total non-current liabilities</b>		<b>266</b>	<b>266</b>
<b>Total liabilities</b>		<b>516</b>	<b>459</b>
<b>Net assets</b>		<b>996</b>	<b>914</b>
<b><u>Equity</u></b>			
Retained earnings		996	914
<b>Total equity</b>		<b>996</b>	<b>914</b>

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

**Small Business Commissioner**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2019*

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	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2017	889	889
<b><u>Net result for 2017-18</u></b>	<b>25</b>	<b>25</b>
<b>Total comprehensive result for 2017-18</b>	<b>25</b>	<b>25</b>
Balance at 30 June 2018	914	914
<b><u>Net result for 2018-19</u></b>	<b>82</b>	<b>82</b>
<b>Total comprehensive result for 2018-19</b>	<b>82</b>	<b>82</b>
Balance at 30 June 2019	996	996

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

**Small Business Commissioner**  
**Statement of Cash Flows**  
*for the year ended 30 June 2019*

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		2019	2018
		(Outflows)	(Outflows)
		Inflows	Inflows
	Note	\$'000	\$'000
<b><u>Cash flows from operating activities</u></b>			
<i>Cash outflows</i>			
Employee benefit payments		(1 249)	(1 196)
Payments for supplies and services		(506)	(667)
Payments of grants and subsidies		(22)	-
<b>Cash used in operations</b>		<b>(1 777)</b>	<b>(1 863)</b>
<i>Cash inflows</i>			
Recoveries from Retail Shop Leases Fund		194	239
Other recoveries		13	-
Mediation receipts		6	3
<b>Cash generated from operations</b>		<b>213</b>	<b>242</b>
<b>Cash flows from SA Government</b>			
Receipts from SA Government	4.1	1 859	1 847
<b>Cash generated from SA Government</b>		<b>1 859</b>	<b>1 847</b>
<b>Net cash provided by operating activities</b>		<b>295</b>	<b>226</b>
<b><u>Cash flows from investing activities</u></b>			
<i>Cash outflows</i>			
Purchase of property, plant and equipment		-	(66)
<b>Cash used in investing activities</b>		<b>-</b>	<b>(66)</b>
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(66)</b>
<b>Net increase in cash and cash equivalents</b>		<b>295</b>	<b>160</b>
Cash and cash equivalents at the beginning of the period		862	702
<b>Cash and cash equivalents at the end of the period</b>	6.1	<b>1 157</b>	<b>862</b>

The accompanying notes form part of these financial statements.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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# Small Business Commissioner

## Notes to and forming part of the financial statements

### for the year ended 30 June 2019

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#### 1. About the Small Business Commissioner

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

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

The Commissioner controls the operations of the Retail Shop Leases Fund through his statutory responsibility to administer the *Retail and Commercial Leases Act 1995*.

The Commissioner has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

As disclosed in the *State Budget 2019-20, Agency Statement, Budget Paper 4, Volume 1*, the Commissioner will become Program 15 of the Attorney-General's Department as of 1 July 2019.

#### 1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards with reduced disclosure requirements.

For the 2018-19 financial statements the Commissioner adopted *AASB 9 – Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 8.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**1.2. Objectives and Programs**

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

The Commissioner supports business through alternative dispute resolution processes and provision of information on government services. The Small Business Commissioner is an independent statutory officer and is responsible for the administration and provision of information on the *Retail and Commercial Lease Act 1995*, *Building and Construction Industry Security of Payment Act 2009* and the *Farm Debt Mediation Act 2018* while having statutory responsibilities under the *Fair Trading Act 1987*, *Late Payment of Government Debts Act 2013*, *Work Health and Safety Act 2012* and the *Local Government Act 2009* (in relation to mobile food vendors).

The objectives of the Commissioner are:

- Provides no or low cost dispute resolution services for businesses
- Develops, promotes and enforces Industry Codes of Conduct (under the *Fair Trading Act 1987*)
- Provides a range of information services
- Acts as an advocate for the sector
- Performs inquiries on behalf of the responsible Minister or own motion
- Administers the *Small Business Commissioners Act 2011* and operates within relevant sections of the *Fair Trading Act 1987*
- Administers the *Retail and Commercial Leases Act 1995*
- Oversees the *Building and Construction Industry Security of Payments Act 2009*
- Disputes resolution body for *Late Payment of Government Debts (Interest) Act 2013*
- Administers the *Farm Debt Mediation Act 2018*
- Handles disputes in relation to mobile food vendors under the relevant section of the *Local Government Act 1999*.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**2. Board, committees and employees**

**2.1. Key management personnel**

Key management personnel include the responsible Minister and the Commissioner who have the responsibility for the strategic direction and management of the office.

The compensation for key management personnel was \$284 000 in 2018-19 and \$287 000 in 2017-18.

The compensation disclosed in this note excludes salaries and other benefits the Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

**2.2. Employee benefits expenses**

	2019 \$'000	2018 \$'000
Salaries and wages	986	929
Long service leave	12	45
Annual leave	79	93
Skills and experience retention leave	6	5
Employment on-costs - superannuation	105	105
Employment on-costs - other	58	58
Workers' compensation	5	-
<b>Total employee benefit expenses</b>	<b>1 251</b>	<b>1 235</b>

***Employment on-costs - superannuation***

The superannuation employment on-cost charge represents the Commissioner's contributions to superannuation plans in respect of current services of current employees.

***Executive remuneration***

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

	2019 Number	2018 Number
\$271 001 to \$291 000	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

The table includes one employee who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, salary sacrifice benefits, fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**2.3. Employee benefits liability**

	2019	2018
	\$'000	\$'000
<b><u>Current</u></b>		
Accrued salaries and wages	19	19
Annual leave	89	89
Long service leave	7	4
Skills and experience retention leave	12	11
<b>Total current employee benefits</b>	<b>127</b>	<b>123</b>
<b><u>Non-current</u></b>		
Long service leave	241	243
<b>Total non-current employee benefits</b>	<b>241</b>	<b>243</b>
<b>Total employee benefits</b>	<b>368</b>	<b>366</b>

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

***Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave***

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

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

***Long service leave***

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 10.1.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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### 3. Expenses

Employee benefits expenses are disclosed in note 2.2.

#### 3.1. Supplies and services

	2019	2018
	\$'000	\$'000
Operating lease payments	129	125
Office administration expenses	104	101
Communications and information technology expenses	71	115
Travel and related expenses	57	41
Marketing	53	199
Contractors	51	-
Business training and development support	31	-
Mediation fees	24	22
Accommodation and service costs	21	28
Accounting and audit fees	19	18
Staff related expenses	16	14
<b>Total supplies and services</b>	<b>576</b>	<b>663</b>

#### *Operating leases payments*

Operating lease payments are recognised on a straight-line basis over the lease term.

#### 3.2. Depreciation and amortisation

	2019	2018
	\$'000	\$'000
Buildings and leasehold improvements	116	116
Intangible assets	42	47
<b>Total depreciation and amortisation</b>	<b>158</b>	<b>163</b>

All non-current assets, having a limited useful life, are systematically depreciated / amortised over their useful lives in a manner that reflects the consumption of their service potential.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

#### *Review of accounting estimates*

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**3.2. Depreciation and amortisation (continued)**

*Useful lives*

Depreciation / amortisation is calculated on a straight line basis over the estimated useful life of the asset as follows:

<b>Class of asset</b>	<b>Useful life (years)</b>
Leasehold improvements	Life of lease
Intangible / software	1-5

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

**4. Income**

**4.1. Revenues from SA Government**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenues from SA Government</b>		
Intra government transfers	1 859	1 847
<b>Total revenues from SA Government</b>	<b>1 859</b>	<b>1 847</b>
<b>Net revenues from SA Government</b>	<b>1 859</b>	<b>1 847</b>

Relates to transfers for operational funding received via the Department for Innovations and Skills.

**4.2. Recoveries**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Retail Shop Leases Fund administration fees	194	241
Other administration fees	14	-
<b>Total recoveries</b>	<b>208</b>	<b>241</b>

**4.3. Resources received free of charge**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Services received free of charge - Shared Services SA	16	14
<b>Total resources received free of charge</b>	<b>16</b>	<b>14</b>

Resources received free of charge are recorded at their fair value.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**5. Non-financial assets**

**5.1. Property, plant and equipment**

	2019 \$'000	2018 \$'000
<b><u>Buildings and leasehold improvements</u></b>		
Buildings and leasehold improvements at fair value	524	524
Accumulated depreciation at the end of the period	(338)	(222)
<b>Total buildings and leasehold improvements</b>	<b>186</b>	<b>302</b>
<b>Total property, plant and equipment</b>	<b>186</b>	<b>302</b>

Property, plant and equipment assets with a value equal to or in excess of \$10 000 are capitalised.

**Reconciliation 2018-19**

	<b>Buildings and leasehold improvements</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at 1 July 2018	302	302
Depreciation and amortisation	(116)	(116)
<b>Carrying amount at 30 June 2019</b>	<b>186</b>	<b>186</b>

**5.2. Intangible assets**

	2019 \$'000	2018 \$'000
<b><u>Computer software</u></b>		
Purchased computer software	262	262
Accumulated amortisation	(139)	(97)
<b>Total Computer Software</b>	<b>123</b>	<b>165</b>

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The acquisition, or internal development, of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

**Reconciliation 2018-19**

	<b>Computer software</b>	<b>Total</b>
	<b>\$' 000</b>	<b>\$' 000</b>
Carrying amount at 1 July 2018	165	165
Amortisation	(42)	(42)
<b>Carrying amount at 30 June 2019</b>	<b>123</b>	<b>123</b>

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**6. Financial Assets**

**6.1. Cash and cash equivalents**

	2019	2018
	\$'000	\$'000
Cash at bank	1 157	862
<b>Total cash and cash equivalents</b>	<b>1 157</b>	<b>862</b>

**6.2. Receivables**

	2019	2018
	\$'000	\$'000
<b><u>Current</u></b>		
<b><u>Trade receivables</u></b>		
From non-government entities	1	1
<b>Total trade receivables</b>	<b>1</b>	<b>1</b>
Prepayments	44	43
Accrued revenues	1	-
<b>Total current receivables</b>	<b>46</b>	<b>44</b>

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods / services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

The Commissioner did not recognise an allowance for doubtful debts due to the low value of receivables. It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 10.3 for further information on risk management.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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**7. Liabilities**

**7.1. Payables**

	2019	2018
	\$'000	\$'000
<b><u>Current</u></b>		
Accrued expenses	102	51
Employment on-costs	19	19
<b>Total current payables</b>	<u>121</u>	<u>70</u>
<b><u>Non-current</u></b>		
Employment on-costs	22	23
<b>Total non-current payables</b>	<u>22</u>	<u>23</u>
<b>Total payables</b>	<u>143</u>	<u>93</u>

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

***Employment on-costs***

Employment on-costs include payroll tax Return to Work SA levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained 41% in 2019 and the average factor for the calculation of employer superannuation cost on-cost has changed from 9.9% in 2018 to 9.8% in 2019. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
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**7.2. Provisions**

	2019 \$'000	2018 \$'000
<b>Current</b>		
Provisions for workers compensation	2	-
<b>Total current provisions</b>	<u>2</u>	<u>-</u>
<b>Non-current</b>		
Provision for workers compensation	3	-
<b>Total non-current provisions</b>	<u>3</u>	<u>-</u>
<b>Total provisions</b>	<u>5</u>	<u>-</u>
<b>Carrying amount at the beginning of the period</b>	<u>-</u>	<u>-</u>
Additional provisions recognised	5	
<b>Carrying amount at the end of the period</b>	<u>5</u>	<u>-</u>

A provision has been reported to reflect unsettled workers compensation claims based on the experience across Government. There have been no claims made by the Office of the Small Business Commissioner to date.

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

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

# Small Business Commissioner

## Notes to and forming part of the financial statements

### for the year ended 30 June 2019

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## 8. Changes in accounting policy

### 8.1. Treasurer's Instructions (Accounting Policy Statement)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government.
- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective.

### 8.2. AASB 9 Financial Instrument

*AASB 9 Financial Instruments* replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, the Commissioner adopted consequential amendments to other accounting standards and the *Treasurer's Instructions (Accounting Policy Statements)* arising from the issue of AASB 9 as follows:

- *AASB 101 Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In prior year, this information was presented as part of other expenses.
- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, *AASB 9 Financial Instruments* was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018.

The adoption of AASB 9 has not had an effect on the recognition, measurement or classification of financial liabilities.

**Small Business Commissioner**  
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**9. Outlook**

**9.1. Unrecognised contractual commitments**

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

*Expenditure commitments*

	2019 \$'000	2018 \$'000
Within one year	31	9
Later than one year but not later than five years	70	-
Later than five years	6	-
<b>Total expenditure commitments</b>	<b>107</b>	<b>9</b>

Amounts disclosed above represent lease management fees and software licences.

*Operating lease commitments*

	2019 \$'000	2018 \$'000
<b>Commitments in relations to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:</b>		
Within one year	141	146
Later than one year but not later than five years	547	243
Later than five years	225	-
<b>Total operating lease commitments</b>	<b>913</b>	<b>389</b>
 Representing:		
Cancellable operating leases	17	15
Non-cancellable operating leases	896	374
<b>Total operating lease commitments</b>	<b>913</b>	<b>389</b>

There are no purchase options available to the Commissioner.

The Commissioner's operating leases relate to office accommodation and motor vehicles. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The lease is non-cancellable with a term of 3 years and 8 months and having the right of renewal. A motor vehicle is leased from SAFA through their agent LeasePlan Australia, with lease periods of up to three years. This is cancellable without notice.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
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**9.2. Contingent assets and liabilities**

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

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

**9.3. Events after the reporting period**

The Commissioner is not aware of any significant events after reporting date.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2019*

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## **10. Measurement and risk**

### **10.1. Long service leave liability – measurement**

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds for 2019 is 1.25% (2018: 2.5%).

There was no net financial effect of the changes to actuarial assumptions in the current financial year. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

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

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on previous experience.

### **10.2. Fair Value**

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

#### ***Initial recognition***

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

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

#### ***Revaluation***

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when its fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

Revaluation is undertaken on a regular cycle as detailed below. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

The Commissioner does not have a class of assets greater than \$1 million, therefore no revaluation is required.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
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**10.3. Financial instruments**

*Financial risk management*

Risk management is managed by the Commissioner's corporate services section and the Commissioner's risk management policies are drafted in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Commissioner's exposure to financial risk is low due to the nature of the financial instruments held.

*Liquidity risk*

The Commissioner will be funded principally via a transfer of funds from the Attorney Generals Department on behalf of SA Government. The Commissioner works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

**Receivables and payables**

Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

Receivable amounts disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.1.