

2021-22 ANNUAL REPORT

MEDIATE | ADVOCATE | COLLABORATE | REGULATE

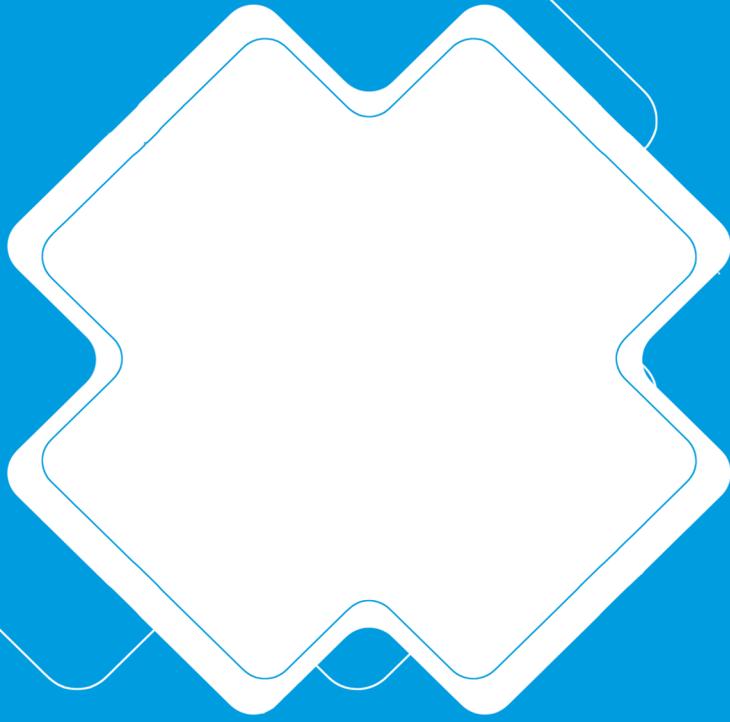


SOUTH AUSTRALIA

**Small Business
Commissioner**



**Government
of South Australia**



As an independent voice, the Commissioner is an avid supporter and advocate for South Australian small businesses while striving to provide fast, fair and low-cost dispute resolution on matters impacting their day-to-day operation.

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30 September 2022

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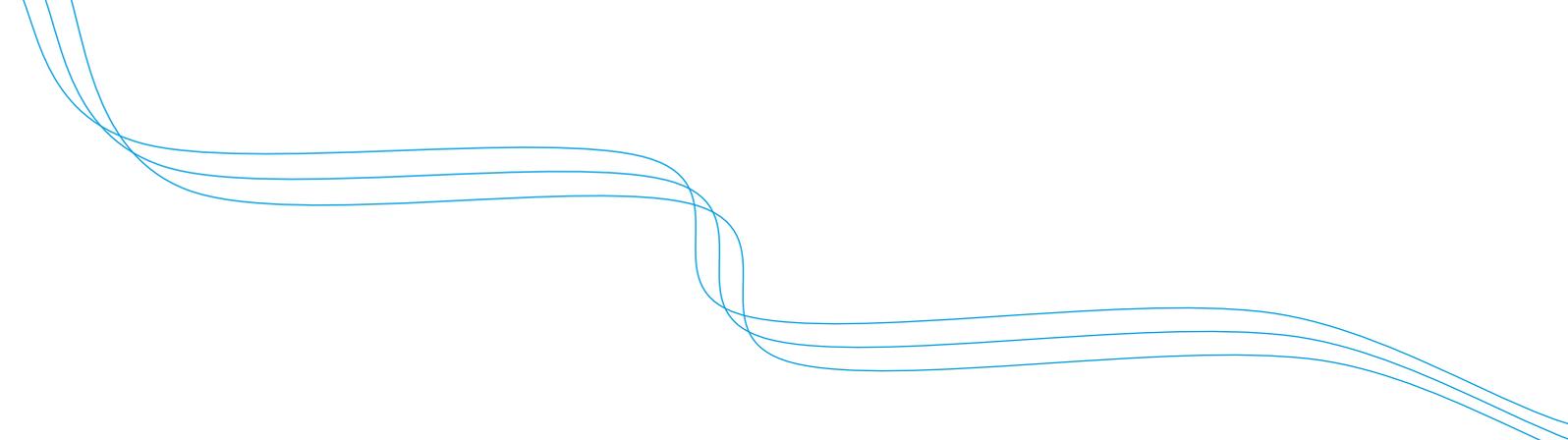
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To:

Hon Andrea Michaels MP

Minister for Small and Family Business

Minister for Consumer and Business Affairs

Minister for Arts

This annual report is to be presented to Parliament to meet the statutory reporting requirements of *Public Sector Act 2009*, the *Small Business Commissioner Act 2011*, the *Retail and Commercial Leases Act 1995* and the requirements of Premier and Cabinet Circular PC013 Annual Reporting.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.



Nerissa Kilvert

Small Business Commissioner

30 September 2022

FROM THE COMMISSIONER

Running a small business has never been easy, but I think it's fair to say that South Australian small businesses have faced unprecedented challenges in recent years and 2021-22 has been no exception.

While the COVID-19 mandated shutdowns, border closures and work from home orders have eased, the long-lasting impacts of COVID-19 are still being experienced by small business owners on a daily basis.

On top of this, small business owners have been confronted with a perfect storm of additional challenges:

- Many businesses are facing pressures from the rising costs of material, overheads and supply chain issues.
- Skills and labour shortages are affecting more than half of South Australian small businesses.
- Rising inflation, increases in interest rates and wage increases are creating stress and worry for small business owners.

From an economic perspective, the value of the small business sector is resoundingly clear.

But, just as importantly as the economic contribution, the small business sector plays such a vital role in building, fostering, and maintaining the social fabric and connection within our communities.



While the last few years have been particularly tough, it has highlighted how resilient and hard-working small business owners are and how agile the sector can be.

But the impacts of the last few years have been significant and, for many, enduring. This legacy not only relates to financial impacts, but also the very real toll on their mental health and well-being.

As the Small Business Commissioner, I am an avid supporter of the small business sector and am committed to ensuring that South Australian small businesses are represented by an independent voice and advocate.

To step into the role of Small Business Commissioner at such a challenging time for the sector brings with it an even greater sense of responsibility to deliver on the mandate of the Office of the South Australian Small Business Commissioner –

- to facilitate low-cost **alternative dispute resolution** processes between small businesses, and between small businesses and state or local government;
- to **amplify the views, challenges and experiences** of small business operators on issues that impact their ability to do business, including assisting them navigate complexity & challenges in dealings with state and local government bodies;
- to **collaborate and engage** with small business operators, governments, industry and the community to create a thriving business environment.

Administratively, my team and I are continuing to work through changes to the office since my appointment. These customer centric changes will allow us to better align our operations to our mission, that being, to provide fast, fair and low-cost dispute resolution on matters impacting the day-to-day operations of small businesses. To do this, we are creating efficiencies within our dispute resolution processes to reduce the time taken to resolve disputes, allowing small businesses to get back to business, as soon as possible. A 'continuous improvement' mantra has been adopted and is embedded in our operating model and the delivery of our strategic priorities and service.

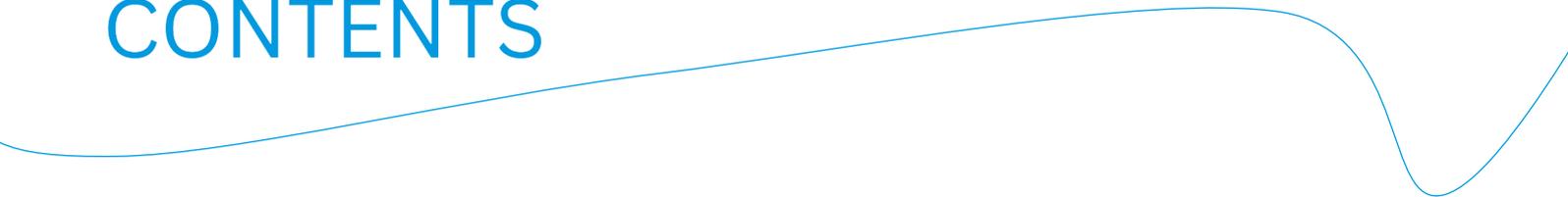
For those frequent readers of our annual report, you may note some changes to the format this year. To streamline our reporting obligations, the standard government reporting template has been adopted and to minimise duplicative reporting, where appropriate, data that appears in the Attorney-General's department annual report has not been reproduced here.

To wrap up, in my view, the most rewarding type of work is when you have a clear sense of making a difference, and as the SA Small Business Commissioner, I am fortunate enough to have a very unique opportunity to do this by working with small business owners and assisting them when they are faced with issues that affect such a major aspect of their lives and livelihood.

I feel privileged and excited to be entrusted with the responsibility of serving as the SA Small Business Commissioner and am committed to assisting small business owners by listening to their issues, amplifying their views, recommending strategies and solutions in response to challenges they face and facilitating low-cost dispute resolution when issues arise.

Nerissa Kilvert
Small Business Commissioner

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OVERVIEW: ABOUT THE OFFICE

Our organisational structure *as at 30 June 2022*

Our organisational structure can be accessed at <https://www.sasbc.sa.gov.au/about-us2/organisation-chart>

Changes to the office

During 2021-22, the following changes were made to the office:

- Former Small Business Commissioner John Chapman completed his tenure on 24 September 2021.
- Nerissa Kilvert was appointed as Acting Small Business Commissioner from 25 September 2021 to 29 June 2022.
- On 30 June 2022, Nerissa Kilvert was appointed by the Governor as the Small Business Commissioner (the Commissioner) for a term of three years.

Our Minister

The Hon Andrea Michaels MP is the Minister for Small and Family Business, Minister for Consumer and Business Affairs and Minister for Arts.

Legislation administered by the office

The Commissioner's office (the office) administers and/or has obligations and/or functions under the following Legislation:

- *Small Business Commissioner Act 2011*
- Small Business Commissioner Regulations 2012
- *Retail and Commercial Leases Act 1995*
- Retail and Commercial Leases Regulations 2010
- *Building and Construction Industry Security of Payment Act 2009*
- Building and Construction Industry Security of Payment Regulations 2011
- *Farm Debt Mediation Act 2018*
- *Fair Trading Act 1987*
- Fair Trading (Farming Industry Dispute Resolution Code) Regulations 2013
- Fair Trading (Motor Vehicle Industry Dispute Resolution Code) Regulations 2014
- Fair Trading (Newsagency Industry Dispute Resolution Code) Regulations 2014
- Fair Trading (Franchising Industry Dispute Resolution Code) Regulations 2015
- Fair Trading (Building and Construction Industry Dispute Resolution Code) Regulations 2017
- Fair Trading (Mining and Resources Industry Land Access Dispute Resolution Code) Regulations 2018
- *Late Payment of Government Debts (Interest) Act 2013*
- Late Payment of Government Debts (Interest) Regulations 2014
- *Work Health and Safety Act 2012*
- Work Health and Safety Regulations 2012
- *COVID-19 Emergency Response Act 2020*
- COVID-19 Emergency Response (Commercial Leases No 2) Regulations 2020



STRATEGIC PLAN 2022-25

Our Mission: As an independent voice, the Commissioner is an avid supporter and advocate for South Australian small businesses while striving to provide fast, fair and low-cost dispute resolution on matters impacting their day-to-day operation.

In delivering our vision and services, we are committed to the values of acting with integrity, behaving professionally, showing tenacity in our service delivery, and achieving positive outcomes through collaboration and engagement.

MEDIATE



Facilitate alternative dispute resolution processes between small businesses, and between small businesses and state or local government

ADVOCATE



Amplify the views, challenges and experiences of small business operators on issues that impact their ability to do business, including assisting them navigate complexity & challenges in dealings with state and local government bodies

COLLABORATE



Collaborate and engage with small business operators, governments, industry and the community to create a thriving business environment

REGULATE



Strengthen the integrity of the small business sector by providing information & advice about legislative obligations under Acts administered by the Commissioner and enforcing compliance with those legislative requirements where appropriate

DELIVER



Deliver a fast, fair and consistent customer experience and ensure the wellbeing of our people



THE OFFICE'S PERFORMANCE

Performance at a glance

- Continued to build and embed relationships with small business operators to understand their views and experiences;
- Increased the awareness and understanding within the small business community of the role of the office and the assistance it can provide to small business operators;
- Reviewed and strengthened the office's dispute resolution process to increase efficiencies and reduce time taken to resolve small business disputes;
- Collaborated with stakeholders to provide a solutions-focused service to the small business sector;
- Progressed work on implementing the Government's election commitment to mandate the Motor Vehicle Insurance and Repair Industry Code of Conduct under the *Fair Trading Act 1987*; and
- Continued to work with local government councils as part of the Small Business Friendly Council Initiative (SBFC) and facilitated the 2021 SBFC workshop which included information sharing and networking opportunities between councils on small business friendly activities.

Office response to COVID-19

The office maintained its core service delivery to the sector throughout the COVID-19 pandemic.

Corporate performance summary

This information appears in the 2021-22 Annual Report for the Attorney-General's Department.

Employment opportunity programs

This information appears in the 2021-22 Annual Report for the Attorney-General's Department.

Office performance management and development systems

This information appears in the 2021-22 Annual Report for the Attorney-General's Department.

Work health, safety and return to work programs

This information appears in the 2021-22 Annual Report for the Attorney-General's Department.

Executive employment in the agency

This information appears in the 2021-22 Annual Report for the Attorney-General's Department.

OFFICE SPECIFIC OBJECTIVES

1. Dispute Resolution

Dispute resolution overview

One of the core functions of the office is to facilitate fast, fair and low-cost dispute resolution service processes between small businesses, and between small businesses and state or local government.

The office offers a range of dispute resolution services, including:

- *Preliminary assistance (enquiries):*
Providing expert and experienced advice to small business operators on their rights and obligations to assist them to quickly and efficiently resolve matters that might be preventing them from operating effectively.
- *Pre-mediation (formal case):*
In instances where a small business operator contacts the office about a specific dispute with another small business operator, or with state or local government, the office will act as an impartial intermediary and work with both parties involved with a view of assisting them to resolve the dispute.
- *No or low-cost mediation (formal mediation):*
In instances where disputes are not able to be resolved through pre-mediation assistance, the office facilitates a low-cost mediation with an experienced, independent mediator from the office's panel of mediators to confidentially discuss the issues in dispute and assist the parties to reach an agreement.

Enquiries

During 2021-22, the office received 2,498 enquiries (excluding those under the *COVID-19 Emergency Response Act 2020*). This is an increase of 5% on the previous year. The table below shows the number of enquiries based on the legislation to which they relate.

Enquiries by Act	2021-22	2020-21	Variance
<i>Small Business Commissioner Act 2011</i>	1,004	1,026	-2%
<i>Retail and Commercial Leases Act 1995</i>	1,123	1,021	10%
<i>Building and Construction Industry Security of Payment Act 2009</i>	48	69	-30%
<i>Farm Debt Mediation Act 2018</i>	21	22	-5%
<i>Late Payment of Government Debts (Interest) Act 2013</i>	0	1	-100%
<i>Local Government Act 1999*</i>	0	4	-100%
Other jurisdictions	302	241	25%
Total	2,498	2,384	5%
<i>COVID-19 Emergency Response Act 2020**</i>	109	918	-88%
Grand total	2,607	3,302	-21%

* The Commissioner no longer has functions under the *Local Government Act 1999*.

**The office saw a substantial decline in COVID-19 enquiries due to the expiry of the *COVID-19 Emergency Response Act 2020* and its regulations on 3 January 2021.

Formal cases

During 2021-22, the office provided assistance on 225 new matters (excluding those under the *COVID-19 Emergency Response Act 2020*). This is an increase of 8% on the previous year.

Cases by Act	2021-22	2020-21	Variance
<i>Small Business Commissioner Act 2011</i>	131	129	2%
<i>Retail and Commercial Leases Act 1995</i>	82	61	34%
<i>Farm Debt Mediation Act 2018</i>	12	18	-33%
Other jurisdictions	0	1	-100%
Total	225	209	8%
<i>COVID-19 Emergency Response Act 2020*</i>	21	349	-94%
Grand total	246	558	-56%

*The office saw a substantial decline in COVID-19 cases due to the expiry of the *COVID-19 Emergency Response Act 2020* and its regulations on 3 January 2021.

Formal mediation

During 2021-22, the office facilitated 29 mediations (excluding those under the *COVID-19 Emergency Response Act 2020*).

This is an 3% decrease on the previous year.

Mediations by Act	2021-22	2020-21	Variance
<i>Small Business Commissioner Act 2011</i>	7	14	-50%
<i>Retail and Commercial Leases Act 1995</i>	8	6	33%
<i>Farm Debt Mediation Act 2018</i>	14	10	40%
Total	29	30	-3%
<i>COVID-19 Emergency Response Act 2020*</i>	21	193	-89%
Grand total	50	223	-78%

*The office saw a substantial decline in COVID-19 mediations due to the expiry of the *COVID-19 Emergency Response Act 2020* and its regulations on 3 January 2021.

2. Small Business Commissioner

Functions

Section 5 of the *Small Business Commissioner Act 2011* prescribes the following functions of the Commissioner:

- to receive and investigate complaints by or on behalf of small businesses regarding their commercial dealings with other businesses and to facilitate resolution of such complaints through measures considered appropriate by the Commissioner, such as mediation or making representations on behalf of small businesses; and
- to assist small businesses on request in their dealings with state and local government bodies; and
- to disseminate information to small businesses to assist them in making decisions relevant to their commercial dealings with other businesses and their dealings with state and local government bodies; and
- to administer Part 3A (Industry codes) of the *Fair Trading Act 1987* and the Australian Consumer Law (SA) to the extent that responsibility for that administration is assigned to the Commissioner under the *Fair Trading Act 1987*; and
- to monitor, investigate and advise the Minister about— (i) non-compliance with industry codes that may adversely affect small businesses; and (ii) market practices that may adversely affect small businesses; and
- to report to the Minister on matters affecting small businesses at the request of the Minister; and
- to report to the Minister on any aspect of the Commissioner’s functions at the request of the Minister or on the Commissioner’s own initiative; and
- to take any other action considered appropriate by the Commissioner for the purpose of facilitating and encouraging the fair treatment of small businesses in their commercial dealings with other businesses or assisting small businesses in their dealings with state or local government bodies; and
- any other functions conferred on the Commissioner by or under this or any other Act.

The Commissioner is to perform the functions with a view to the development and maintenance in South Australia of relationships between small businesses and other businesses, and small businesses and state and local government bodies, that are based on dealings conducted fairly and in good faith.

Enquiries under the *Small Business Commissioner Act 2011*

The table below summarises the number of enquiries received by the office in 2021-22, categorised into subject matter of the enquiry.

Subject Matter	2021-22				Total 2021-22	Total 2020-21	Variance
	QTR 1	QTR 2	QTR 3	QTR 4			
Farming	6	7	6	6	25	13	92%
Franchising	3	0	2	1	6	10	-40%
Local government	4	3	3	2	12	13	-8%
Small business issue	198	165	197	145	705	586	20%
Starting a small business	16	10	19	15	60	57	5%
State government	23	12	7	3	45	91	-51%
Motor vehicle	18	21	7	15	61	64	-5%
Newsagent	0	0	0	0	0	1	-100%
Other	47	10	12	7	76	129	-41%
Late payment of accounts	1	4	1	8	14	62	-77%
TOTAL	316	232	254	202	1004	1026	-2%

3. Retail and Commercial Leases

Functions

The Commissioner has the following functions under the *Retail and Commercial Leases Act 1995*:

- investigating and researching matters affecting the interests of parties to retail shop leases; and
- publishing reports and information on subjects of interest to the parties to retail shop leases; and
- giving advice (to an appropriate extent) on the provisions of this Act and subjects of interest to the parties to retail shop leases; and;
- investigating suspected infringements of this Act and taking appropriate action to enforce this Act; and
- making reports to the Minister on questions referred to the Commissioner by the Minister and other questions of importance affecting the administration of this Act; and
- administering the Fund; and
- any other functions assigned to the Commissioner by or under this Act.

Enquiries under the *Retail and Commercial Leases Act 1995*

The table below summarises the number of enquiries received by the office in 2021-22, categorised into subject matter of the enquiry.

Subject Matter	2021-22				Total 2021-22	Total 2020-21	Variance
	QTR 1	QTR 2	QTR 3	QTR 4			
Assignment	5	0	3	4	12	9	33%
Bond security	129	105	92	67	393	472	-17%
Disclosure statements	2	1	1	2	6	3	100%
End of lease negotiations	20	27	29	28	104	62	68%
Term of lease	6	13	14	11	44	47	-6%
Outgoings	13	15	14	14	56	40	40%
Pre-lease negotiations	16	16	11	11	54	46	17%
Rent	37	30	17	34	118	63	87%
Repairs & maintenance	30	16	23	9	78	44	77%
Termination	25	22	25	16	88	55	60%
Other	29	27	24	17	97	108	-10%
Bank guarantee	1	0	3	2	6	17	-65%
Certified exclusionary clause	12	15	12	13	52	55	-5%
RCLA exemption request	3	4	3	5	15	0	-
TOTAL	328	291	271	233	1123	1021	10%

Certified exclusionary clauses

The *Retail and Commercial Leases Act 1995* provides that the term for which a retail shop lease is entered into must be at least five years, including any right or option of renewal or extension.

There are some exceptions to this requirement, including where an exclusionary clause in a lease has been certified by the Commissioner or a solicitor (who is not acting for the lessor). The Commissioner will issue a certificate if she is satisfied that the lessee understands that, but for the exclusionary clause, they would be entitled to a minimum five-year term and that the lessee is not acting under coercion or undue influence in consenting to a lesser term.

The fee for the provision of a certificate by the Commissioner is set by regulation and is currently \$200. This is a significant saving when compared to the cost of obtaining a certificate from a solicitor.

In 2021-22 the office received 20 applications from lessees seeking a certificate certifying an exclusionary clause to enter into a retail shop lease with a minimum term of less than five years.

Discussions with small business operators about their motivations for seeking certificates reflect an appetite to test the market, for instance by moving from an online home-based business to establishing a bricks and mortar enterprise, before entering into a longer-term commitment.

The office has recently developed additional online material to inform small business operators and lessors about certified exclusionary clause certificates and how the office can assist in obtaining one.

***Retail and Commercial Leases Act 1995* Exemptions**

Section 77 of the *Retail and Commercial Leases Act 1995* allows the Commissioner to grant an exemption from all or any of the provisions of the Act in relation to either a particular retail shop lease or a particular retail shop.

During 2021-22, 11 exemptions were issued and published in the SA Government Gazette.

Prescribed threshold review

The *Retail and Commercial Leases Act 1995* does not apply to retail shop leases where the rent payable exceeds the 'prescribed threshold', which is currently \$400,000 per annum (exclusive of

GST). The threshold was last amended in 2010, at which time it was increased from \$250,000 to the current \$400,000.

Section 6A of the Act requires that the prescribed threshold be reviewed by the Valuer-General every five years, with the inaugural review to be conducted between 31 October 2021 and 30 October 2022. Upon completion of the review, the Valuer-General must provide the Minister for Small and Family Business and the Commissioner with a report including a recommendation as to whether the prescribed threshold should be increased.

The Valuer-General sought submissions at the end of last year, with consultation closing on 31 December 2021.

A Memorandum of Understanding (MOU) between the Valuer-General and the Commissioner outlines the process by which the rental threshold is to be reviewed and defines expectations around the provision of the required report to the Minister and the Commissioner.

The MOU stipulates that the Commissioner is to remain independent from the Valuer-General's review.

The review was a subject of discussion at the June 2022 meeting of the Retail Shop Leases Advisory Committee, with members expressing concern that economic conditions had dramatically changed since the close of submissions in December 2021. The Commissioner raised members' concerns with the Valuer-General, and facilitated a discussion with committee members, resulting with agreement to allow for supplementary submissions to be provided to the Valuer-General by 14 July 2022.

Retail Shop Leases Advisory Committee

The Retail Shop Leases Advisory Committee is established under section 73 of the *Retail and Commercial Leases Act 1995*.

Pursuant to section 74 of the Act, the functions of the Committee are to keep the administration of the Act under review, and report to the Minister on subjects that, in the Committee's opinion, justify a report, or on which the Minister requests a report. Under the Retail and Commercial Leases Regulations 2010, the Committee is required to meet at least once each year.

As required by the legislation, the Commissioner convened a meeting of the Committee, which took place on 7 June 2022. The meeting provided members with the opportunity to meet with the new Minister for Small and Family Business, the Hon Andrea Michaels MP. The Commissioner provided the Committee with an overview of the office's priorities for the next financial year.

During the meeting, members of the Committee discussed the Valuer-General's review of the rental threshold and the changes to market conditions affecting the Australian retail sector. Each member provided market updates relevant to their respective area, focusing on the recovery of the retail market as the economy emerges from the previous COVID-19 related restrictions. Committee members voiced a strong desire for lessor-lessee relations to return to pre-pandemic terms.

4. Building and Construction Industry Security of Payment

Amendments to the *Building and Construction Industry Security of Payment Act 2009* (the SOP Act)

In response to the Moss Review conducted by former District Court Judge Alan Moss in 2015, the former Minister for Small Business introduced the Building and Construction Industry Security of Payment (Review) Bill 2017 into Parliament on 5 July 2017. This Bill sought to clarify the Commissioner's role and functions under the Act. The Parliament rose before the Legislative Council had completed its consideration of the Bill and it lapsed.

Following a national review of Security of Payment laws carried out by Mr John Murray AM in 2017, the Building and Construction Industry Security of Payment (Review Recommendations) Bill 2021 was introduced into the House of Assembly on 26 May 2021. This Bill did not adopt the model of cascading statutory trusts as recommended in the Murray Report but again sought to clarify the Commissioner's role and functions as well as provide the Commissioner with greater oversight of the registration and nomination of adjudicators. The Bill lapsed when Parliament was dissolved by the Governor on 19 February 2022.

The Government is currently considering the most appropriate way to progress reforms to the Act.

Enquiries under the *Building and Construction Industry Security of Payment Act 2009*

The table below shows the number of enquiries under the Act.

Enquiries	2021-22				Total	Total	Variance
	QTR 1	QTR 2	QTR 3	QTR 4	2021-22	2020-21	
TOTAL	14	11	11	12	48	69	-30%

5. COVID-19 Emergency Response

The COVID-19 Emergency Response (Commercial Leases No 2) Regulations 2020 were introduced as part of the former State Government's response to the COVID-19 pandemic, which provided significant protections to tenants in retail and commercial premises.

The objectives of the regulations were to:

- implement temporary measures to apply to parties to commercial leases which related to circumstances brought about by the COVID-19 pandemic; and
- provide for mechanisms to resolve disputes concerning those leases.

The office saw a substantial decline in COVID-19 enquiries in the last financial year due to the expiry of the *COVID-19 Emergency Response Act 2020* and its regulations on 3 January 2021. The office was able to continue to mediate disputes falling within the prescribed periods defined in the regulations, notwithstanding their expiry, if it related to:

- an application for mediation to resolve a relevant dispute about a lessee's entitlement to rent relief in respect of financial hardship experienced during the prescribed period; or
- a dispute lodged prior to the expiry of the regulations, but not resolved or mediated by the date of expiry.

The expiry of the regulations does not affect a person's ability to initiate proceedings in the Magistrates Court where a mediation has concluded, and a certificate has been issued.

The office conducted 21 mediations under the COVID-19 Act from 1 July 2021 to 30 June 2022.

Enquiries under the *COVID-19 Emergency Response Act 2020*

The table below shows the number of enquiries under the *COVID-19 Emergency Response Act 2020*.

Enquiries	2021-22				Total 2021-22	Total 2020-21	Variance
	QTR 1	QTR 2	QTR 3	QTR 4			
Total	60	18	20	11	109	918	-88%

Cases under the *COVID-19 Emergency Response Act 2020*

The table below shows the number of cases under the *COVID-19 Emergency Response Act 2020* and the status of those cases.

Status of cases	Total 2021-22	Total 2020-21
Closed – Successful	11	257
Closed – Unsuccessful	4	41
Closed – Assistance Provided	4	48
In progress	2	3
Total	21	349

6. Fair Trading—Motor Vehicle

Fair Trading (Motor Vehicle Insurers and Repairers) Amendment Act 2021 - Motor Vehicle Code of Conduct

The *Fair Trading (Motor Vehicle Insurers and Repairers) Amendment Act 2021* (the Amendment Act) passed both houses of the Parliament on 1 December 2021, and received Royal Assent by the Governor on 9 December 2021.

The Amendment Act seeks to provide for fair, timely and transparent conduct between insurers and repairers so that consumers with damaged motor vehicles are not unduly inconvenienced or unfairly treated because of the business practices in, or disputes between, the motor vehicle insurance and repair industries.

The Amendment Act inserts a new Part 3B into the *Fair Trading Act 1987*, which:

- Allows for a declared industry code to be mandated in relation to the conduct of insurers and repairers in the motor vehicle industry in South Australia (the Code).
- Requires an insurer to disclose to the policy holder any relevant interest held by the insurer in relation to a repairer, as well as whether they have a choice of repairer; and
- Provides for financial penalties for a breach of the Code in the amount of a maximum of \$100,000 for a body corporate and \$20,000 for a natural person.

Consultation on the proposed Code will be undertaken in August 2022. It is anticipated that the new Code will come into effect on 30 November 2022.

7. Farm Debt Mediation

The *Farm Debt Mediation Act 2018* (FDM Act) came into effect in September 2018. The object of the FDM Act is to provide for the efficient and equitable resolution of farm debt disputes by requiring creditors to provide farmers with the opportunity to have the disputes referred to mediation before the creditors are able to take possession of property or other enforcement action under farm mortgages. The Commissioner is responsible for the administration of the FDM Act.

Both farmers and financiers can lodge an application for mediation with the Commissioner who will then arrange for an independent mediator from the office's panel to conduct a formal mediation between the parties.

Cases under the *Farm Debt Mediation Act 2018*

The table below shows the number of cases under the Act and the status of those cases.

Result of cases closed	Total 2021-22	Total 2020-21
Closed - Executed Deed of Settlement	8	14
Closed – Matter unresolved	0	0
Closed - Assistance Provided (no mediation held)	2	4
<i>In progress</i>	4	0
Total	14	18

8. Work Health & Safety

Under Section 274 of the *Work Health and Safety Act 2012*, the Consultative Committee established by the Treasurer must consult with the Commissioner on any new Code of Practice or variation or revocation of a Code.

The Commissioner is required to consider any changes and provide comments or advice considered to be appropriate in the circumstances (including that the Code be varied).

No referrals were received from the Treasurer relating to new Codes of Practice during 2021-22.

9. Small Business Friendly Council

The Small Business Friendly Council (SBFC) Initiative was developed in 2017 to help build stronger, more productive relationships between small business and councils.

To participate in the SBFC Initiative, councils are asked to sign a SBFC charter agreement which sets out five required initiatives that councils agrees to deliver, as well as additional initiatives designed to foster and support small business in their area.

The five required initiatives are:

- Implementing activities to improve the operating environment for small business within council's area.
- Establishing a business advisory group (if one does not already exist) to assist council's understanding of small business in its area.
- Implementing a procurement policy that recognises and supports local small business wherever possible.
- Paying undisputed invoices from small businesses within 30 days.
- Implementing a timely and cost-effective dispute resolution process to manage disputes.

During the 2021-22 financial year, many participating councils continued to assist their small business communities to recover and emerge from the impacts of the COVID-19 pandemic. As at 30 June 2022, 39 councils were participating in the initiative. These include inner metropolitan councils, councils operating in suburbia and the urban fringe, as well as regional, rural and remote councils.

The 2021 Small Business Friendly Council workshop was held on 26 October 2021 at the U City Function Centre in Franklin Street, Adelaide, which is operated by prominent not-for-profit organisation, Uniting Communities.

Participating Small Business Friendly Councils include:

- Adelaide Plains Council
- Alexandrina Council
- Berri Barmera Council
- Campbelltown City Council
- City of Adelaide
- City of Burnside
- City of Charles Sturt
- City of Holdfast Bay
- City of Mount Gambier
- City of Norwood Payneham & St Peters
- City of Onkaparinga
- City of Port Adelaide Enfield
- City of Port Lincoln
- City of Prospect
- City of Salisbury
- City of Tea Tree Gully
- City of Unley
- City of Victor Harbor
- City of West Torrens
- City of Whyalla
- Copper Coast Council
- Corporation of the Town of Walkerville
- District Council of Ceduna
- District Council of Coober Pedy
- District Council of Elliston
- District Council of Franklin Harbour
- District Council of Loxton Waikerie
- District Council of Orroroo Carrieton
- District Council of Tumby Bay
- Light Regional Council
- Mount Barker District Council
- Municipal Council of Roxby Downs
- Port Pirie Regional Council
- Renmark Paringa Council
- The Flinders Ranges Council
- The Rural City of Murray Bridge
- Town of Gawler
- Wudinna District Council
- Yorke Peninsula Council

Small Business Friendly Council Initiative Case Studies

As part of the initiative, councils are asked to provide progress reports for the period from 1 June to 31 May each year. The office showcases best practice and innovative examples from those reports on its website - www.sasbc.sa.gov.au/small-business-friendly-council.

Campbelltown City Council

In August 2020, Campbelltown City Council established its inaugural Small Business Grants Program, offering grants of up to \$5,000 per business for projects that contributed to business growth or local economic development, or up to \$500 for specialist mentoring support. Two rounds of grants are awarded each year, in February and August. The Council allocates \$40,000 per year for the grants program. Small businesses are required to match the funding they receive on a dollar-to-dollar basis.

Over the 2021-22 financial year, Council awarded a total of 11 business grants and 9 mentoring grants.

As part of its program, this year Council also sponsored two young local residents to participate in Business SA's South Australian Young Entrepreneur Scheme. The value of each sponsorship is \$1,400. The SAYES scheme includes mentoring, workshops and networking to assist entrepreneurs aged between 18 and 35 to gain an understanding of business fundamentals.

District Council of Loxton Waikerie

During 2021-22, the District Council of Loxton Waikerie delivered three events, each of which were designed to support the district's small businesses by attracting visitors to the area.

The first of these, 'Tasting Australia – Let the good times flow' delivered a paddock to plate experience for 300 guests on the Loxton Riverfront. Local businesses supplied local produce to diners at the event, which was held in April 2022.

The second event was the inaugural SANFL Russell Ebert Tribute Match. This Australian Rules game between Port Adelaide and West Adelaide was funded by Council and attracted more than 5,000 people to the area, with accommodation booked out region wide.

As part of the Fringe, Council funded a 10-day River Fringe event including events held in Waikerie on the March long weekend. The events attracted large audiences.

Each of these events increased spending in the Council's area, with positive flow-on effects to local small businesses.



Picture: River Fringe by District Council of Loxton Waikerie



Pictures: \$5000 business grants for Continental Taralli Biscuits, The Family Cook, Friday Trailer Company & Floral Atelier

FINANCIAL PERFORMANCE

Financial performance of the office

The following is a summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2021-22 are attached to this report.

Statement of Comprehensive Income	2021-22 Budget \$000s	2021-22 Actual \$000s	Variation \$000s	2020-21 Actual \$000s
Total Income	2 318	2 346	28	2 861
Total Expenses	2 353	2 203	150	2 676
Net Result	(35)	143	178	185
Total Comprehensive Result	(35)	143	178	185

Statement of financial position

This information is unaudited. The detailed 2021-22 audited financial statements and notes to the accounts are attached to this report.

Statement of Financial Position	2021-22 Budget \$000s	2021-22 Actual \$000s	Variation \$000s	2020-21 Actual \$000s
Current assets	1 445	1 693	248	1 514
Non-current assets	87	4	(83)	75
Total assets	1 532	1 697	165	1 589
Current liabilities	283	212	71	296
Non-current liabilities	282	340	(58)	291
Total liabilities	565	552	13	587
Net assets	967	1 145	178	1 002
Equity	967	1 145	178	1 002

Consultants disclosure

The following is a summary of external consultants that have been engaged by the office, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

Consultancies with a contract value below \$10,000 each

Consultancies	Purpose	\$ Actual payment
All consultancies below \$10,000 each - combined	Various	\$734.91

Consultancies with a contract value above \$10,000 each

Consultancies	Purpose	\$ Actual payment
LimeBridge Australia Pty Ltd	Customer service process review	\$49,000

Contractors disclosure

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

Contractors with a contract value above \$10,000 each

Contractors	Purpose	\$ Actual payment
Limebridge Australia Pty Ltd	Provide in-house project management support for the delivery of customer experience process improvements.	\$40,000
Limebridge Australia Pty Ltd	Provide in-house project management support for the delivery of workshops to drive business process improvements and efficiencies for case management.	\$14,000
Total:		\$54,000

RISK MANAGEMENT



Risk and audit at a glance

This information appears in the 2021-22 Annual Report for the Attorney-General's Department.

Fraud detected in the agency

This information appears in the 2021-22 Annual Report for the Attorney-General's Department.

Strategies implemented to control and prevent fraud

This information appears in the 2021-22 Annual Report for the Attorney-General's Department.

Public interest disclosure

This information appears in the 2021-22 Annual Report for the Attorney-General's Department.

REPORTING REQUIRED UNDER ANY OTHER ACT

Act: *Small Business Commissioner Act 2011*

Requirement: S6 (3)(b)
 A Ministerial direction to the Commissioner must be included in the annual report of the Commissioner under the *Public Sector Act 2009*.

Reporting: During 2021-22 the Minister did not issue any directions to the Commissioner.

Act: *Retail and Commercial Leases Act 1995*

Requirement: S78 (1)(a)(i)
 The Commissioner must, on or before 30 September in each year, deliver to the Minister an annual report containing a report on the administration of this Act during the financial year ending on 30 June in that year.

Reporting: During the 2021-22 financial year, the office processed 979 bond lodgements to the value of \$4,914,628.23 and 512 refunds to the value of \$1,085,869.83, of which \$721,897.96 was refunded to the lessee and \$363,971.87 was refunded to lessor/agent.

As at 30 June 2022, bonds liability was \$15,522,074.18 for the 6,307 active bonds.

130 Notice of Claim letters were sent to lessors, lessees and agents. Of these, nine were disputed and referred to the Magistrates Court for resolution pursuant to section 20(6) the *Retail and Commercial Leases Act 1995*.

Lodgements	2021-22	2020-21
Processed	979	1,048
Total amount	\$4,914,628.23	\$4,300,246.49

Refunds	2021-22	2020-21
Processed	512	504
Lessee amount	\$721,897.96	\$544,622.93
Lessor/Agent amount	\$363,971.87	\$297,333.50
Total amount	\$1,085,869.83	\$841,956.43

Act: *Retail and Commercial Leases Act 1995*

Requirement: S78 (1)(b)

The Commissioner must, on or before 30 September in each year, deliver to the Minister an annual report containing a copy of the accounts of the Fund last audited by the Auditor-General.

Reporting: The full 2021-22 audited financial statement for the Retail Shop Leases Fund is attached to this report.

Act: *Retail and Commercial Leases Act 1995*

Requirement: S78 (1)(a)(ii)

The Commissioner must, on or before 30 September in each year, deliver to the Minister an annual report containing a report on the administration of the Fund during the financial year ending on 30 June in that year.

Reporting: All amounts received by the office for security bonds are paid into the Retail Shop Leases Fund (the Fund). This money is held in an operating account and an investment account with the Public Trustee. The operating account caters for bond lodgements and refunds and is maintained at approximately \$200,000 where possible. The account is reviewed monthly and any excess funds are transferred to the investment account.

As at 30 June 2022, the Fund held \$17,853 million (\$0.574 million in the operating account and \$17.279 million in the investment account). The allocation of the funds by Public Trustee is in line with recommendations arising from a review conducted in 2016 by Brett & Watson and is outlined below.

Market value & proportion of portfolio held with the Public Trustee		Proportion
Cash	\$2,250,755.63	13.0%
Net Liabilities / Receivables	\$305,830.73	1.8%
Balanced SIS	\$3,825,446.98	22.1%
Capital Stable SIS	\$10,897,928.37	63.1%
TOTAL	\$17,279,961.71	100.0%

PUBLIC COMPLAINTS

Number of public complaints reported

This information appears in the 2021-22 Annual Report for the Attorney-General's Department.

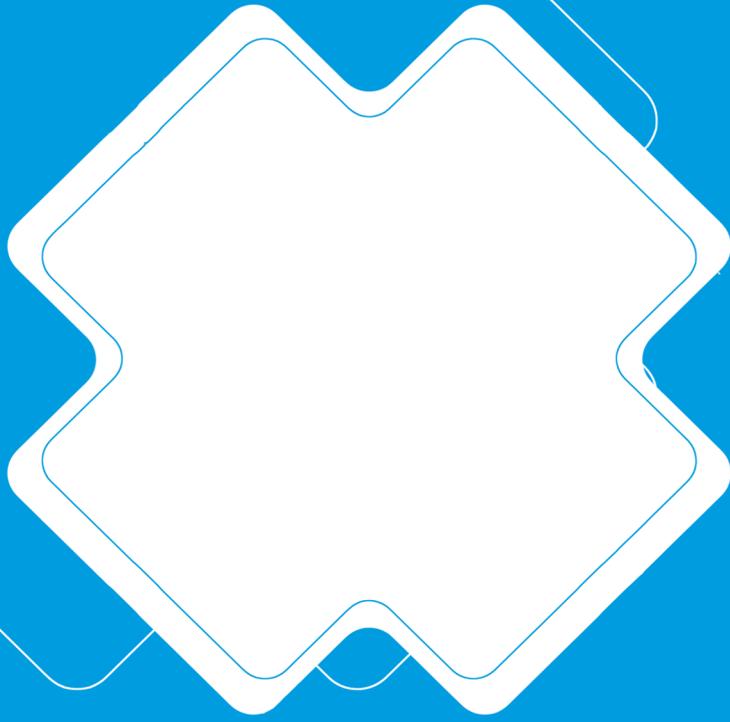
Service Improvements

This information appears in the 2021-22 Annual Report for the Attorney-General's Department.

Compliance statement

The Office of the South Australian Small Business Commissioner is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector.

The Office of the South Australian Small Business Commissioner has communicated the content of PC 039 and the agency's related complaints policies and procedures to employees.



AUDITED FINANCIAL STATEMENTS



Our ref: A22/352 and A22/042

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Ms N Kilvert
Small Business Commissioner
Office of the South Australian Small Business Commissioner
Chesser House, Level 4
95 Grenfell Street
ADELAIDE SA 5000
email: Nerissa.kilvert3@sa.gov.au

Dear Ms Kilvert

Audit of Small Business Commissioner and Retail Shop Leases Fund for the year to 30 June 2022

We have completed the audit of your accounts and those of the Retail Shop Leases Fund for the year ended 30 June 2022. Two key outcomes from the audit are the:

- 1 Independent Auditor's Report on the applicable financial report
- 2 audit management letter.

1 Independent Auditor's Report

We are returning the financial report for the Small Business Commissioner and Retail Shop Leases Fund, with the Independent Auditor's Reports. These reports are unmodified.

The *Public Finance and Audit Act 1987* allows me to publish documents on the Auditor-General's Department website. The enclosed Independent Auditor's Reports and accompanying financial report will be published on that website.

2 Audit management letter

As the audit did not identify any significant matters for either reporting entity requiring management attention, we will not issue an audit management letter.

What the audit covered

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions.

I would like to thank the staff and management of your agency for their assistance during this year's audit.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. O'Donohue', with a long horizontal flourish extending to the right.

Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

30 September 2022

enc



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To the Small Business Commissioner

Opinion

I have audited the financial report of the Small Business Commissioner for the financial year ended 30 June 2022.

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 2022, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Small Business Commissioner and 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 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 (including Independence Standards)* have been met.

I believe that the audit evidence I have 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 relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards – Simplified Reporting Requirements, 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.

In preparing the financial report, the Commissioner is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Commissioner is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial report

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 2022.

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 Commissioner

- conclude on the appropriateness of the Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- 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 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.



Daniel O'Donohue

Assistant Auditor-General (Financial Audit)

29 September 2022

Small Business Commissioner

Financial Statements

For the year ended 30 June 2022

Small Business Commissioner
Certification of the Financial Statements
for the year ended 30 June 2022

We certify that the:

- financial statements of the Small Business Commissioner :
 - are in accordance with the accounts and records of the Commissioner;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Commissioner at the end of the financial year and the result of its operation and cash flows for the financial year.
- internal controls employed by the Small Business Commissioner for the financial year over its financial reporting and its preparation of financial statements have been effective.



Nerissa Kilvert
Small Business Commissioner
28 September 2022



Ashlee King
Manager, Business Services
28 September 2022

Small Business Commissioner
Statement of Comprehensive Income
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Intra-government transfers	2.1	2 120	2 600
Recoveries	2.2	194	194
Resources received free of charge	2.3	22	53
Mediation Income		5	6
Other income		5	8
Total income		2 346	2 861
Expenses			
Employee benefits expenses	3.2	1 639	1 713
Supplies and services	4.1	478	823
Depreciation and amortisation		69	126
Grants and subsidies		4	1
Other expenses	4.2	13	13
Total expenses		2 203	2 676
Net result		143	185
Total comprehensive result		143	185

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 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents		1 480	1 481
Receivables	6.1	213	33
Total current assets		1 693	1 514
Non-current assets			
Property, plant and equipment	5.1	4	35
Intangible assets	5.2	-	40
Total non-current assets		4	75
Total assets		1 697	1 589
Current liabilities			
Employee benefits	3.3	162	223
Payables	7.1	38	62
Lease liabilities	7.2	-	5
Provisions	7.3	12	6
Total current liabilities		212	296
Non-current liabilities			
Employee benefits	3.3	284	257
Payables	7.1	27	24
Provisions	7.3	29	10
Total non-current liabilities		340	291
Total liabilities		552	587
Net assets		1 145	1 002
Equity			
Retained earnings		1 145	1 002
Total equity		1 145	1 002

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 2022

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2020	817	817
Net result for 2020-21	185	185
Total comprehensive result for 2020-21	185	185
Balance at 30 June 2021	1 002	1 002
Net result for 2021-22	143	143
Total comprehensive result for 2021-22	143	143
Balance at 30 June 2022	1 145	1 145

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 2022

	2022 Inflows (Outflows) \$'000	2021 Inflows (Outflows) \$'000
Cash flows from operating activities		
Cash inflows		
Intra government transfers	2 120	2 600
Recoveries from Retail Shop Leases Fund	-	194
Mediation receipts	5	6
Other receipts	5	3
Cash generated from operating activities	2 130	2 803
Cash outflows		
Employee benefit payments	(1 674)	(1 741)
Payments for supplies and services	(449)	(826)
Payments of grants and subsidies	(4)	(1)
Cash used in operating activities	(2 127)	(2 568)
Net cash provided by / (used in) operating activities	3	235
Cash outflows		
Repayment of leases	(4)	(7)
Cash used by financing activities	(4)	(7)
Net cash provided by / (used in) financing activities	(4)	(7)
Net increase / (decrease) in cash and cash equivalents	(1)	228
Cash and cash equivalents at the beginning of the reporting period	1 481	1 253
Cash and cash equivalents at the end of the reporting period	1 480	1 481

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 2022

1. About the Small Business Commissioner

The Small Business Commissioner (the Commissioner) is a not-for-profit 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 administers the operations of the Retail Shop Leases Fund (RSLF) through its statutory responsibilities under *Retail and Commercial Leases Act 1995*. A separate financial report is prepared for the Retail Shop Leases Fund as per section 78 of the *Retail and Commercial Leases Act 1995*.

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 applying simplified disclosures.

These are the first financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year, the financial statements were prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There has been no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of the Commissioner as a result of the change in the basis of preparation.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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.

Significant accounting policies are set out throughout the notes.

The Commissioner is liable for fringe benefits tax (FBT) and goods and services tax (GST).

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.

Cash flows are included in the Statement of Cash Flows on a gross basis, and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

The net amount of the GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the RSLF is a member of an approved GST group of which the Attorney-General's Department (AGD) is responsible for the remittance and collection of GST.

Small Business Commissioner
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.2. Objectives and Programs

As an independent voice, the Commissioner is an avid supporter and advocate for South Australian small businesses while striving to provide fast, fair and low-cost dispute resolution on matters impacting their day-to-day operation.

The Commissioner is an independent statutory officer and is responsible for the administration and provision of information on the Small Business Commissioner Act 2011, 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, COVID-19 Emergency Response Act 2020 and the related regulations.

The key role and objectives of the Commissioner include:

- Facilitate no or low-cost alternative dispute resolution processes between small businesses, and between small businesses and state or local government.
- Amplify the views, challenges and experiences of small business operators on issues that impact their ability to do business, including assisting them navigate complexity & challenges in dealings with state and local government bodies.
- Collaborate and engage with small businesses operators, governments, industry, and the community to create a thriving business environment.
- Strengthen the integrity of the small business sector by providing information & advice about legislative obligations under Acts administered by the Commissioner and enforcing compliance with those legislative requirements where appropriate.
- Deliver a fast, fair and consistent customer experience.

1.3. Impact of COVID-19 pandemic on Small Business Commissioner

- The COVID-19 pandemic substantially impacted the operations of the Commissioner in previous years, however, in 2021-22, the impacts had significantly reduced due to the expiry of the COVID-19 Emergency Response (Commercial Leases No.2) Regulations 2020 on 3 January 2021. Under the regulation
- The Commissioner continued to mediate disputes in 2021-2022 with which the regulations dealt, notwithstanding their expiry, if it related to:
 - An application for mediation to resolve a relevant dispute about a lessee's entitlement to rent relief in respect of financial hardship experienced during the prescribed period.
 - A dispute lodged prior to the expiry of the regulations, but not resolved or mediated by the date of expiry.
- During 2021-22, the Commissioner conducted 21 mediations under the COVID-19 Emergency Response (Commercial Leases No 2) Regulations 2020 (out of a total of 49 mediations held during this time).

Small Business Commissioner
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2. Income

2.1. Intra-government transfers

	2022	2021
	\$'000	\$'000
Intra-government transfers	2 120	2 600
Total intra-government transfers	2 120	2 600

Relates to transfers for operational funding received via AGD. Intra-government transfers are recognised as income on receipt.

2.2. Recoveries

	2022	2021
	\$'000	\$'000
Retail Shop Leases Fund administration fees	186	186
Retail Shop Lease administration fees - Other - Audit	8	8
Total recoveries	194	194

Relates to recoveries for part of the cost of administering the RSLF and are recognised as income on receipt.

2.3. Resources received free of charge

	2022	2021
	\$'000	\$'000
Services received free of charge - Shared Services SA	16	16
Services received free of charge - ICT	6	6
Donated asset	-	31
Total resources received free of charge	22	53

Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

The Commissioner receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA and ICT services from Department of Premier and Cabinet (DPC).

Small Business Commissioner
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3. Employee Benefits

3.1. 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.

Total compensation for the key management personnel was \$345 000 in 2021-22 and \$309 000 in 2020-21. Total compensation in 2021-22 includes outstanding leave payments.

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*.

There were no significant transactions with key management personnel and other related parties.

3.2. Employee benefits expenses

	2022	2021
	\$'000	\$'000
Salaries and wages	1 159	1 379
Employment on-costs - superannuation	129	144
Annual leave	153	105
Employment on-costs - other	74	80
Workers' compensation	24	5
Long service leave	95	(17)
Skills and experience retention leave	5	17
Total employee benefits expenses	1 639	1 713

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. The Department of Treasury and Finance (DTF) centrally recognises the super liability in the whole of government financial statements.

Employee remuneration

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

	2022	2021
	No	No
\$157 001 to \$177 000	1	-
\$177 001 to \$197 000	1	-
\$297 001 to \$317 000	-	1
Total	2	1

The total remuneration received by these employees for the year was \$0.35 million (2021: \$0.31 million).

The table includes two 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, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and any related fringe benefits tax paid.

Small Business Commissioner
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.3. Employee benefits liability

	2022	2021
	\$'000	\$'000
Current		
Accrued salaries and wages	8	45
Annual leave	120	133
Long service leave	19	25
Skills and experience retention leave	15	20
Total current employee benefits	<u>162</u>	<u>223</u>
Non-current		
Long service leave	284	257
Total non-current employee benefits	<u>284</u>	<u>257</u>
Total employee benefits	<u><u>446</u></u>	<u><u>480</u></u>

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.

Salary inflation rate for annual leave, skills, experience and retention leave liability changed to 1.5% (2.0%: 2021).

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.

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

The actuarial assessment performed by DTF 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 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 changed to 3.5% from 1.25% in 2021.

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability. The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$37 000 and employee benefits expense of \$37 000.

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.

Small Business Commissioner
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.3 Employee benefits liability (Continued)

The actuarial assessment performed by DTF has kept the salary inflation rate the same at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The Commissioner classifies current long service leave based on its best estimate of the amount to be paid in the coming year based on prior year actual long service leave taken.

4. Expenses

4.1. Supplies and services

	2022	2021
	\$'000	\$'000
Accommodation	106	301
Information technology and communications charges	99	73
Office administration expenses	76	96
Contractors	55	14
Consultants	50	8
Mediation fees	46	214
Marketing	27	36
Staff related expenses	12	8
Travel and related expenses	4	16
Business training and development support	2	3
Repairs & maintenance and minor purchases	1	54
Total supplies and services	478	823

Accommodation

The Commissioner's accommodation is provided by the Department for Infrastructure and Transport under a Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly are expensed.

4.2. Other expenses

	2022	2021
	\$'000	\$'000
Audit fees	13	13
Total other expenses	13	13

Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

Small Business Commissioner
Notes to and forming part of the financial statements
For the year ended 30 June 2022

5. Non-financial assets

5.1. Property, plant and equipment

All non-current tangible assets with a value equal to or in excess of \$10 000 are capitalised, otherwise it is expensed. Leasehold improvements are recorded at fair value.

	Leasehold improvements	ROU Vehicles	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	31	4	35
Other	-	(2)	(2)
Subtotal:	31	2	33
Gains/(losses) for the period recognised in net result:			
Depreciation	(27)	(2)	(29)
Subtotal:	(27)	(2)	(29)
Carrying amount at the end of the period	<u>4</u>	<u>-</u>	<u>4</u>
Gross carrying amount			
Gross carrying amount	31	18	49
Accumulated depreciation/amortisation	(27)	(18)	(45)
Carrying amount at the end of the period	<u>4</u>	<u>-</u>	<u>4</u>

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.

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.

Useful lives

Depreciation and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

Class of asset	Useful life (years)
Right of use vehicle	3
Intangible / software	1-5
Leasehold improvements	Life of lease

Small Business Commissioner
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3.3 Employee benefits liability (Continued)

Right of use vehicles

Right of use vehicles leased by the Commissioner is measured at cost.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15 000 are not recognised as right-of-use assets.

The Commissioner does not have a vehicle lease with the South Australian Government Financing Authority (SAFA). The previous Commissioner was employed from July to September 2021 and had 1 motor vehicle lease with SAFA. Motor vehicle lease is non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreement and no options exist to renew the lease at the end of their term.

The lease liabilities related to the right-of-use vehicles and the maturity analysis of its lease liabilities are disclosed in note 7.2. Depreciation expenses related to the leases is disclosed in note 5.1.

5.2. Intangible assets

Reconciliation 2021-22	Computer software	Total
	\$'000	\$'000
Carrying amount at 1 July 2021	40	40
Subtotal:	40	40
Gains/(losses) for the period recognised in net result:		
Amortisation	(40)	(40)
Subtotal:	(40)	(40)
Carrying amount at the end of the period	-	-
Gross carrying amount		
Gross carrying amount	260	260
Accumulated depreciation/amortisation	(260)	(260)
Carrying amount at the end of the period	-	-

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.

Small Business Commissioner
Notes to and forming part of the financial statements
For the year ended 30 June 2022

6. Financial Assets

6.1. Receivables

	2022 \$'000	2021 \$'000
Current		
Receivables	204	3
Total receivables	<u>204</u>	<u>3</u>
Prepayments	9	30
Total current receivables	<u>213</u>	<u>33</u>

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

The Commissioner did not recognise an impairment loss on receivables 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.

7. Liabilities

Employee benefits liabilities are disclosed in note 3.3.

7.1. Payables

	2022 \$'000	2021 \$'000
Current		
Accrued expenses	13	30
Employment on-costs	25	32
Total current payables	<u>38</u>	<u>62</u>
Non-current		
Employment on-costs	27	24
Total non-current payables	<u>27</u>	<u>24</u>
Total payables	<u>65</u>	<u>86</u>

Payables are measured at nominal amounts.

Payables and accruals are raised for all amounts owing but unpaid. 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.

Small Business Commissioner
Notes to and forming part of the financial statements
For the year ended 30 June 2022

7.1. Payables (Continued)

Employment on-costs

Employment on-costs include payroll tax, ReturnToWorkSA 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 DTF, the portion of long service leave taken as leave has remained the same at 42%, and the average factor for the calculation of employer superannuation cost on-cost has increased to 10.6% (10.1%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial.

7.2. Lease liabilities

A maturity analysis of lease liabilities based on undiscounted gross cash flows is reported in the table below:

	2022	2021
	\$'000	\$'000
Lease Liabilities		
up to 1 year	-	5
Total lease liabilities (undiscounted)	-	5

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTFs incremental borrowing rate. There were no defaults or breaches on any of the financial liabilities throughout the year.

The borrowing costs associated with these lease liabilities was nil (2021: nil).

Total cash outflows for lease for \$5 000 (2021: \$5 000).

All material cash outflows are reflected in the lease liabilities disclosed above.

Small Business Commissioner
Notes to and forming part of the financial statements
For the year ended 30 June 2022

7.3. Provisions

All provisions relate to Workers Compensation.	2022	2021
	\$'000	\$'000
Reconciliation of workers compensation (statutory and non-statutory)		
Carrying amount at the beginning of the period	16	12
Additional provisions recognised	25	4
Carrying amount at the end of the period	41	16

The Commissioner is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the Commissioner is responsible for the management of workers rehabilitation and compensation and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventive programs.

Accordingly, a liability has been reported to reflect unsettled workers compensation claims, The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector Employment.

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also around the timing of future payments due the variety of factors involved. The liability is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

8. Outlook

8.1. Unrecognised commitments

The Commissioner's expenditure commitments are for agreements for:

- Mediation services
- Software licences
- MoAA with DIT for office accommodation

	2022	2021
	\$'000	\$'000
Within one year	180	92
Later than one year but not longer than five years	617	230
Later than five years	558	-
Total expenditure commitments	1 355	322

8.2. Contingent assets and liabilities

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



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To the Small Business Commissioner

Opinion

I have audited the financial report of the Retail Shop Leases Fund for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Retail Shop Leases Fund as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Small Business Commissioner and 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 Retail Shop Leases Fund. 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 (including Independence Standards)* have been met.

I believe that the audit evidence I have 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 relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards – Simplified Reporting Requirements, 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.

In preparing the financial report, the Commissioner is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Commissioner is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 72(2) of the *Retail and Commercial Leases Act 1995*, I have audited the financial report of Retail Shop Leases Fund for the financial year ended 30 June 2022.

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 Retail Shop Leases Fund's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner

- conclude on the appropriateness of the Commissioner’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor’s report. However, future events or conditions may cause an entity to cease to continue as a going concern
- 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 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.



Daniel O’Donohue
Assistant Auditor-General (Financial Audit)

30 September 2022

Retail Shop Leases Fund

Financial Statements

For the year ended 30 June 2022

Retail Shop Leases Fund
Certification of the Financial Statements
for the year ended 30 June 2022

We certify that the:

- financial statements of the Retail Shop Leases Fund:
 - are in accordance with the accounts and records of the Retail Shop Leases Fund;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Retail Shop Leases Fund at the end of the financial year and the result of its operation and cash flows for the financial year.

- internal controls employed by the Retail Shop Leases Fund for the financial year over its financial reporting and its preparation of financial statements have been effective.



Nerissa Kilvert
Small Business Commissioner
29 September 2022



Ashlee King
Manager, Business Services
29 September 2022

Retail Shop Leases Fund
Statement of Comprehensive Income
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Interest and investment income	2.1	429	504
Gain on revaluation of investments		-	329
Total income		429	833
Expenses			
Loss on revaluation of investments		1 115	-
Administration	3.1	196	186
Other expenses	3.2	8	8
Total expenses		1 319	194
Net result		(890)	639
Total comprehensive result		(890)	639

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

Retail Shop Leases Fund
Statement of Financial Position
as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents	4.1	610	409
Receivables	4.2	308	331
Investments	4.3	2 251	1 421
Total current assets		3 169	2 161
Non-current assets			
Investments	4.3	14 723	12 588
Total non-current assets		14 723	12 588
Total assets		17 892	14 749
Current liabilities			
Security bonds lodged	5.1	2 124	1 385
Payables	5.2	203	2
Total current liabilities		2 327	1 387
Non-current liabilities			
Security bonds lodged	5.1	13 398	10 305
Total non-current liabilities		13 398	10 305
Total liabilities		15 725	11 692
Net assets		2 167	3 057
Equity			
Retained earnings		2 167	3 057
Total equity		2 167	3 057

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

Retail Shop Leases Fund
Statement of Changes in Equity
for the year ended 30 June 2022

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2020	<u>2 418</u>	<u>2 418</u>
<u>Net result for 2020-21</u>	639	639
Total comprehensive result for 2020-21	<u>639</u>	<u>639</u>
Balance at 30 June 2021	<u>3 057</u>	<u>3 057</u>
<u>Net result for 2021-22</u>	(890)	(890)
Total comprehensive result for 2021-22	<u>(890)</u>	<u>(890)</u>
Balance at 30 June 2022	<u><u>2 167</u></u>	<u><u>2 167</u></u>

Retail Shop Leases Fund
Statement of Cash Flows
for the year ended 30 June 2022

	2022	2021
	Inflows (Outflows)	Inflows (Outflows)
Note	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Bonds lodged	4 917	4 300
Cash generated from operating activities	4 917	4 300
Cash outflows		
Administration	6	(186)
Bond refunds	(1 086)	(842)
Other expenses	(6)	(8)
Cash used in operating activities	(1 086)	(1 036)
Net cash provided by (used in) operating activities	3 831	3 264
Cash flows from investing activities		
Cash outflows		
Purchase of investments	(3 630)	(3 010)
Cash used in investing activities	(3 630)	(3 010)
Net cash used in investing activities	(3 630)	(3 010)
Net increase / (decrease) in cash and cash equivalents	201	254
Cash and cash equivalents at the beginning of the reporting period	409	155
Cash and cash equivalents at the end of the reporting period	610	409
4.1		

The accompanying notes form part of these financial statements.

Retail Shop Leases Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2022

1. About the Retail Shop Leases Fund

The Retail Shop Leases Fund (RSLF) is established under the *Retail and Commercial Leases Act 1995* (the Act). The financial statements are required by section 72(1) of the Act and include income, expenses, assets and liabilities which the Small Business Commissioner (the Commissioner) manages on behalf of the SA Government.

The RSLF does not control any other entity and has no interest in unconsolidated structured entities.

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 applying simplified disclosures.

These are the first financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year, the financial statements were prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There has been no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of the RSLF as a result of the change in the basis of preparation.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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.

Significant accounting policies are set out throughout the notes.

Income, expenses and assets are recognised net of the amount of goods and services tax (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.

Cash Flows are included in the Statement of Cash Flows on a gross basis, and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

The net amount of the GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the RSLF is a member of an approved GST group of which the Attorney-General's Department is responsible for the remittance and collection of GST.

Retail Shop Leases Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2022

1.2. Objectives and activities

The RSLF consists of amounts received by the Commissioner by way of security bonds, and other amounts paid into the RSLF under the *Retail and Commercial Leases Act 1995* (the Act). Income derived from the investment of the RSLF may be applied towards the costs of administering the Act, enforcing the Act and education of lessors and lessees about their statutory and contractual rights and obligations as approved by the responsible Minister.

The RSLF's main source of income is interest derived and distributions from the investment of RSLF assets in accordance with subsection 100(4) of the Act. RSLF assets mainly represent the investment of security bonds received in accordance with subsection 19(5)(b) of the Act.

1.3. Impact of COVID-19 pandemic on the Fund

The COVID-19 pandemic and its effects on the global economy continued in 2021-22. The key impacts were:

- The crediting rate on Cash investments remained low for majority of the year due to low interest rates, however improved in June 2022 due to increases in the Reserve Bank of Australia Cash Rate.
- Lower investment returns in both Australian and Overseas Equity Markets with a corresponding fall in portfolio growth.

2. Income

2.1. Interest and investment

	2022	2021
	\$'000	\$'000
Interest and investment	429	504
Total interest and investment	429	504

Interest and investment income is recognised as it accrues and includes interest, distributions and the change in market fair value of the RSLF's bank accounts and investments held with the Public Trustee.

Retail Shop Leases Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3. Expenses

3.1. Administration

	2022	2021
	\$'000	\$'000
Administration	196	186
Total administration	196	186

Reimbursements to the Commissioner for part of the cost of administering Part 10 of the Act.

3.2. Other expenses

	2022	2021
	\$'000	\$'000
Audit fee*	8	8
Total other expenses	8	8

*Includes Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

4. Financial assets

4.1. Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Cash at bank	610	409
Total cash and cash equivalents	610	409

Operating account held with the Commonwealth Bank.

4.2. Receivables

	2022	2021
	\$'000	\$'000
Accrued interest	308	331
Total receivables	308	331

Accrued interest is non-interest bearing.

Retail Shop Leases Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2022

4.3. Investments

	2022	2021
	\$'000	\$'000
Current		
Investments	2 251	1 421
Total current investments	<u>2 251</u>	<u>1 421</u>
Non-current		
investments	14 723	12 588
Total non-current investments	<u>14 723</u>	<u>12 588</u>
Total investments	<u>16 974</u>	<u>14 009</u>

Investments represent funds deposited with the Public Trustee. These investments have been designated as fair value through the statement of comprehensive income as they are held with the intention to dispose of the asset if required to ensure sufficient cash flow to meet bond repayments. Investments are made by way of unit holdings in a selection of common funds managed by the Public Trustee. The proportion of unit holdings is dependent upon the investment strategy adopted.

As at 30 June 2022 the RSLF held investments in common funds in the following proportions:

Cash Common Fund	13.03 % (2021: 9.91%)
Net Liabilities / Receivables	1.77 % (2021: 2.30%)
Balanced	22.14 % (2021: 23.32%)
Capital Stable	63.07 % (2021: 64.48%)

Investments are measured at fair value in accordance with unit prices at balance date as advised by the applicable fund manager. Investments are classified as either current or non-current. Those to be rolled over within 12 months are classified as current investment.

Retail Shop Leases Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2022

5. Liabilities

5.1. Security bonds lodged

	2022	2021
	\$'000	\$'000
Current		
Bonds lodged	2 124	1 385
Total current security bonds lodged	2 124	1 385
Non-current		
Bonds lodged	13 398	10 305
Total non-current security bonds lodged	13 398	10 305
Total security bonds lodged	15 522	11 690

Security bonds are received to ensure a lessee on cessation of a retail shop lease complies with all statutory compliance under the Act. Bonds lodged are recognised as a liability on receipt. The increase in bonds lodgements is mainly due to the amendments to the Act which came into effect 1 July 2020 which allows for a bond of up to 3 months to be taken (previously 4 weeks).

5.2. Payables

	2022	2021
	\$'000	\$'000
Creditors	202	-
Unclaimed bonds	1	2
Total payables	203	2

Unclaimed security bonds consist of bonds that have been refunded to the bond holder and remain unrepresented for greater than three months. Security bonds which are unclaimed for longer than 6 years are transferred to the Department of Treasury and Finance Unclaimed Monies account. In 2021-22 the Commissioner transferred \$1 000 in unclaimed monies to the Department of Treasury and Finance Unclaimed Monies account.

Retail Shop Leases Fund

Notes to and forming part of the financial statements

For the year ended 30 June 2022

6. Outlook

6.1. Unrecognised contractual commitments

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

6.2. Contingent assets and liabilities

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

6.3. Events after the reporting period

The Fund is not aware of any events occurring after the balance date that would affect these financial statement

7. Measurement and risk

7.1. Financial instruments

Financial risk management

Risk management is managed by the Commissioner and the Fund's risk management policies are in accordance with the SA Government Risk Management Guide and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The Fund is invested as approved by the Minister in accordance with section 70(4) of the Act.

All cash balances and cash common funds held with the Public Trustee are available at call. Investments held with the Public Trustee are classified as 'fair value through the profit and loss' financial assets. Net gains or losses resulting from movements in fair value of investments are recognised through the profit and loss.

Investments represent funds held with the Public Trustee. The Public Trustee has invested in collective investment vehicles for the purpose of gaining exposure to Australian and international equities. The managers of such vehicles have invested in a variety of financial instruments which expose the fund to investment risks including market, credit, interest and currency risks. At reporting date funds totalling \$16.97 million were invested with the Public Trustee. Pooled investment funds are not rated for credit risk. The Public Trustee considers the credit risk for individual fund managers prior to investing funds and reviews these assessments quarterly.

Impairment of financial assets

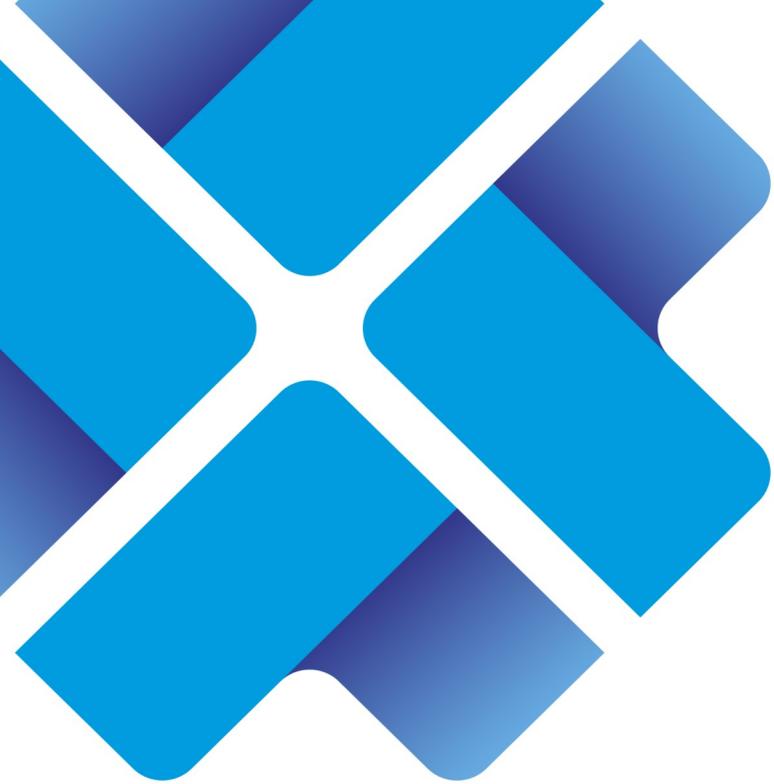
The fund considers that its financial assets have low credit risk based on the external credit ratings of the counter parties and therefore the expected credit risk is nil.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

Classification of financial instruments

With the exception of investments with the Public Trustee, all financial instruments are measured at amortised cost and have a contract maturity of within one year.



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SOUTH AUSTRALIA

**Small Business
Commissioner**



**Government
of South Australia**