

# Small Business Commissioner

Financial report  
for the year ended  
30 June 2021



Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

## To the Small Business Commissioner

### Opinion

I have audited the financial report of the Small Business Commissioner for the financial year ended 30 June 2021.

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 2021, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant 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 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 Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that 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 Small Business Commissioner for the financial year ended 30 June 2021.

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.



Andrew Richardson

**Auditor-General**

24 September 2021

# **Small Business Commissioner**

## **Financial Statements**

For the year ended 30 June 2021

**Small Business Commissioner**  
**Certification of the Financial Statements**  
*for the year ended 30 June 2021*

---

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.



John Chapman  
Small Business Commissioner  
24 September 2021



Rosanne Davies  
Manager, Business Services  
24 September 2021

**Small Business Commissioner**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2021*

	Note	2021 \$'000	2020 \$'000
<b>Income</b>			
Intra-government transfers	2.1	2 600	1 885
Recoveries	2.2	194	194
Resources received free of charge	2.3	53	16
Mediation Income		6	9
Other income		8	-
<b>Total income</b>		<b>2 861</b>	<b>2 104</b>
<b>Expenses</b>			
Employee benefits expenses	3.2	1 713	1 522
Supplies and services	4.1	823	496
Depreciation and amortisation	4.2	126	161
Grants and subsidies		1	85
Other expenses	4.3	13	19
<b>Total expenses</b>		<b>2 676</b>	<b>2 283</b>
<b>Net result</b>		<b>185</b>	<b>(179)</b>
<b>Total comprehensive result</b>		<b>185</b>	<b>(179)</b>

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

**Small Business Commissioner**  
**Statement of Financial Position**  
*for the year ended 30 June 2021*

	Note	2021 \$'000	2020 \$'000
<b>Current assets</b>			
Cash and cash equivalents		1 481	1 253
Receivables	6.1	33	28
<b>Total current assets</b>		<b>1 514</b>	<b>1 281</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.1	35	87
Intangible assets	5.5	40	81
<b>Total non-current assets</b>		<b>75</b>	<b>168</b>
<b>Total assets</b>		<b>1 589</b>	<b>1 449</b>
<b>Current liabilities</b>			
Employee benefits	3.3	223	208
Payables	7.1	62	63
Financial liabilities	7.2	5	9
Provisions	7.3	6	5
<b>Total current liabilities</b>		<b>296</b>	<b>285</b>
<b>Non-current liabilities</b>			
Employee benefits	3.3	257	311
Payables	7.1	24	29
Provisions	7.3	10	7
<b>Total non-current liabilities</b>		<b>291</b>	<b>347</b>
<b>Total liabilities</b>		<b>587</b>	<b>632</b>
<b>Net assets</b>		<b>1 002</b>	<b>817</b>
<b>Equity</b>			
Retained earnings		1 002	817
<b>Total equity</b>		<b>1 002</b>	<b>817</b>

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

**Small Business Commissioner**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2021*

---

	Retained earnings
	\$'000
<b>Balance at 1 July 2019</b>	<u>996</u>
Net result for 2019-20	<u>(179)</u>
<b>Total comprehensive result for 2019-20</b>	<u>(179)</u>
<b>Balance at 30 June 2020</b>	<u>817</u>
Net result for 2020-21	<u>185</u>
<b>Total comprehensive result for 2020-21</b>	<u>185</u>
<b>Balance at 30 June 2021</b>	<u><u>1 002</u></u>

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 2021*

	2021 Inflows (Outflows) \$'000	2020 Inflows (Outflows) \$'000
<b>Cash flows from operating activities</b>		
<b>Cash inflows</b>		
Intra government transfers	2 600	1 885
Recoveries from Retail Shop Leases Fund	194	195
Mediation receipts	6	9
Other recoveries	3	11
<b>Cash generated from operating activities</b>	<b>2 803</b>	<b>2 100</b>
<b>Cash outflows</b>		
Employee benefit payments	(1 741)	(1 365)
Payments for supplies and services	(826)	(530)
Payments of grants and subsidies	(1)	(85)
<b>Cash used in operating activities</b>	<b>(2 568)</b>	<b>(1 980)</b>
<b>Net cash provided by / (used in) operating activities</b>	<b>235</b>	<b>120</b>
<b>Cash flows from investing activities</b>		
<b>Cash inflows</b>		
Purchase of PPE and Intangibles	-	(15)
<b>Cash used in investing activities</b>	<b>-</b>	<b>(15)</b>
<b>Net cash provided by / (used in) investing activities</b>	<b>-</b>	<b>(15)</b>
<b>Cash flows from financing activities</b>		
<b>Cash outflows</b>		
Repayment of leases	(7)	(9)
<b>Cash used by financing activities</b>	<b>(7)</b>	<b>(9)</b>
<b>Net cash provided by / (used in) financing activities</b>	<b>(7)</b>	<b>(9)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>228</b>	<b>96</b>
Cash and cash equivalents at the beginning of the reporting period	1 253	1 157
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1 481</b>	<b>1 253</b>

The accompanying notes form part of these financial statements.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

---

**1. About the Small Business Commissioner**

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

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

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

**1.1. Basis of preparation**

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

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

For the purpose of preparing the financial statements, the Small Business Commissioner is a not-for-profit entity. The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of 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.

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

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

---

**1.2. Objectives and Programs**

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

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

The objectives of the Commissioner are:

- Provides no or low-cost dispute resolution services for businesses
- Develops, promotes and enforces Industry Codes of Conduct (under the *Fair Trading Act 1987*)
- Provides a range of information services
- Acts as an advocate for the sector
- Performs inquiries on behalf of the responsible Minister or own motion
- Administers the *Small Business Commissioners Act 2011* and operates within relevant sections of the *Fair Trading Act 1987*
- Administers the *Retail and Commercial Leases Act 1995*
- Oversees the *Building and Construction Industry Security of Payments Act 2009*
- Dispute resolution body for *Late Payment of Government Debts (Interest) Act 2013*
- Administers the *Farm Debt Mediation Act 2018*
- Handles disputes in relation to mobile food vendors under the relevant section of the *Local Government Act 1999*
- Manages retail and commercial leasing matters and mediations under the *COVID-19 Emergency Response Act 2020* and *COVID-19 Emergency Response (Commercial Leases No 2) Regulations 2020*

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

---

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

The COVID-19 pandemic has impacted on the operations of the Commissioner and the impacts are included under the relevant disclosure notes. The key impacts in 2020-21 were:

- The Commissioner continued to see high levels of enquiries with September and October 2020 showing a 44% and 32% increase on the same time the previous year. 58% of total enquiries for the year were in relation to leasing issues (compared with 47% the previous year) and 28% of all enquires directly related to COVID affected business.
- During this financial year the Commissioner conducted 193 mediations over 196 mediation days under the COVID-19 Emergency Response (Commercial Leases No 2) Regulations 2020 (out of a total of 223 mediations held during this time).
- The staff of the Commissioner continued working from home arrangements due to the pandemic (which began on 23 March 2020). As of 25 September 2020 the Commissioner reopened the Small Business Centre to the public and the office implemented a system for the rotation of staff to actively take calls from the public.
- 7 new position were created between June 2020 and June 2021 to respond to the increases in mediation activity and extra short-term accommodation was secured. These roles were staffed by 3.8 FTE's over various short-term contracts.
- 4 additional mediators were appointed to the Commissioner's panel in 2020 to assist with the increased mediation workload.
- The actual expenditure for performing responsibilities under the COVID-19 Emergency Response (Commercial Leases No 2) Regulations 2020 were \$1.212 million, this includes \$557,000 in staffing, \$461,000 in administration expenses (which includes \$152,000 in additional accommodation sought to hold mediations) and \$194,000 in mediation fees.

## 2. Income

### 2.1. Intra-government transfers

	2021	2020
	\$'000	\$'000
Intra-government transfers	2 600	1 885
<b>Total intra-government transfers</b>	<b>2 600</b>	<b>1 885</b>

Relates to transfers for operational funding received via the Attorney-General's Department (AGD). Intra-government transfers are recognised as income on receipt.

### 2.2. Recoveries

	2021	2020
	\$'000	\$'000
Retail Shop Leases Fund administration fees	186	187
Retail Shop Lease administration fees - Other - Audit	8	7
<b>Total recoveries</b>	<b>194</b>	<b>194</b>

### 2.3. Resources received free of charge

	2021	2020
	\$'000	\$'000
Donated asset	31	-
Services received free of charge - Shared Services SA	16	16
Services received free of charge – Department of Premier and Cabinet	6	-
<b>Total resources received free of charge</b>	<b>53</b>	<b>16</b>

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

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

---

### 3. Board, committees and employees

#### 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 \$309 000 in 2020-21 and \$290 000 in 2019-20.

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 related party transactions.

#### 3.2. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	1 379	1 141
Employment on-costs - superannuation	144	128
Annual leave	105	98
Employment on-costs - other	80	72
Workers' compensation	5	7
Long service leave	(17)	71
Skills and experience retention leave	17	5
<b>Total employee benefits expenses</b>	<b>1 713</b>	<b>1 522</b>

#### Employment on-costs - superannuation

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

#### Executive remuneration

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

	2021	2020
	No	No
\$274 001 – \$294 000	-	1
\$294 001 – \$314 000	1	-
<b>Total</b>	<b>1</b>	<b>1</b>

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

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

---

**3.3. Employee benefits liability**

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Accrued salaries and wages	45	41
Annual leave	133	144
Long service leave	25	10
Skills and experience retention leave	20	13
<b>Total current employee benefits</b>	<u>223</u>	<u>208</u>
<b>Non-current</b>		
Long service leave	<u>257</u>	311
<b>Total non-current employee benefits</b>	<u>257</u>	<u>311</u>
<b>Total employee benefits</b>	<u>480</u>	<u>519</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.

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

**Long service leave**

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 9.1.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

---

#### 4. Expenses

Employee benefits expenses are disclosed in note 3.2.

##### 4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Accommodation	301	161
Mediation fees	214	25
Office administration expenses	110	109
Information technology and communications charges	73	93
Repairs & maintenance and minor purchases	54	1
Marketing	36	44
Travel and related expenses	16	40
Contractors	8	13
Staff related expenses	8	9
Business training and development support	3	1
<b>Total supplies and services</b>	<b>823</b>	<b>496</b>

##### Accommodation

The Commissioner's accommodation is provided by the Department of Infrastructure and Transport (DIT) under Memoranda of Administrative Arrangement issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of lease set out in AASB 16.

In June 2020, the Commissioner sought additional accommodation to assist with the increase of mediations. Space at Level 13, 99 Gawler Place and Torrens Building, 220 Victoria Square were leased at a cost of \$152,000.

In February 2021, the Commissioner relocated from 99 Gawler Place to Chesser House, Level 4, 95 Grenfell Street. This resulted in expenditure of \$68,000 in fit out and relocation expenses.

##### 4.2. Depreciation and amortisation

	2021	2020
	\$'000	\$'000
<b>Depreciation</b>		
Leasehold improvements	78	111
Intangible assets	41	42
Right-of-use vehicles	7	8
<b>Total depreciation</b>	<b>126</b>	<b>161</b>

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

##### Review of accounting estimates

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

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

---

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

**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:

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

**4.3. Other expenses**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Audit fees	13	19
<b>Total other expenses</b>	<b>13</b>	<b>19</b>

Audit fees are 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 2021*

---

**5. Non-financial assets**

**5.1. Property, plant and equipment by asset class**

Property, plant and equipment comprises owned and right-of-use (leased) tangible assets that do not meet the definition of investment property.

	2021 \$'000	2020 \$'000
<b>Leasehold improvements</b>		
Leasehold improvements at fair value	31	526
Accumulated depreciation at the end of the period	-	(448)
<b>Total leasehold improvements</b>	<u>31</u>	<u>78</u>
<b>Right-of-use vehicles</b>		
Right-of-use vehicles at cost	18	15
Accumulated depreciation	(14)	(6)
<b>Total right-of-use vehicles</b>	<u>4</u>	<u>9</u>
<b>Total property, plant and equipment</b>	<u>35</u>	<u>87</u>

Property, plant and equipment 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. Detail about the commissioner's approach to fair value is set out in note 9.2.

**5.2. Property, plant and equipment owned by the Commissioner**

	<u>Leasehold improvements</u> \$'000
<b>Carrying amount at 1 July 2020</b>	78
Donated assets	31
Depreciation	(78)
<b>Carrying amount at 30 June 2021</b>	<u>31</u>

During the year \$526 000 of fully depreciated leasehold improvements were disposed of.

**Reconciliation 2019-20**

	<u>Leasehold improvements</u> \$'000
<b>Carrying amount at 1 July 2019</b>	186
Depreciation	(111)
Other	3
<b>Carrying amount at 30 June 2020</b>	<u>78</u>

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

**5.3. Right of use vehicles**

*Reconciliation 2020-21*

	<u>ROU Vehicles</u>
	<u>\$'000</u>
Carrying amount at 1 July 2020	9
Acquisitions	4
Depreciation	(7)
Disposal	(3)
Other	1
<b>Carrying amount at 30 June 2021</b>	<b><u>4</u></b>

*Reconciliation 2019-20*

	<u>ROU Vehicles</u>
	<u>\$'000</u>
Carrying amount at 1 July 2019	-
Acquisitions	15
Depreciation	(9)
Other	3
<b>Carrying amount at 30 June 2020</b>	<b><u>9</u></b>

Right of use vehicles are recorded 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 associated lease payments are recognised as an expense and are disclosed in note 4.1.

The Commissioner has 1 motor vehicle lease with the South Australian Government Financing Authority (SAFA). Motor vehicle lease is non-cancellable, with rental payments monthly in arrears. Motor vehicle has a lease term of 3 years. No contingent rental provisions exist within the lease agreement and no options exist to renew the lease at the end of their term.

**5.4. Intangible assets**

	2021	2020
	\$'000	\$'000
<b>Computer software</b>		
Computer software	260	260
Accumulated amortisation	(220)	(179)
<b>Total computer software</b>	<b><u>40</u></b>	<b><u>81</u></b>
<b>Total intangible assets</b>	<b><u>40</u></b>	<b><u>81</u></b>

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

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

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

---

	<b>Computer software</b>
	<b>\$'000</b>
<b>Reconciliation 2020-2021</b>	
Carrying amount at 1 July 2020	81
Amortisation	(41)
<b>Total as at 30 June 2021</b>	<b>40</b>

	<b>Computer software</b>
	<b>\$'000</b>
Carrying amount at 1 July 2019	123
Amortisation	(42)
<b>Total as at 30 June 2020</b>	<b>81</b>

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

---

**6. Financial Assets**

**6.1. Receivables**

	2021	2020
	\$'000	\$'000
<b><u>Current</u></b>		
<b>Trade receivables</b>		
From government entities	2	2
From non-government entities	1	-
<b>Total trade receivables</b>	<u>3</u>	<u>2</u>
Prepayments	30	26
<b>Total current receivables</b>	<u>33</u>	<u>28</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.

Refer to note 9.3 for further information on risk management.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

---

## 7. Liabilities

Employee benefits liabilities are disclosed in note 3.3.

### 7.1. Payables

	2021 \$'000	2020 \$'000
<b><u>Current</u></b>		
Accrued expenses	30	32
Employment on-costs	32	31
<b>Total current payables</b>	<b>62</b>	<b>63</b>
<b><u>Non-current</u></b>		
Employment on-costs	24	29
<b>Total non-current payables</b>	<b>24</b>	<b>29</b>
<b>Total payables</b>	<b>86</b>	<b>92</b>

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.

#### 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 the Department of Treasury and Finance (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 10.1% (9.8%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

---

**7.2. Financial liabilities**

	2021 \$'000	2020 \$'000
<b>Current</b>		
Lease liabilities	5	9
<b>Total current payables</b>	<u>5</u>	<u>9</u>
<b>Total financial liabilities</b>	<u>5</u>	<u>9</u>

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or Treasury's incremental borrowing rate. There were no defaults or breaches on any of the above liabilities throughout the year. All material cash outflows are reflected in the lease liabilities disclosed above.

**7.3. Provisions**

	2021 \$'000	2020 \$'000
<b>Current</b>		
Provisions for workers compensation	6	5
<b>Total current provisions</b>	<u>6</u>	<u>5</u>
<b>Non-current</b>		
Provision for workers compensation	10	7
<b>Total non-current provisions</b>	<u>10</u>	<u>7</u>
<b>Total provisions</b>	<u>16</u>	<u>12</u>
<b><i>Movement in provisions</i></b>		
Carrying amount at the beginning of the period	12	5
Additional provisions recognised	4	7
<b>Carrying amount at the end of the period</b>	<u>16</u>	<u>12</u>

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

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector Employment. The liability was calculated to be required to settle obligations incurred as at 30 June. No risk margin is included in this estimate.

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

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

---

## 8. Outlook

### 8.1. Unrecognised commitments

The Commissioner's expenditure commitments are for agreements for:

- Mediation services
- Salesforce licences

	2021	2020
	\$'000	\$'000
Within one year	92	143
Later than one year but not longer than five years	230	25
<b>Total expenditure commitments</b>	<b>322</b>	<b>168</b>

### 8.2. Contingent assets and liabilities

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

### 8.3. COVID-19 pandemic outlook for the Commissioner

Due to the expiration of the *COVID-19 Emergency Response Act 2020* and its regulations on 3 January 2021, the number of enquiries in relation to COVID-19 affected businesses has steadied and eventually dropped from April 2021. The Commissioner expects that, unless the State sees the effects of another lengthy COVID-19 emergency lockdown, the number of businesses lodging disputes under the *COVID-19 Emergency Response Act 2020* will remain manageable within existing resources.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

---

## **9. Measurement and risk**

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

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

The actuarial assessment performed by the 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 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has changed from 0.75% (2020) to 1.25% (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 \$27 000 and employee benefits expense of \$27 000.

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.

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.

### **9.2. Fair Value**

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

#### **Initial recognition**

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

#### **Revaluation**

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

The Commissioner does not have a class of assets greater than \$1.5 million, therefore no revaluation is required.

**Small Business Commissioner**  
**Notes to and forming part of the financial statements**  
*For the year ended 30 June 2021*

---

### **9.3. Financial instruments**

#### **Financial risk management**

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

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

#### **Categorisation of financial instruments**

Details of 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**

The Commissioner measures all financial instruments at amortised cost. All financial assets and liabilities have a contractual maturity within one year.

#### **Receivables and payables**

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

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