

Retail and Commercial Leases Act 1995 (SA) – Rental Threshold

Office of the
Valuer-General

The *Retail and Commercial Leases Act 1995 (SA)* regulates the leasing of retail and commercial tenancies in South Australia as administered by the Small Business Commissioner.

Prescribed Rental Threshold

A prescribed rental threshold (threshold) under the *Retail and Commercial Leases Act 1995* (RCL Act) is a determinant of whether a lease is covered by the Act.

The current threshold is set at \$400,000 per annum (excluding GST).

Changes introduced under s 6A to the RCL Act, which took effect on 1 July 2020, introduced a mechanism for the threshold to be reviewed by the Valuer-General.

The Valuer-General is an independent statutory officer responsible for undertaking valuations and providing associated advice as required by legislation and other government agencies.

Section 6A Review

The introduction of s 6A aims to provide a managed and balanced approach to reviewing the threshold. It requires the Valuer-General to conduct an independent review of the threshold within the last year of each *prescribed period*.ⁱ

The inaugural *prescribed period* commenced 1 July 2020 and ends 30 October 2022, and the threshold will be formally reviewed by the Valuer-General every 5 years thereafter.

Upon completing the review the Valuer-General will be providing a report to the Attorney-General by 30 October 2022 as to the outcome of the review.

The report under s 6A(2) of the RCL Act is required to outline the conclusions reached by the Valuer-General as to whether or not it is recommended that the threshold should be increased.ⁱⁱ

Considerations

The Valuer-General in conducting the review will be looking at the changes in the metropolitan and regional rental markets from the commencement of the prescribed period 1 July 2020 to the proposed date of review 1 July 2022 for those property classes (leases) covered by the RCL Act, as well as other relevant considerations.

The work associated with conducting the review will occur before and after this date of review, but the date of review is a valuation concept and sets a point in time for assessment to be made in a transparent manner having regard to the market evidence and other considerations relevant to that date.

For more information, please contact the Office of the Valuer-General

www.valuergeneral.sa.gov.au
dti.OVGRentThresholdReview@sa.gov.au



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Consultation

The Valuer-General in conducting the review will be giving consideration to the views of participants in the leasing market (such as Landlords and Tenants and their representative groups) and other stakeholders and parties interested in the application of the threshold.

To that end the Valuer-General welcomes any written feedback and submissions by COB 31 December 2021.

Where possible the feedback or submissions should provide reasoning behind the views or recommendations that are shared, including supporting evidence where possible.

Written Submissions by COB 31 December 2021

Submissions and feedback should:

- be addressed to the 'Valuer-General'
- include a contact name and details to allow follow up if required

Written feedback and submissions can be submitted:

Online <https://yoursav.sa.gov.au/>

Via e-mail dti.OVGRentThresholdReview@sa.gov.au

By post
Valuer-General, GPO Box 1354, Adelaide SA 5001

ⁱ In accordance with s 6A(4) of the RCL Act a *prescribed period* means:

- (a) the period ending on 30 October next following the second anniversary of the commencement of this section; and
- (b) each successive period of 5 years thereafter.

ⁱⁱ S 6A(2) reads as follows: “On completing a review, the Valuer-General must forward to the Minister a report on the review and the conclusions reached by the Valuer-General as to whether or not, as a result of the review, the Valuer-General recommends that for the purposes of this Act the prescribed threshold in relation to rent payable under a retail shop lease should be increased.”

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