



Government
of South Australia

Office of the
Industry Advocate

2022-23 Industry Advocate Annual Report



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Cover Image: Supplied by Built Environs, Managing Contractor - The Queen Elizabeth Hospital (TQEH) Stage 3 Redevelopment

Office of the Industry Advocate

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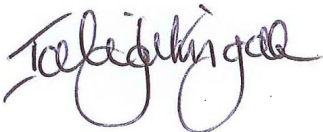
Date presented to the Treasurer: 30 September 2023

To: The Hon Stephen Mullighan MP
Treasurer

This annual report is to be presented to Parliament to meet the statutory reporting requirements of the *Industry Advocate Act 2017* and meets the requirements of the Premier and Cabinet Circular *PC013 Annual Reporting*.

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

Submitted on behalf of the Office of the Industry Advocate by:



Ian Nightingale
Industry Advocate

30/09/2023

2022-23

Contents

Message from the Industry Advocate.....	4
Overview: about the Agency.....	9
Our organisational structure.....	10
Our Minister.....	11
Our Performance.....	12
Industry Participation Commitments 2022-23.....	13
Our Performance continued.....	16
Employment opportunity programs.....	17
Executive employment in the agency.....	17
Work health, safety and return to work programs.....	18
Financial performance.....	19
Consultants and Contractors disclosure.....	20
Risk management.....	21
Public complaints.....	22
Business engagement initiatives.....	24
Aboriginal Economic Participation.....	27
Appendix: Audited financial statements 2022-23.....	28

A message from the Industry Advocate

This Annual Report will be my last and as I leave the position, I'm proud to say the success of the role and the office has been recognised at local and national levels.

It seems like no time since I was appointed as the State's first Industry Advocate in 2013, and I can confidently say I have received overwhelming support from business, industry groups and government throughout my tenure.



The State Government introduced the South Australian Industry Participation Policy (SAIPP) in July 2012 to ensure that local businesses shared in the economic benefit of the major projects that were underway or proposed across the State, and to capitalise on the potential of our mining, energy, defence and manufacturing sectors.

The SAIPP as it was in 2012 was predominantly about reporting local industry participation in private sector projects and was not part of the Tender evaluation process.

On 29 January 2013, Cabinet approved the appointment of the first Industry Participation Advocate (IPA) to advance the objectives of the SAIPP, and to investigate and report on further ways of encouraging a greater number and diversity of local businesses to effectively participate in government procurement processes.

The SAIPP worked reasonably well on contracts above \$50 million when detailed Industry Participation Plans (IP Plans) were required for major projects, however, the SAIPP was widely perceived to be underperforming in delivering benefits back to the local economy.

At the time there were no local participation requirements attached to the procurement practices by the State Procurement Board and the State's Acquisition Planning Guideline did not reference local participation requirements at all.

My first set of recommendations to the government were directed at making procurement an economic lever for the benefit of the State. Included in the recommendations I made, was to change the focus of the SAIPP from local industry participation in major projects, to a broader consideration of economic benefit from government expenditure. This meant putting in place a system that measured local labour, input from local suppliers and local investment. Interestingly, local employment did not feature in the early Industry Participation Policy.

While the focus of these reforms has been to increase the number and diversity of local businesses winning government contracts, my recommendations also included other more general matters that make it easier for businesses to work with the government (for example, aligning public liability requirements to the level of risk associated with particular contracts).

The initial recommendations were:

- Transferring responsibility for the SAIPP from the former Department for Manufacturing Innovation, Trade, Resources and Energy (DMITRE) to the Industry Advocate.
- Establishing nine principles of industry participation to maximise the economic benefits of procurement to the State economy and to ensure that local suppliers have the best opportunities to succeed.
- Increasing the default IP Plan weighting.
- Setting limitations of liability on low value, low risk contracts.
- Putting in place one pre-qualification system used across government.
- Including the potential benefits of buying locally in value for money guidance produced by the State Procurement Board and other public authorities.
- Reviewing Acquisition Plans to ensure economic contribution to the State was being considered in the procurement process.

One of my key objectives has always been to strive for local businesses getting a fair share of State Government expenditure, and an important factor in my success has been my ability and willingness to engage consistently with both government and the private sector to see this objective realised.

A hallmark of the Industry Advocate position has been the independence of the role and the willingness for regular engagement with businesses operating in South Australia as well as the establishment of industry advisory panels and regular contact with industry associations.

Since its commencement in 2013 the role has achieved a number of positive changes to procurement policy and practices.

The SAIPP was redesigned in late 2014 to deliver greater economic benefit to the State through an increase in jobs, supply opportunities and investment arising from the government's expenditure.

In 2016 the Aboriginal Economic Participation Policy was embedded into the SAIPP with an aim to increase the level of South Australian Aboriginal business engagement and participation through employment and economic opportunities arising out of the government's expenditure.

A Smart Procurement Policy Discussion Paper was developed by myself the then Chief Entrepreneur, Jim Whalley. This addressed a consistent theme we heard from businesses that they found it extremely difficult to put forward new ideas and solutions to satisfy the needs of government with the procurement process at the time.

Interestingly we found many of our new and innovative businesses were doing extremely well in interstate and overseas markets, but found it difficult to sell to our State government agencies and authorities.

As at June 2023 my office was monitoring 907 contract records with an estimated contract value of \$16.8 billion. This is an increase of 32 percent by volume since June 2022 and I expect this to continue to increase as the procurement reporting compliance and use of the Department of Treasury and Finance (DTF) Procurement Activity Reporting System increases.

It's important to note that public authorities are responsible for the implementation and application of the SAIPP and SAIPP Procedural Guidelines and this must be incorporated within their own procurement governance frameworks.

At the March 2022 election, the Malinauskas government committed to number of changes which will go a long way to supporting improved industry participation and job outcomes.

- Local workers deliver a minimum 90 per cent of labour hours on major building and infrastructure projects.
- Apprentices, trainees, Aboriginal workers, and long-term unemployed deliver 20 per cent of all labour hours on major projects.
- Require departmental procurement staff to undertake regular training on the industry participation policies of government, and education of local industry participants and providers.
- Chief Executives to sign off on procurements where the successful tender is not a South Australian business.
- A target to increase government spending with South Australian businesses.
- Require the use of South-Australian manufactured products on public housing construction and maintenance programs, where available.
- Assist local businesses become tender to ready, holding regular industry-specific workshops conducted by the Industry Advocate, helping more local businesses win work.
- Broadly publicise government procurement opportunities three months in advance to enable local businesses to prepare for tender opportunities
- Undertake a broad market assessment to identify SA businesses that can deliver projects, goods or services to government and advise departmental procurement staff of industry capability.

All of these commitments are now being implemented with many incorporated into the SAIPP Procedural Guidelines which includes a requirement for the Industry Advocate to review and monitor compliance by public authorities and report on progress.

I cannot stress enough how important the IP Plan Reports from businesses which have been awarded government contracts are. Not only do they capture the commitments made in the tender response about local employment, use of local suppliers, local investment and Aboriginal economic participation, they also provide valuable insights into the local business conditions and the labour market.

As I indicated in last year's Annual Report most businesses comply with requirements to submit IP Plan Reports on time however, there is a percentage of businesses that are late or reluctant to submit IP Plan reports which puts an enormous burden on my office following up overdue reports. To rectify this situation I have issued letters putting these businesses on notice that if appropriate IP Plan Reports aren't forthcoming, I will be issuing Direction Notices under the *Industry Advocate Act 2017*.

On a more positive note, in preparing my last Annual Report it has allowed me to reflect on the development of the State's Industry Participation Policy over the period I've been in the role, and importantly acknowledge the support my office has provided during this time in assisting me to meet the goals I've set over the last ten years.

I hope the next Industry Advocate will have the same satisfaction I have had in achieving their strategic vision for the role.



Ian Nightingale
INDUSTRY ADVOCATE



Photo supplied: Built Environs, Managing Contractor - The Queen Elizabeth Hospital (TQEH) Stage 3 Redevelopment

Overview: About the Agency

Purpose

The *Industry Advocate Act 2017* requires the Minister must establish and maintain a policy; the *South Australian Industry Participation Policy (SAIPP)* relating to industry participation in government contracts and seek to promote government expenditure that results in economic development for South Australia.

The Industry Advocate is an independent statutory authority established by the *Industry Advocate Act 2017*, enacted by the South Australian Parliament on 1 January 2018. A key objective of the Industry Advocate is to facilitate economic contribution and economic development from public expenditure and to ensure capable businesses based in South Australia are given full, fair and reasonable opportunity to tender and participate in government projects.

Functions, objectives and deliverables

The *Industry Advocate Act 2017* creates functions for the Industry Advocate, supported by the Office of the Industry Advocate, which include:

- to take action to further the objectives of the SAIPP (including, without limitation, by building the capability and capacity of businesses based in South Australia to participate in government contracts);
- to receive and investigate complaints by and on behalf of business and their industry representatives about the SAIPP;
- to make recommendations (taking into account requirements under any other law) to responsible officers for procurement and principal officers of public authorities to resolve complaints, remove impediments or improve procurement practices and processes;
- to refer unresolved complaints and issues to the Minister for consideration;
- to review, and assist in the negotiations of industry participation plans to ensure they comply with the SAIPP prior to the finalisation of contract conditions;

Overview: About the Agency

Functions, objectives and deliverables

- to investigate and monitor compliance with the SAIPP by participants in government contracts;
- to take action to promote and ensure compliance with the SAIPP, including by issuing directions to participants in government contracts requiring them to comply with their contractual obligations in respect of the SAIPP and reporting to the Minister in relation to non-compliance where appropriate;
- to encourage the adoption of industry participation policies by local government;
- to investigate and monitor compliance with local government industry participation policies by participants in contracts to which such policies apply;
- to take any other action considered necessary for the purpose of exercising the functions conferred on the Industry Advocate; and
- to exercise other functions conferred on the Industry Advocate by the Minister or under this or any other Act.

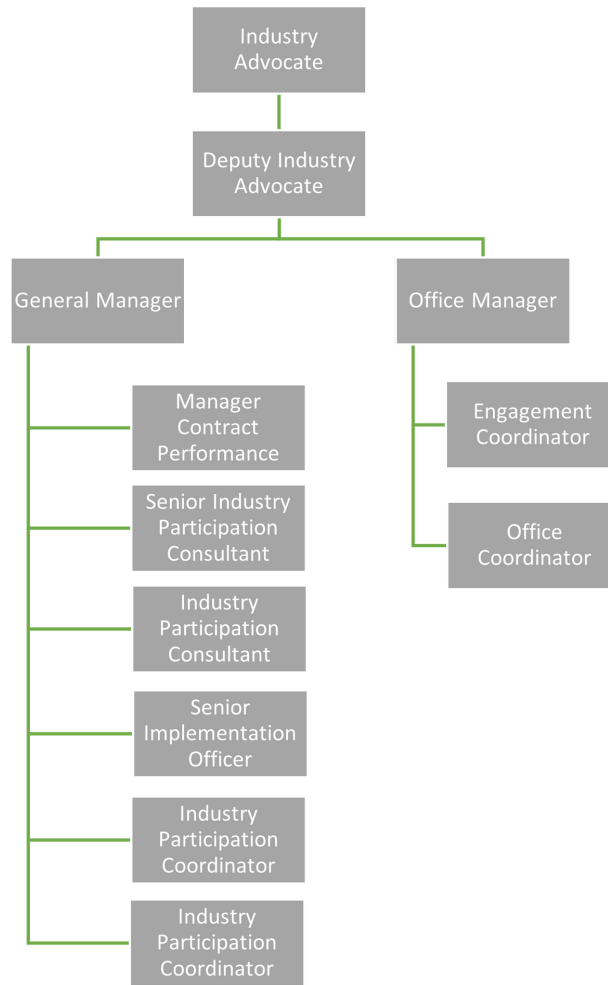


Photo supplied by Lendlease: Phase 2 of Repat Health Precinct Reactivation

Our Organisational Structure

The Industry Advocate may, under an arrangement by the Minister establish an administrative unit of the Public Service and make use of the services or staff of that administrative unit. Staff are assigned to the Office of the Industry Advocate by the Department of Treasury and Finance.

The organisational chart for the Office of the Industry Advocate as of 30 June 2023 follows:



Organisational structure as at 30 June 2023

Our Executive

Ian Nightingale, the Industry Advocate and Phillip Dowsett, the Deputy Industry Advocate are responsible for the functions under the *Industry Advocate Act 2017* and for leading the Office of the Industry Advocate.

Our Minister

The Hon Stephen Mullighan MP is the Treasurer.



Legislation administered by the agency

Industry Advocate Act 2017

Other related Agencies (within the Minister's area/s of responsibility)

Department of Treasury and Finance

Caveat: The Office of the Industry Advocate liaises with all South Australian Government Public Authorities regarding procurement.



Photo: OIA Team members

Our Performance

As at 30 June 2023, the Office of the Industry Advocate (OIA) was monitoring 907 active IP Plan contracts with a total reported value of \$16.8 billion. A total of 4,021 IP Plans were submitted in 2022-23, with an average South Australian economic contribution of 73%.

\$16.8 BILLION



73% retained economic benefit to South Australia



Monitored 907 active Industry Participation Plan contracts



Photo credit: Erik Ruehl

Industry Participation Commitments 2022-23

The Industry Advocate Act 2017 requires the Minister must, in establishing and maintaining the SAIPP, seek to promote:

- government expenditure that results in economic development for South Australia, and value for money for public expenditure.
- the economic development of the steel industry and other strategically important industries for South Australia.
- capable businesses based in South Australia being given full, fair and reasonable opportunity to tender and participate in government contracts.

It is important to note all Public Authorities, businesses, private sector parties, universities and Not-for-Profits contracting to the Government of South Australia are required to comply with the (SAIPP).

All State government contracts above \$550,000 must include a clause that requires the Supplier to implement the Supplier's IP Plan approved by the Industry Advocate.

Committed plans include:

- \$594 million Metro South Australian labour
- \$180 million Regional South Australian labour
- \$23 million Aboriginal labour and \$13 million commitment product supply from SA Aboriginal business.
- 589 new traineeships or apprenticeships

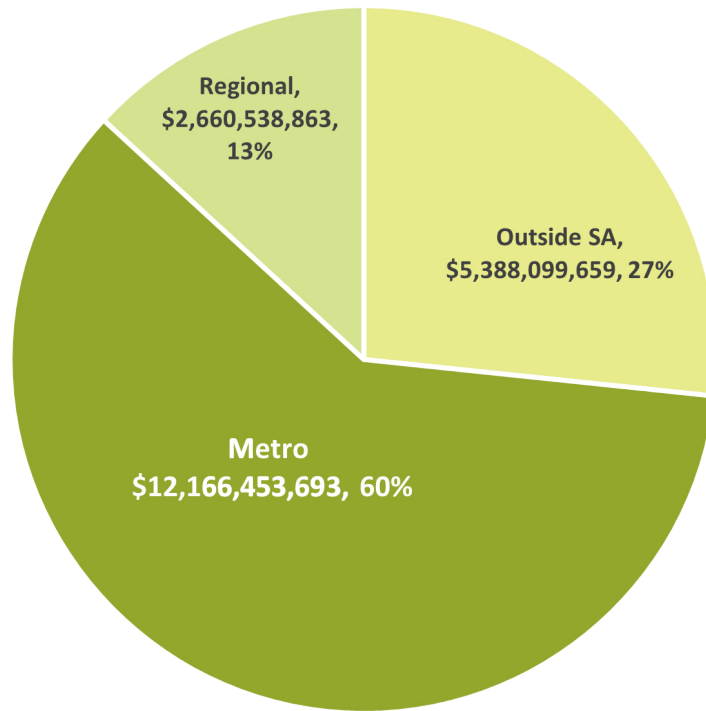
From February 2023 all major building and construction projects above \$50 million will have the 90% local labour hours and 20% net commitment for trainees and apprentices, Aboriginal workforce, and the long term unemployed.

- 181 contracts completed with a total reported value of \$1.6 billion.
- \$32.5 million was reported as secondary spend with Aboriginal Business.
- 9,171 South Australian FTE including 432 Aboriginal workforce.
- 1,041 roles within South Australian contracts allocated to trainees or apprentices.
- 81% of spend within the contracts is retained within South Australia.

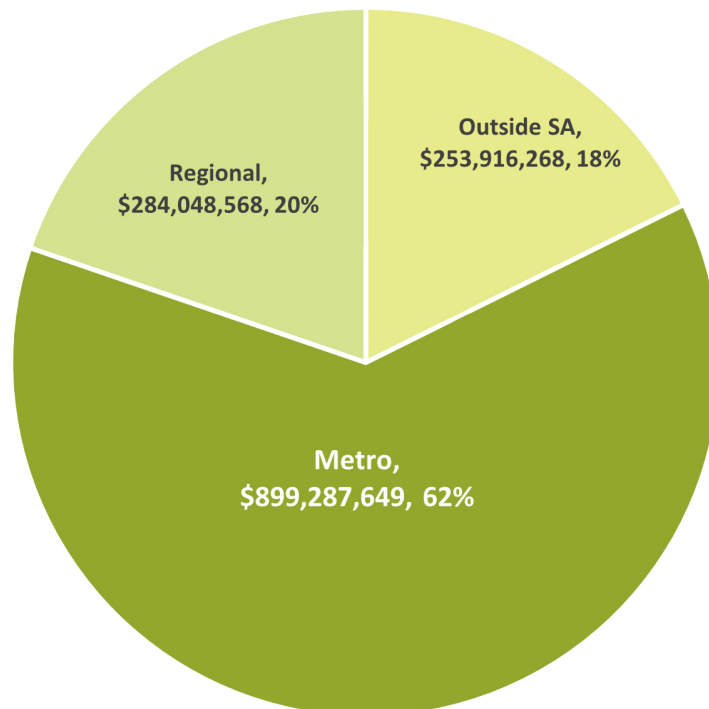
The chart below shows the reported breakdown of supply inputs within South Australian Government contracts this includes major government contracts for which the South Australian based business may be importing goods and services from interstate or internationally.

Industry Participation Outcomes 2022-23

Industry Participation Commitments - all offers



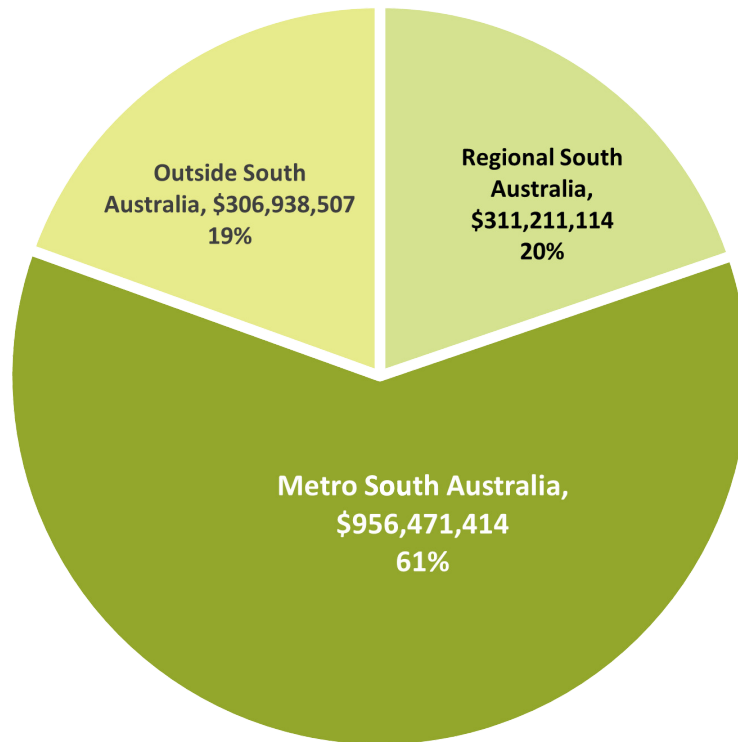
Industry Participation Commitments - preferred suppliers



The data in the report is provided by third parties including many Public Authorities and Suppliers to the South Australian Government. We do our best to ensure that the data we release is complete, accurate and useful. However, because we do not create the data, and because the processing required to make the data useful is complex, we cannot guarantee that the data is free of omissions or inaccuracies.

Industry Participation Outcomes 2022-23

2022-23 Completed Contracts



The data in the report is provided by third parties including many Public Authorities and Suppliers to the South Australian Government. We do our best to ensure that the data we release is complete, accurate and useful. However, because we do not create the data, and because the processing required to make the data useful is complex, we cannot guarantee that the data is free of omissions or inaccuracies.



Photo supplied by Lendlease.
Phase 2 of Repat Health Precinct
Reactivation

Our Performance

2022-23 Overview

As of February 2023 the Chief Executives of all Public Authorities must approve any procurement outcome above \$55,000 where there is a South Australian business that can supply the required good or service, but the successful supplier is not a South Australian business. The Industry Advocate will monitor compliance and total percentage of contracts awarded to non-South Australian businesses.

Changes to the SAIPP Procedural Guidelines during the 2022-23 financial have seen the threshold for direct negotiation by Public Authorities with an eligible Aboriginal business increase from \$220,000 to \$550,000. This will further assist Aboriginal businesses to benefit from the South Australian Government expenditure.

In addition, Public Authorities must now complete an Industry Advocate Checklist for all procurements from \$55,000 and \$550,000 which forms part of the evaluation and includes questions regarding both Aboriginal supply chain and workforce targets.

The Industry Advocate Checklist, ensures consideration and inclusion of the local supply market as part of the tender planning and selection process, including identifying and assessing the local supply market for:

- South Australian businesses.
- Aboriginal businesses.
- Local project managers, architects, designers, engineers, surveyors, and planners.
- Supply of uniforms and Personal Protective Equipment (PPE).
- SA Start-ups and innovative products processes, technologies, and services.

IP Plans apply for all procurements above \$550,000 covering building construction, civil construction, goods and services, ICT, medical devices, manufacturing and distribution, professional and technical services and Aboriginal businesses.

All contracts above \$10 million now have a 20% Industry Participation weighting applied with an increased emphasis on local supply inputs.

Our Performance

Employment opportunity programs

Program name	Performance
Nil	Nil

Agency performance management and development systems

Performance Management and development system	Performance
Performance discussions	<p>All employees in OIA have performance discussions which are facilitated and documented through the online learning management system, <i>Our Development</i>.</p> <p>The formal <i>Our Conversations</i> process is designed to emphasise the importance of regular conversations between employees and managers, as well as the planned, structure and documented progress conversations.</p>

Executive employment in the agency

Executive Classification	Number of executives
SAES	2

Data from previous years is available at: <http://industryadvocate.sa.gov.au>

The [Office of the Commissioner for Public Sector Employment](#) has a [workforce information](#) page that provides further information on the breakdown of executive gender, salary and tenure by agency

Our Performance

Work health, safety and return to work programs

The Office of the Industry Advocate was compliant with all directives from the Department of Treasury and Finance (DTF) relating to work health, safety and return to work programs during the 2022-2023 financial year. This included the Agency's COVID-19 Management Plan and response, as well as other initiatives under DTFs Wellbeing for Our People 2021-2024.

Workplace injury claims	2022-23	2021-22	% Change (+/-)
Total new workplace injury claims	Nil	Nil	0%
Fatalities	Nil	Nil	0%
Seriously injured workers*	Nil	Nil	0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	Nil	Nil	0%

*number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5)

Work health and safety regulations	2022-23	2021-22	% Change (+/-)
Number of notifiable incidents (Work Health and Safety Act 2012, Part 3)	Nil	Nil	0%
Number of provisional improvement, improvement and prohibition notices (Work Health and Safety Act 2012 Sections 90, 191 and 195)	Nil	Nil	0%

Return to work costs**	2022-23	2021-22	% Change (+/-)
Total gross workers compensation expenditure (\$)	Nil	Nil	0%
Income support payments – gross (\$)	Nil	Nil	0%

**before third party recovery

Data from previous years is available at: <http://industryadvocate.sa.gov.au>

Financial Performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2022-23 are attached to this report.

Statement of Comprehensive Income	2022-23 Budget \$000's	2022-23 Actuals \$000's	Variation \$000's	2021-22 Actuals \$000's
Total Income	1 829	1 861	32	1 680
Total Expenses	1 829	1 830	1	1 642
Net Result	-	31	31	38
Total Comprehensive Result	-	31	31	38

Statement of Financial Position	2022-23 Budget \$000's	2022-23 Actuals \$000's	Variation \$000's	2021-22 Actuals \$000's
Current assets	982	689	293	702
Non-current assets	-	-	-	-
Total assets	982	689	293	702
Current liabilities	499	280	219	218
Non-current liabilities	526	389	137	495
Total liabilities	1 025	669	356	713
Net assets	(43)	20	(63)	(11)
Equity	(43)	20	(63)	(11)

Financial Performance

Consultants and Contractors disclosure

The following is a summary of external consultants and contractors that have been engaged by the agency, the nature of the 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
Squiz Australia Pty Ltd	Amendments to the Office of the Industry Advocate Website	\$500
K Ashcroft Consulting	Skills analysis and workshop with OIA Staff	\$2390
Total		\$2890

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

Consultancies	Purpose	\$ Actual payment
Nil		
Total		\$0

See also [Consolidated Financial Report of the Department of Treasury and Finance](#) for total value of consultancy contracts across the South Australian Public Sector.

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

Contractors	Purpose	\$ Actual Payment
Nil		
Total		\$0

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

Contractors	Purpose	\$ Actual Payment
Nil		
Total		\$0

Data from previous years is available at: <http://industryadvocate.sa.gov.au>

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. [View the agency list of contracts.](#)

The website also provides details of [across government contracts.](#)

Risk management

Risk and audit at a glance

Fraud detected in the agency

Category/nature of fraud	Number of instances
Nil	0

NB: Fraud reported includes actual and reasonably suspected incidents of fraud.

Strategies implemented to control and prevent fraud

As a result of the Industry Advocate becoming a statutory authority on 1 January 2018, the office policy was developed in-line with the Department of Treasury and Finance (DTF) Fraud and Corruption Policy Control Framework.

The OIA is committed to the prevention, detection and control of fraud, corruption, misconduct and maladministration in connection with the activities of the OIA and/or by its employees.

OIA employees are expected to comply with their obligations at law, as set out in DTF policy.

Data from previous years is available at: <http://industryadvocate.sa.gov.au>

Public Interest disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018*: NIL

Data from previous years is available at: <http://industryadvocate.sa.gov.au>

NOTE: Disclosure of public interest information was previously reported under the Whistleblowers Protection Act 1993 and repealed by the Public Interest Disclosure Act 2018 on 1/7/2019.



Photo Credit: City of Mount Gambier - Wulanda Recreation Centre

Public complaints

Number of public complaints reported

Complaints categories	Sub-categories	Example	Number of Complaints 2022-23
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	0
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	0
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	0
Communication	Communication quality	Inadequate, delayed or absent communication with customer	0
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	0
Service delivery	Systems/technology	Systems offline; inaccessible to customer; incorrect result/information provided; poor system design	0
Service delivery	Access to services	Service difficult to find; location poor; facilities/environment poor standard; not accessible to customers with disabilities	0
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	0
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	0
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	0
Service quality	Information	Incorrect, incomplete, <u>outdated</u> or inadequate information; not fit for purpose	0
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	0
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	0
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/premises; poor cleanliness	0
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	0
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	0
		TOTAL	0

Data from previous years is available at: <http://industryadvocate.sa.gov.au>

Public complaints

Service Improvements

In line with Premier and Cabinet Circular PC039 - *Complaint Management in the South Australian Public Sector*, the Office of the Industry Advocate has established a complaints management system (CMS) via a web based project management and collaboration tool.

Compliance Statement

Office of the Industry Advocate is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector	Yes
Office of the Industry Advocate has communicated the content of PC 039 and the agency’s related complaints policies and procedures to employees	Yes

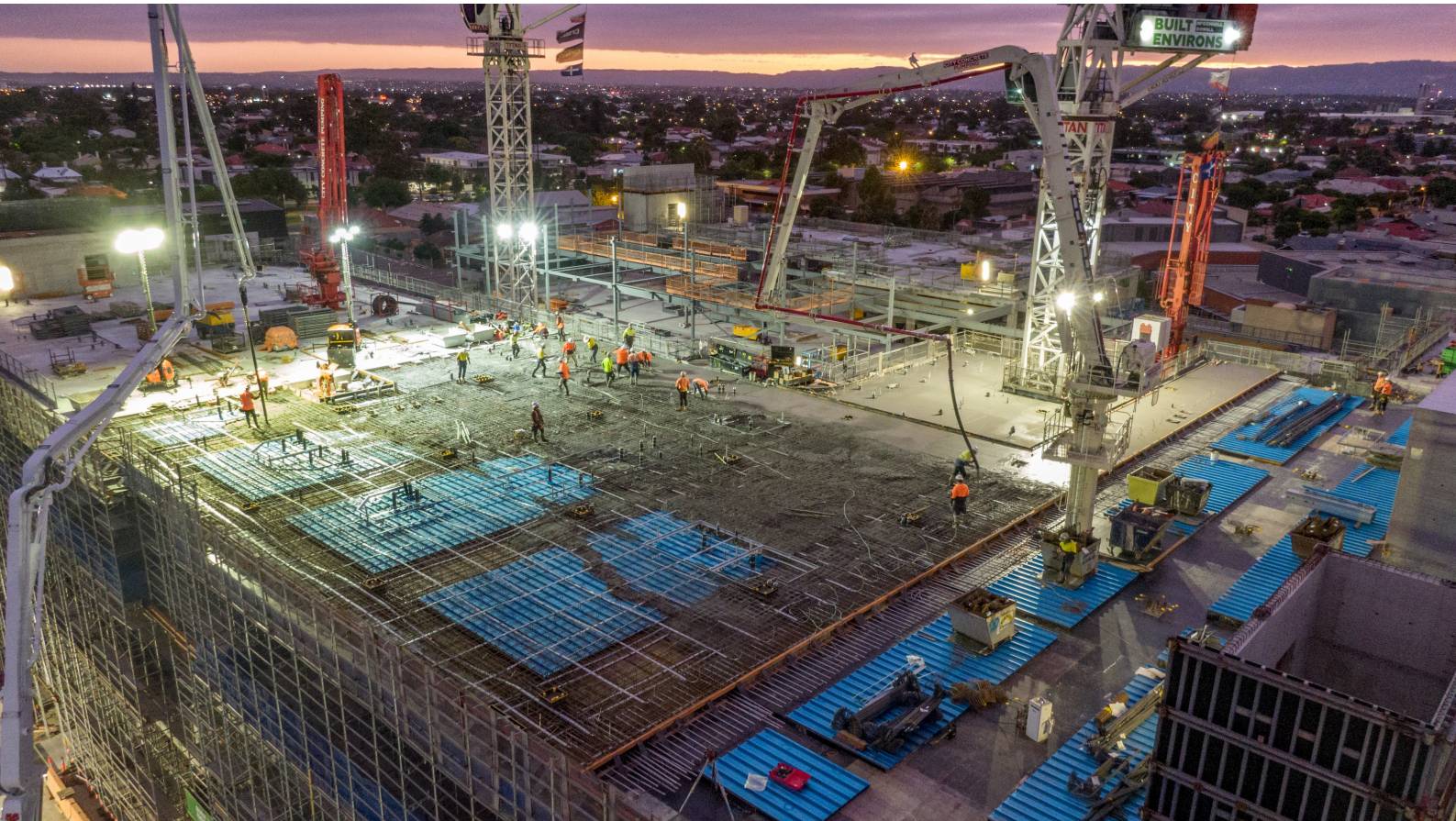


Photo supplied: Built Environs, Managing Contractor - The Queen Elizabeth Hospital (TQEH) Stage 3 Redevelopment

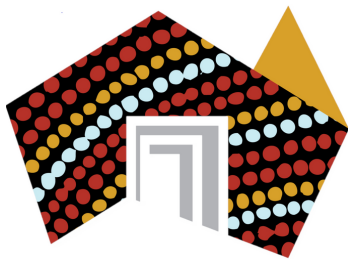
Business Engagement Initiatives

SA Product and Services Directory

The SA Product and Services Directory (SAP+SD) is an online directory where all South Australian businesses can profile their business at no cost and these businesses are promoted to the State government agencies and prime contractors. In 2021, the Office of the Industry Advocate (OIA) launched a new look directory, making it easier for businesses to register and to search through the industry sectors. There are currently 1665 South Australian Businesses registered on the SAP+SD. In addition the OIA website had 24,000 hits during the 2022-23 financial year.



SA Product and Services Directory - Aboriginal Business Sector



There are currently 155 Aboriginal businesses registered on the SAP+SD and 254 Aboriginal businesses listed on the internal government database held by OIA. These details are available to State Government Public Authority staff and buyers across industry upon request. Of the over 250 Aboriginal owned businesses working with the OIA, 50 are female owned and 74 are based regionally.

Ready to Tender

Ready to Tender is an online resource designed to help South Australian businesses navigate the government procurement process. There are four easy to navigate modules, walking users through the whole process from start to finish. Giving users and their business the best chance of success. This guide is on the OIA website and registration is free.



Supply to Government and Ready to Tender Workshops



2022-23 saw the reinstatement of in-person Supply to Government and Ready to Tender Workshops since Covid-19 restrictions were lifted. The workshops feature industry themes and a panel style format comprising of government and industry representatives. Four workshops were held in 2022-23 covering general procurement, health, building and construction for public housing and professional services with the workshops attracting over 465 attendees.

Business Engagement Initiatives

Meet the Buyer

Following the government's commitment to assist local businesses to become tender ready by holding regular industry specific workshops, 2022-23 saw the much anticipated return of Meet the Buyer.

Held on 28 March 2023, the event was officially opened by the Hon. Stephen Mullighan MP, Treasurer, and attendees had the opportunity to hear from the Hon. Andrea Michaels MP, Minister for Small and Family Business.

With fundamental changes to the government's procurement rules and a commitment to increasing opportunities for local businesses to participate in government contracts, the event provided an excellent opportunity to engage with senior representatives and discuss their agency's purchasing requirements and future procurement plans.

The event was one of the Office of the Industry Advocate's biggest and most successful with 500 attendees, representing over 300 South Australian business. 32 Government agencies and 4 major contractors, Lendlease, Kelsian, Downer Group and Ventia exhibiting and keen to learn about business skills and capacity.



Photo credit: Erik Ruehl

Aboriginal Economic Participation

Aboriginal Employment Industry Cluster Program

As of late 2022, the Governor's Aboriginal Employment Industry Cluster Program is no longer attached to the Office of the Industry Advocate (a more sustainable funding model is required) and is being considered by the Department for Education.

Aboriginal Participation - Communities of Practice

The Aboriginal Participation – Community of Practice (AP-CoP) is part of the broader South Australian Government's Aboriginal Economic Participation Initiative. The program is led by the OIA and focuses on facilitating and driving systemic change in procurement practices across Responsible Government Agencies (RGAs). The AP-CoP comprises senior procurement staff and key decision makers from across the South Australian Public Sector.

The purpose of this group is to:

- Increase the number and diversity of South Australian Aboriginal businesses and Aboriginal Community Controlled Organisations (ACCOs) in the supply chain of State Government both directly and indirectly. South Aboriginal business and ACCO's will be referred to as the Aboriginal Business Sector in this document.
- To raise awareness of the capability and capacity of South Australian Aboriginal business sector to buyers across State Government.
- To support RGAs to meet their Aboriginal business spend target – currently .5% of total Agency procurement spend.

These meetings provide a platform for Aboriginal businesses to pitch their goods and services to buyers.

Photo: Members of the AP-CoP



Aboriginal Economic Participation

South Australian Public Authority Aboriginal Procurement Spend

A target for Aboriginal business procurement spend of .5% of whole of government procurement spend was established in 2018.

In 2022-23 Public Authorities reported Aboriginal procurement spend was \$64,536,813. This equates to .73% of \$8.825 billion across whole of government procurement spend. In 2024/25 it is envisaged this target spend will increase to 1% which will equate to \$100m spend with South Australian Aboriginal businesses.

With a greater understanding and use of the South Australian Industry Participation Policy direct negotiation clause (up to \$550k) this spend is expected to increase in the next financial year.

Advocating for South Australian Aboriginal Business

The Senior Industry Participation Consultant Aboriginal Business returned to OIA in late November 2022. From November 2022 until June 2023, 47 face to face meetings with Aboriginal businesses took place both in metropolitan and regional areas. These meetings were to better understand capability and capacity to provide services to State Government and/or State Government funded projects.

In excess of 25 work package referrals were provided to Industry seeking Aboriginal businesses for their supply chain. In addition, supply chain advice was provided extensively across RGAs for inclusion in their Acquisition Plans to maximise opportunities for Aboriginal business sector.

The OIA works closely with the Far North Aboriginal Economic Collective (FNAEC) to support Aboriginal businesses in the Upper Spencer Gulf and Far North region of South Australia. The FNAEC comprises Traditional owner groups and Aboriginal owned businesses seeking economic participation in the delivery of major projects delivered in this region.

OIA staff travel to Port Augusta on a regular basis to ensure we maintain culturally respectful engagement with this cohort. This regional reach will broaden to include the Far West Coast in the next 12-month period.



Photo: OIA Team Members with Kiara Johnson and Tim Freer from Platinum Civil.

Office of the Industry Advocate

Financial Statements

for the year ended 30 June 2023

Office of the Industry Advocate
Certification of the Financial Statements
for the year ended 30 June 2023

We certify that the:

- financial statements of the Office of the Industry Advocate :
 - are in accordance with the accounts and records of the department;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the department 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 Office of the Industry Advocate for the financial year over its financial reporting and its preparation of financial statements have been effective.



Ian Nightingale
Industry Advocate
28 September 2023



Phillip Dowsett
Deputy Industry Advocate
28 September 2023

Office of the Industry Advocate
Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<u>Income</u>			
SA Government grant, subsidies and transfers	2.1	1 829	1 517
Other income	2.2	32	163
Total income		1 861	1 680
<u>Expenses</u>			
Employee benefits expense	3.2	1 542	1 388
Supplies and services	4.1	290	254
Total expenses		1 832	1 642
Net result		29	38
Total comprehensive result		29	38

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

Office of the Industry Advocate
Statement of Financial Position
as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
<u>Current assets</u>			
Cash and cash equivalents	5.1	689	698
Receivables	5.2	3	7
Total current assets		692	705
<hr/>			
Total assets		692	705
<hr/>			
<u>Current liabilities</u>			
Payables	6.1	90	85
Employee benefits	3.3	193	134
Provisions	6.2	2	2
Total current liabilities		285	221
<hr/>			
<u>Non-current liabilities</u>			
Payables	6.1	35	43
Employee benefits	3.3	348	446
Provisions	6.2	6	6
Total non-current liabilities		389	495
<hr/>			
Total liabilities		674	716
<hr/>			
Net assets		18	(11)
<hr/>			
<u>Equity</u>			
Retained earnings		18	(11)
Total equity		18	(11)

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

Office of the Industry Advocate
Statement of Changes in Equity
for the year ended 30 June 2023

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2021	(49)	(49)
Net result for 2021-22	38	38
Total comprehensive result for 2021-22	38	38
Balance at 30 June 2022	(11)	(11)
Net result for 2022-23	29	29
Total comprehensive result for 2022-23	29	29
Balance at 30 June 2023	18	18

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

Office of the Industry Advocate
Statement of Cash Flows
for the year ended 30 June 2023

	2023	2022
Note	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
SA Government grant, subsidies and transfers	1 829	1 517
GST recovered from DTF	29	25
Other receipts	32	169
Cash generated from operations	1 890	1 711
Cash outflows		
Employee benefits payments	(1 574)	(1 521)
Payments for supplies and services	(325)	(273)
Cash used in operations	(1 899)	(1 794)
Net cash provided by operating activities	(9)	(83)
Net increase/(decrease) in cash and cash equivalents	(9)	(83)
Cash and cash equivalents at the beginning of the period	698	781
Cash and cash equivalents at the end of the period	689	698
5.1		

The accompanying notes form part of these financial statements.

Office of the Industry Advocate

Notes to and forming part of the financial statements

for the year ended 30 June 2023

1. About the Office of the Industry Advocate

The Office of the Industry Advocate (OIA/the Office) is a not for profit statutory authority of the State of South Australia, established pursuant to the *Industry Advocate Act 2017* proclaimed under *Public Sector Notice 2017* (dated 31 October 2017). The *Public Sector Proclamation 2017* (dated 19 December 2017) declared the appointment of Ian Nightingale to the statutory role of the Industry Advocate effective from 1 January 2021.

The Industry Advocate is appointed by the Governor and is an agency of the Crown.

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.

For the purposes of preparing the financial statements, The Office is not a not-for-profit entity. 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 have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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 (ATO), 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.

The Office is grouped with the Department of Treasury and Finance (DTF) for GST purposes, and accordingly DTF prepares the Business Activity Statement on behalf of the Office via the grouping provisions of the GST legislation. Notwithstanding the use of these grouping provisions, intercompany cash alignment occurs to ensure the Office either recovers the net amount of GST recoverable from or disburses the amount payable to the ATO from DTF.

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.

Assets and liabilities that are to be sold, consumed or realised as part of the normal 12 month operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.2. Objectives and programs

The objectives of the Office of the Industry Advocate are to ensure all functions of the *Industry Advocate Act 2017* are exercised, including but not limited to:

- Promote competitive, capable local businesses to government purchasers and private sector companies delivering contracts on behalf of the government.
- Recommend reforms to procurement and contracting practices to ensure local businesses are not disadvantaged.
- Ensure local businesses have a full, fair and reasonable opportunity to win work on major projects under the South Australian Industry Participation Policy.
- To take action to further the objectives of the South Australian Industry Participation Policy.

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2. Income

2.1. SA Government grant, subsidies and transfers

	2023	2022
	\$'000	\$'000
SA Government grant, subsidies and transfers	1 829	1 517
Total SA Government grant, subsidies and transfers	1 829	1 517

SA Government grant, subsidies and transfers which is funding from the Department of Treasury and Finance and are recognised as revenues when the Office obtains control over the funding. Control over transfers is normally obtained upon receipt. SA Government grant, subsidies and transfers are recognised as income on receipt.

2.2. Other income

	2023	2022
	\$'000	\$'000
Recoveries	32	163
Total other income	32	163

The other income mainly relates to salaries and wages recoveries of \$32 000 (2022: \$163 000).

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the Office include the Minister, the Industry Advocate and one member of the executive team who have responsibility for the strategic direction and management of the Office.

The compensation for key management personnel was \$543 000 (2022: \$532 000).

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*.

Transaction with Key Management Personnel and other related parties

There were no transactions with key management personnel and other related party identified.

3.2. Employee benefits expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	1 038	909
Annual leave	145	41
Long service leave	(36)	(30)
Employment on-costs - superannuation	142	123
Employment on-costs - other	240	338
Skills and experience retention leave	12	6
Workers compensation	1	1
Total employee benefits expense	1 542	1 388

Employment expenses

The Office employees are employed under Part 7 of the *Public Sector Act*.

Employment on-cost-superannuation

The Superannuation employment on-cost charges represent the Office contributions to superannuation plans in respect of current services of current employees.

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.2. Employee benefits expenses (continued)

Employee remuneration

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

	2023	2022
	No	No
\$160 001 - \$180 000	1	-
\$360 001 - \$380 000	1	-
\$380 001 - \$400 000	-	1
Total	2	1

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

The total remuneration received by these employees for the year was \$545 000 (2022: \$382 000).

3.3. Employee benefits liability

	2023	2022
	\$'000	\$'000
Current		
Annual leave	153	114
Long service leave	18	3
Skills and experience retention leave	22	17
Total current employee benefits	193	134
Non-current		
Long service leave	348	446
Total non-current employee benefits	348	446
Total employee benefits liability	541	580

Employee benefits accrue for employees 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.

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.3. Employee benefits liability (continued)

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 skills and experience retention leave liability are expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid. Salary inflation has increased from 1.5% (2022) to 2% (2023) for short term employee benefits. This change had an immaterial net financial effect in the current financial year.

No provision has been made for sick leave, as all sick leave is non-vesting and it is assumed that the average sick leave to be taken in future years will be less than the annual entitlement.

Long service leave liability - measurement

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 the Department of Treasury and Finance (DTF) has provided a basis for the measurement of long service leave liability and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departure and periods of service.

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 increased from 3.5% in 2022 to 4% in 2023.

This change in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an decrease in the reported long service leave liability.

The actuarial assessment performed by the DTF has increased the salary inflation rate from 2.5% (2022) to 3.5% (2023) for 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 \$12 500 and employee benefits expense of \$12 500. 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.

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2023

4. Expenses

4.1. Supplies and services

	2023	2022
	\$'000	\$'000
Contractors	12	35
Accommodation	184	138
Information technology and communications	30	25
Staff related expenses	23	15
Office administration expenses	16	15
Travel and related expenses	3	8
Marketing	12	-
Consultants	3	11
Audit fees*	7	7
Total supplies and services	290	254

* Includes \$7 100 (2022: \$7 000) of audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance Audit Act 1987*. No other services were provided by the Auditor-General's Department.

Accommodation

All of the Office accommodation is provided by the Department for Infrastructure and Transport under Memorandum of Administrative Arrangement issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly are expensed (disclosed within 'Accommodation').

5. Financial assets

5.1. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Cash at bank	689	698
Total cash and cash equivalents	689	698

Special deposit accounts are established under Section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

OIA does not earn interest on its deposits with the Treasurer.

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2023

5.2. Receivables

	2023	2022
	\$'000	\$'000
Current		
Prepayments	-	4
GST recoverable from DTF	3	3
Total current receivables	3	7
Total receivables	3	7

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

Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes.

The net amount of GST recoverable from the ATO is included as part of receivables. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost. The Office did not recognise an allowance for doubtful debts, it is not anticipated that SA Government 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 8.1 for further information on risk management.

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2023

6. Liabilities

6.1. Payables

	2023	2022
	\$'000	\$'000
Current		
Accrued expenses	33	32
Employment on-costs	39	21
Trade payables	18	32
Total current payables	90	85
Non-current		
Employment on-costs	35	43
Total non-current payables	35	43
Total payables	125	128

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

Employment on-costs

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

The Office 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 the superannuation scheme.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave has changed to 43% in 2023 (2022:42%). The average factor for the calculation of employer superannuation on-costs has increased from 10.6% to 11.1% in 2023. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial.

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2023

6.2. Provisions

All Provisions are workers compensation.

	2023	2022
	\$'000	\$'000
Movement in provisions		
Carrying amount at the beginning of the period	8	7
Increase in provisions recognised	-	1
Carrying amount at the end of the period	8	8

The Industry Advocate is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the Industry Advocate 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 provision has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes). The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2023 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 provision is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

In addition to these uncertainties, the additional compensation scheme is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meeting, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate.

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2023

7. Outlook

7.1. Unrecognised contractual commitments

Commitments arise from contractual or statutory sources and are disclosed at their nominal value.

	2023	2022
	\$'000	\$'000
Within one year	129	126
Later than one year but not longer than five years	-	129
Total expenditure commitments	129	255

The Office's expenditure commitments for 2022-23 relates to accommodation expenses.

7.2. Contingent assets and liabilities

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

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

7.3. Events after the reporting period

There are no known events after balance date that affect the office.

8. Measurement and risk

8.1. Financial instruments

Classification of financial instruments

The Office of Industry Advocate measures all financial instruments at amortised cost.

Office of the Industry Advocate

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Advocate, Collaborate, Innovate