2021-22 Industry Advocate Annual Report

SOUTH AUSTRALIA

Government of South Australia

Office of the Industry Advocate

2021-22 Annual Report

Photo credit - Cover Image - Multiplex - 83 Pirie Street, Adelaide

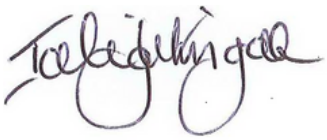
Office of the Industry Advocate
Level 17, 30 Wakefield Street
https://industryadvocate.sa.gov.au
Contact: 08 8226 8956
Email: oia@sa.gov.au
ISSN: 2209-8372
Date presented to the Treasurer: 30 September 2022

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

30/09/2022

Contents

Message from the Industry Advocate.....4

Overview: about the Agency.....7

Our organisational structure.....9

Our Minister.....10

Our Performance.....11

Reporting Matrix 2021-22 12

Our Performance continued.....15

Agency response to COVID-19 17

Agency contribution to whole of Government objectives.....18

Employment opportunity programs.....19

Agency performance management and development systems.....19

Executive employment in the agency.....19

Work health, safety and return to work programs.....20

Financial performance.....21

Risk management.....23

Public complaints.....24

Business engagement initiatives.....26

Aboriginal Employment Industry Cluster Program.....27

Appendix: Audited financial statements 2021-22.....28

A message from the Industry Advocate

The role of Industry Advocate is appointed as an independent statutory authority which is established by the *Industry Advocate Act 2017.* My objectives are to facilitate economic contribution and economic development from public expenditure and ensure capable businesses based in South Australia are given full, fair and reasonable opportunity to participate in government contracts.

2022 saw a change in Government, with the new Malinauskas Government outlining a focus on making South Australians' dollars work for South Australians and committing to overhauling how government sets about spending public money to get the maximum benefit for the whole community, and to drive economic growth and jobs.

The new Government has recognised and reinforced the view that public sector expenditure is one of the most powerful ways to shape the economy and the labour market, and have committed to the following principles:

- Value for money
- Creating South Australian jobs
- Increasing the number of apprentices and trainees in South Australia
- Stimulating innovation and new businesses
- Achieving environmentally sensitive, low carbon, socially-just outcomes

By virtue of its size, public procurement is recognised as a very important means of implementing government policy with respect to innovation and the long-term well-being of the economy.

South Australia is a Small to Medium Enterprise State with 96 per cent or more of businesses classified as a small business, with a significant amount of these wanting to access work from government.

Following recommendations from the South Australian Productivity Commission in 2020 the previous government agreed to lift the threshold for when the South Australian Industry Participation Policy would take effect to $550,000.

This was intended to simplify the process for businesses, but the result has been that little consideration has been given to the economic benefit to the State when agencies are assessing quotes below $550,000. This needs to be addressed, in the absence of any meaningful industry participation data there cannot be an accurate indication of the level of procurement activity going to local businesses or, more importantly, feedback as to why they are missing out. This would be particularly valuable for small businesses that want to grow and build capacity and capability in South Australia.

Government expenditure can provide a huge boost for businesses and the community through the flow-on benefits of jobs and additional economic activity. However, businesses need to be aware of these opportunities and be skilled enough to capitalise on them.

Given the opportunity, local businesses could develop new products and services to meet government buying requirements that would lead to greater economic activity for that business or industry sector. Under these circumstances I am advocating for a higher weighting category to be included in agency procurement decisions.

The current global economic crisis including the lasting effect of the pandemic and the conflict in the Ukraine will represent a major challenge to the State and the nation, yet there remains an assumption that procurement strategies and practices developed during a period of economic boom are appropriate during a period of economic restructuring.

We must challenge this assumption and set out procurement strategies that can accelerate economic recovery and respond to such challenges.

In the current climate State government procurement could opportunistically use its bargaining power and continue to push for least cost options with the argument of maximising cost saving to the taxpayer.

Alternatively, the State government could take a more strategic approach, reflecting on its uniqueness to the private sector, using whole of life costs of procurement and implementing ways to improve its economic contribution to the State. This latter approach would have a direct and positive impact on sustaining employment and accelerating South Australia's economic recovery.

The key opportunity is to use public procurement as a key instrument in economic/social change and using it as a means to deliver broader government policy. In using public procurement as a policy instrument, the crucial question must concern the nature of the outcome and this can support economic and social benefits.

Analysis indicates Russia's invasion of Ukraine will likely impact the Australian economy over the next two years, pushing up inflation in the near term, with continued market disruptions and supply chain breakdowns for the foreseeable future.*

If the Government wishes to seek an active contribution to accelerating economic recovery through State procurement, there will need to be recognition that industry participation or economic participation have quite different strategic objectives than traditional procurement policy and practice.

Spending locally not only creates jobs in South Australian industries but it has a multiplier effect by increasing economic activity in downstream industries and communities and can stimulate private investment in South Australia.

· Ratings agency S&P Global on the worldwide impact of the events playing out in Ukraine*

I am very pleased that the Malinauskas government has committed to have Chief Executives of State agencies sign off on procurement outcomes where the successful tenderer is not South Australian. Not only will this provide information data on how often this is happening but, more importantly, why.

The Covid pandemic over the past two years has made it difficult for my office to run regular face to face workshops, but as restrictions ease and with the additional funding provided to my office by the new Government, I will be reinstating our very successful Meet the Buyer program, as well as scheduling more Tender Ready Industry Specific workshops to position more local businesses to win government work.

Another election commitment is to undertake a broad market assessment to identify SA businesses that can deliver projects, goods or services to government and this information will be accessible to departmental procurement staff of local industry capability.

As the Industry Advocate, I will be ensuring that all Tailored Industry Participation Plans above $50 million across the State's major building and civil infrastructure projects will have a target of 20 per cent of the combined labour hours being with apprentices, trainees, Aboriginal workers, and long-term unemployed.

I can confidently say the Office of the Industry Advocate continues to meet the expectations of the government and that is largely due to my small but dedicated team. This year saw Phillip Dowsett appointed as the Deputy Industry Advocate and I want to congratulate him and thank him for his ongoing support.

Over the last twelve months, my office has reviewed an ever-increasing number of Acquisition Plans to determine whether the appropriate Industry Participation Plan is being used and whether there may be opportunities for increased input from local suppliers, local jobs including trainees and apprentices or local Aboriginal owned and operated businesses.

Once a contract is awarded and an Industry Participation Plan is applied, a condition of award is that businesses report six monthly on the progress of the commitments made in the Industry Participation Plan. My office now monitors between 600 to 700 contracts per annum.

Most businesses comply with these reporting requirements, however over the last couple of years there has been approximately 10 per cent who have not complied. To rectify this situation, I have begun issuing letters putting these businesses on notice that if appropriate Industry Participation Plan Reports aren't forthcoming, I will commence issuing Direction Notices under the *Industry Advocate Act 2017.*

I am looking forward to working with the new Malinauskas Government as they implement their industry participation objectives.

Ian Nightingale
INDUSTRY ADVOCATE

Advocate, Collaborate, Innovate

Overview: About the Agency

Purpose

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

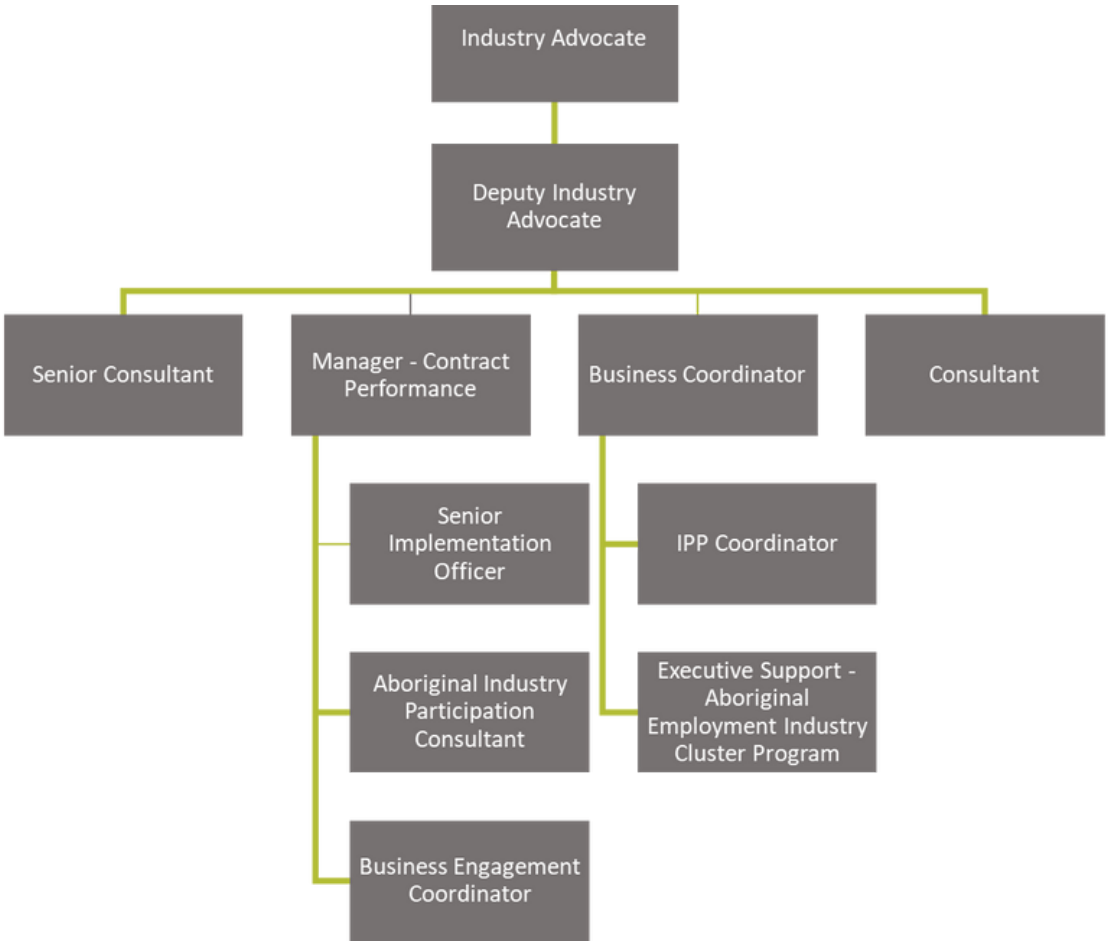
- to investigate and monitor compliance with the SAIPP by participants in government contracts;
- to take action to promote and ensure compliance with the SAIPP, including by issuing directions to participants in government contracts requiring them to comply with their contractual obligations in respect 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 credit :Sarah Constructions - Lyell McEwin Hospital Carpark Extension - photographer- Tom Roschi Photography.

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 2022 follows:



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 Agencies regarding procurement.

Photo credit: Gawler Rail Electrification Project Alliance

Our Performance

In the 2021-22 financial year, the Office of the Industry Advocate monitored Industry Participation Plan contracts totalling $10.09 billion with approximately 76% of total work package spend going to South Australian based businesses. In addition to this, these contracts are reporting approximately 93% of the workforce of the projects are South Australian Full-Time Equivalent (FTE).

$10.09 BILLION

76%
SA BASED BUSINESSES

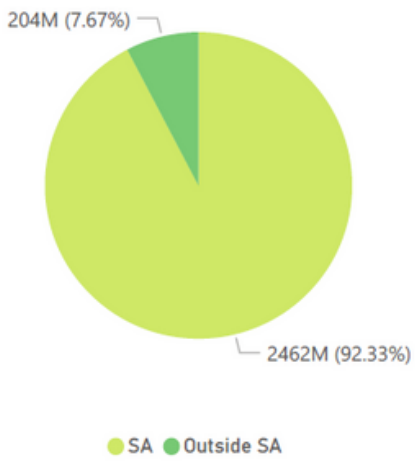
93%
SA FTE WORKFORCE

Photo credit: Multiplex - 83 Pirie Street, Adelaide

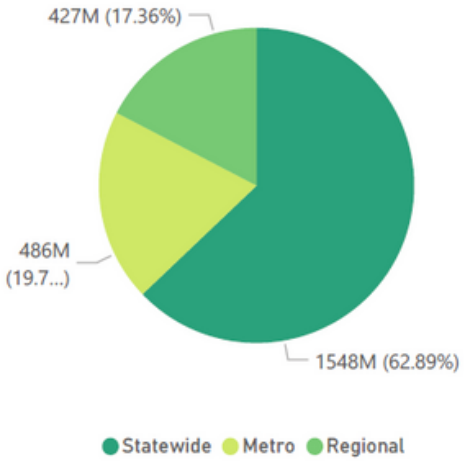
Reporting Matrix for FY 2021-2022

Total Contract Value ($)	Total SA Expenditure ($)	Apprentice/Trainee/Graduate	Contracts Awarded 2021/22
5.38bn	4.64bn	1598	212

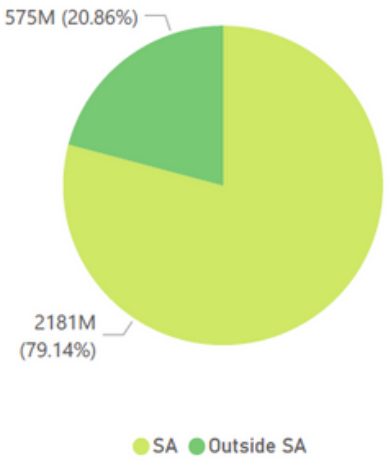
Total Labour Expenditure



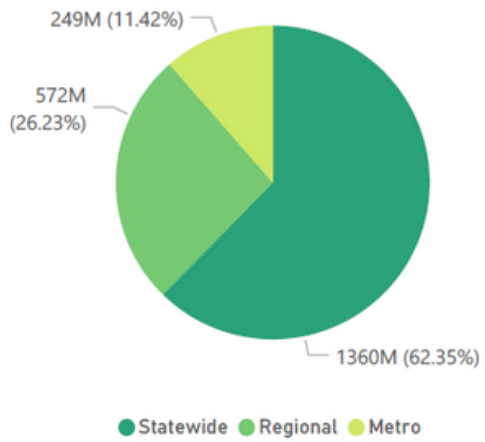
Labour Expenditure in SA by Region



Total Goods & Products Expenditure



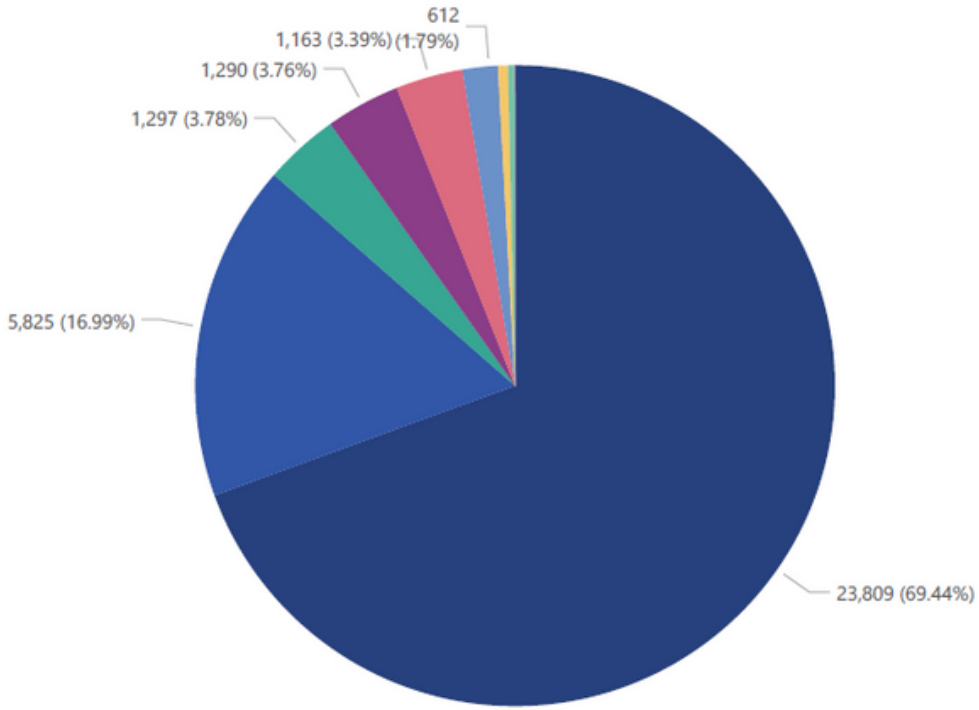
Goods & Products Expenditure in SA by Region



Reporting Matrix for FY 2021-2022

Total Contract Value ($)	Total SA Expenditure ($)	Apprentice/Trainee/Graduate	Contracts Awarded 2021/22
5.38bn	4.64bn	1598	212

FTEs by Industry Sector*

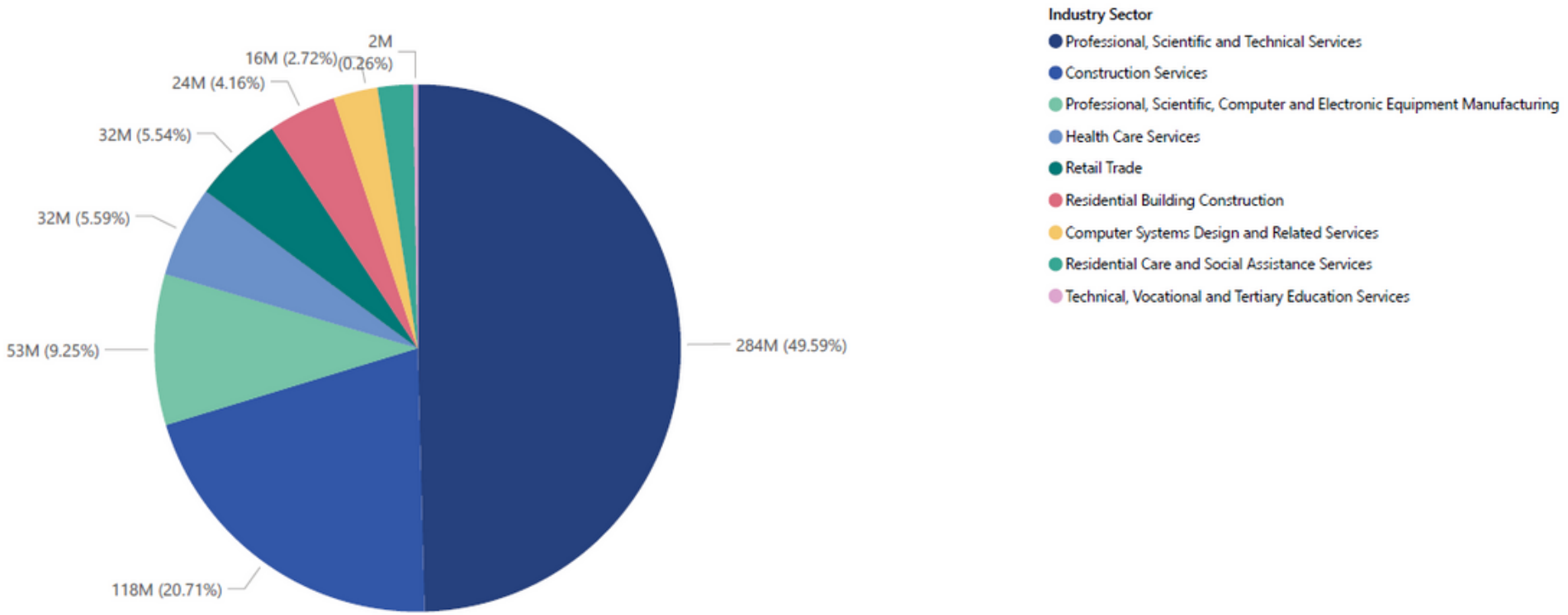


*FTE's are calculated using Primary and Secondary effect multipliers per $1 million contract expenditure to estimate the total full time equivalent positions in South Australia aligned to the ANZIC procurement sectors. Complex procurements can contain multiple ANZIC industry sectors."

Reporting Matrix for FY 2021-2022

Total Contract Value ($)	Total SA Expenditure ($)	Apprentice/Trainee/Graduate	Contracts Awarded 2021/22
5.38bn	4.64bn	1598	212

SA Capital Investment by Industry Sector



Our Performance

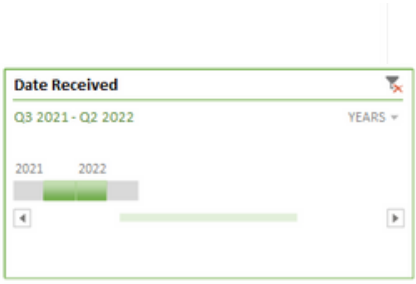
The South Australian Industry Participation Policy Procedural Guidelines requires that public authorities send all Acquisition Plans to the Office of the Industry Advocate for contracts above $550,000. This is to determine the most appropriate Industry Participation Plan to be used and whether there are opportunities for increased input from local suppliers, local jobs including trainees and apprentices or local Aboriginal owner and operated businesses.

Office of the Industry Advocate
Acquisition Plan Allocation Dashboard FY21/22

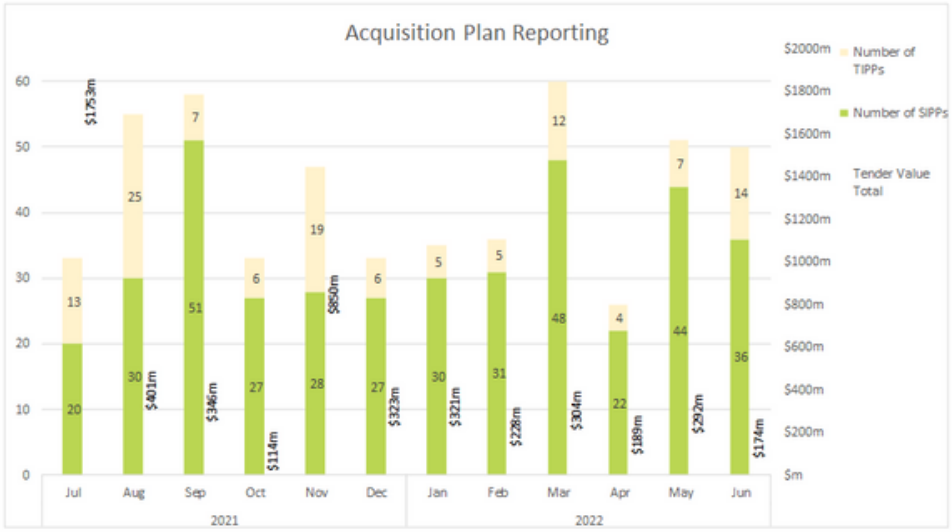
Industry Participation Plan Implementation

KPI Tracking	Count
Acquisition Plans Received	536
Total Value of Acquisition Plans ($millions)	$5294m
TIPPs Allocated	123
SIPPs Allocated	394
SIPPs/TIPPs associated with Grants/In-kind Support	15
Exemption Requests / IPP Not Applied	19
TIPPs below $50m	107

Dataset inputs beginning April-21. Values are indicative and subject to change.



Key
SIPP: Standard Industry Participation Plan
TIPP: Tailored Industry Participation Plan



Acquisition Plan Determination	Number of SIPPs	Number of TIPPs	TIPPs under $50m	Tender Value Total	Sum of Acquisition Plans Received	Count of Grant Funding / In-Kind Support
2021	183	76	63	$3786m	265	7
Jul	20	13	11	$1753m	33	2
Aug	30	25	23	$401m	57	1
Sep	51	7	6	$346m	59	2
Oct	27	6	1	$114m	33	1
Nov	28	19	17	$850m	49	1
Dec	27	6	5	$323m	34	0
2022	211	47	44	$1508m	271	8
Jan	30	5	4	$321m	35	1
Feb	31	5	5	$228m	38	0
Mar	48	12	12	$304m	62	1
Apr	22	4	3	$189m	27	6
May	44	7	6	$292m	53	0
Jun	36	14	14	$174m	56	0
Grand Total	394	123	107	$5294m	536	15

Our Performance

New Government

The new Malinauskas government's following election commitments (March 2022) had a very strong emphasis on industry participation and jobs:

- Require departmental procurement staff to undertake regular training on the industry participation polices of government, and education of local industry participants and providers.
- Require Chief Executives to sign off on procurements where the successful tender is not a South Australian.
- 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 business 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 align well with the key objectives of the Industry Advocate.

An initiative developed during 2021/22 was a new Economic Benefit Dashboard Reporting system.

In the future this system will give my office the capacity to filter Industry Participation Plan Report data and generate live reports on the following areas:

- Industry Sector
- Date range
- Agency
- Direct economic benefit such local jobs, local suppliers, local investment, and engagement with Aboriginal businesses
- Indirect categories of economic benefit such as skills and knowledge transfer, sustainable procurement practices and design outcomes.
- Graphs also capture reports from contractor/suppliers measuring their commitments on targets to actuals

Agency Response to COVID-19

The COVID-19 pandemic has had a significant impact on the South Australia's business sector resulting in businesses, now more than ever, looking at every opportunity to tap into the government's expenditure to create opportunities not only for their business, but also for their suppliers.

The South Australian Industry Participation Policy can act as an economic lever to assist in business recovery/resilience from the COVID-19 pandemic, by building the capability and capacity of businesses in South Australia to participate in state government contracts.

Spending locally not only creates jobs in South Australian industries but it has a multiplier effect in that it increases economic activity in downstream industries and communities and can stimulate private investment in South Australia.

Photo credit: Sarah Constructions - Aldinga Beach B7 School - photographer- Tom Roschi Photography.

Agency contribution to whole of Government objectives

Agency objectives	Indicators	Performance
Build the capability and capacity of businesses based in South Australia to participate in government contracts.	Increase the number and diversity of SA based businesses capable of winning State government contracts.	• Number of businesses listed on SA Products and Services Register • Number of businesses using Ready to Tender online resource. • Number of businesses attending Supply to Gov workshops
Review Draft acquisition plans for all projects over $550,000 to ensure they meet SAIPP objectives.	Determine the most appropriate Industry Participation Plan to be used to increase the use local suppliers, local jobs, trainees/apprentices, and local Aboriginal owned and operated businesses.	• 536 Acquisition Plans reviewed • 394 Standard IP Plans allocated • 123 Tailored IP Plans allocated
Assist in the negotiations between Agencies and suppliers to ensure Industry Participation Plans commitments meet SAIPP objectives.	Design Tailored Industry Participation Plan (TIPP) to deliver expanded economic development for the State.	• Increase the number and diversity of contracts going to SA-based businesses • Opportunities for SA regional businesses • Opportunities for SA Aboriginal businesses throughout the projects supply chain • Maximise employment opportunities for SA residents, trainees, apprentices, and graduates • Maximise employment opportunities for SA Aboriginal and Torres Strait Islander people • Identify capital expenditure in SA associated with the proposed contract
Investigate and monitor compliance with the Industry Participation Plan commitments by participants in Government contracts.	Agencies and private parties contracting to the Government of South Australia are required to comply with the South Australian Industry Participation Policy.	• Industry Participation Plan Reports are due every six (6) months to monitor IP Plan commitments. • Internal audit conducted to identify non-compliance including overdue IPP reports

Employment opportunity programs

Program name	Performance
Nil	Nil

Agency performance management and development systems

Performance management and development system	Performance
Performance discussions	All employees in the Office of the Industry Advocate have performance discussions which are facilitated and documented though the online learning management system, *Our Development*. The formal *Our Conversations* process is designed to emphasise the importance of regular conversations between employees and managers as well as the planned, structure and documented progress conversations.

Executive employment in the agency

Executive classification	Number of executives
SAES	1

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

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 2021-2022 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	**2021-22**	**2020-21**	**% 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	**2021-22**	**2020-21**	**% 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**	**2021-22**	**2020-21**	**% 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 2021-22 are attached to this report.

Statement of Comprehensive Income	2021-22 Budget $000s	2021-22 Actuals $000s	Variation $000s	2020-21 Actuals $000s
Total Income	1 517	1 680	163	1 868
Total Expenses	1 517	1 642	125	1 939
Net Result	**-**	**38**	**38**	**(71)**
Total Comprehensive Result	**-**	**38**	**38**	**(71)**

Statement of Financial Position	2021-22 Budget $000s	2021-22 Actuals $000s	Variation $000s	2020-21 Actuals $000s
Current assets	982	702	(280)	787
Non-current assets	-	-	-	-
Total assets	**982**	**702**	**(280)**	**787**
Current liabilities	499	218	(281)	310
Non-current liabilities	526	495	(31)	526
Total liabilities	**1 025**	**713**	**(312)**	**836**
Net assets	**(43)**	**(11)**	**32**	**(49)**
Equity	**(43)**	**(11)**	**32**	**(49)**

Consultants disclosure

The following is a summary of external consultants 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
All consultancies below $10,000 each - combined	Various	$10, 815

Financial Performance

Consultancies with a contract value above $10,000 each

Consultancies	Purpose	$ Actual payment
NIL		$0
	TOTAL	**$0**

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

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 disclosure

The following is a summary of external 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

Contractors with a contract value below $10,000 each

Contractors	Purpose	$ Actual payment
All contractors below $10,000 each - combined	Various	$1,910.19

Contractors with a contract value above $10,000 each

Contractors	Purpose	$ Actual payment
Pernix Ptd Ltd	Development of online Tailored Industry Participation Plans	$16,300
	TOTAL	**$16,300**

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 Office of the Industry Advocate (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.

For staff assigned to the 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.

Public complaints

Number of public complaints reported

Complaints categories	Sub-categories	Example	Number of Complaints 2021-22
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, outdated 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 *PC039- Complaint Management in the South Australian Public Sector*, the Office of the Industry Advocate is working towards implementing a Complaints Management System (CMS) to record complaints and feedback for 2022-23 reporting purposes.

Compliance Statement

Office of the Industry Advocate is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector	No
Office of the Industry Advocate has communicated the content of PC 039 and the agency's related complaints policies and procedures to employees	No

Business Engagement Initiatives

SA Product and Services Register

The SA Product and Services Register (SAP+SR) 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 register, making it easier for businesses to register and to search through the industry sectors. There are currently 1345 South Australian Businesses registered on the SA Product and Services Register.

Aboriginal Business Directory

The Aboriginal Business Directory launched in January 2020. The online portal replaced the Supply Nation administered, Aboriginal Business Connect. The register currently comprises of 139 South Australian Aboriginal-owned businesses seeking to provide goods and services to the South Australian Government. The Aboriginal Business Directory is incorporated in the SAP+SR on the OIA website.

Ready to Tender

Ready to Tender is an online Step-by-Step guide designed to help South Australian businesses navigate the government procurement process. There are four easy to navigate modules, walking users through the whole process 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 Gov Workshops

The OIA holds regular Supply to Gov workshops in a new panel style format with a focus on specific industry themes and panel representatives from both government and industry. These workshops are aimed at businesses interested in working with the State Government. These workshops are free, and businesses are encouraged to sign up to the OIA mailing list to be kept informed of upcoming events.

Aboriginal Employment Industry Cluster Program

In 2019 the OIA took on responsibility for the Aboriginal Employment Industry Cluster Program (AEICP) which an employer led initiative established to facilitate increased employment opportunities for Aboriginal and Torres Strait Islander people in South Australia, with an emphasis on skills development.

The program focuses on sustainable employment outcomes across a number specific industry sectors working with businesses who are actively looking to employ and/or upskill First Nations people either directly or through their supply chain with a focus on the importance of traineeships, apprenticeships. Mentoring and other support systems that aid the Aboriginal community in stabilising long term and meaningful careers will be important for the future of the program.

Key outcomes of the program:

AEICP Outcomes **(November 2021 to September 2022)**	
Description	**Number**
Employed individuals: Fulltime/ Part-time/ Traineeship/ Apprenticeship/ Cadetship/ Work Experience	11
Referral of individual applications onto an employer or consultant (incl. resume/ cover letter / letter of application)	15
Pre-employment support: Resume writing and reviewing/ cover letter drafting/ job applications/ interview preparation/ job seeking via extended resources	55
TOTAL:	80

Office of the Industry Advocate

Financial Statements

for the year ended 30 June 2022

Office of the Industry Advocate
Certification of the Financial Statements
for the year ended 30 June 2022

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
24 September 2022

Phillip Dowsett
Deputy Industry Advocate
26 September 2022

Office of the Industry Advocate
Statement of Comprehensive Income
for the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Income			
SA Government grant, subsidies and transfers	2.1	1 517	1 863
Other income	2.2	163	5
Total income		**1 680**	**1 868**
Expenses			
Employee benefits expense	3.2	1 388	1 621
Supplies and services	4.1	254	318
Total expenses		**1 642**	**1 939**
Net result		**38**	**(71)**
Total comprehensive result		**38**	**(71)**

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 2022

	Note	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents	5.1	698	781
Receivables	5.2	4	6
Total current assets		**702**	**787**
Total assets		**702**	**787**
Current liabilities			
Payables	6.1	82	90
Employee benefits	3.3	134	218
Provisions	6.2	2	2
Total current liabilities		**218**	**310**
Non-current liabilities			
Payables	6.1	43	45
Employee benefits	3.3	446	476
Provisions	6.2	6	5
Total non-current liabilities		**495**	**526**
Total liabilities		**713**	**836**
Net assets		**(11)**	**(49)**
Equity			
Retained earnings		(11)	(49)
Total equity		**(11)**	**(49)**

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 2022

	Retained earnings $'000	Total equity $'000
Balance at 1 July 2020	**22**	**22**
Net result for 2020-21	(71)	(71)
Total comprehensive result for 2020-21	**(71)**	**(71)**
Balance at 30 June 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)**

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 2022

	Note	2022 Inflows (Outflows) $'000	2021 Inflows (Outflows) $'000
Cash flows from operating activities			
Cash inflows			
SA Government grant, subsidies and transfers		1 517	1 863
Other receipts		169	-
Cash generated from operations		**1 686**	**1 863**
Cash (outflows)			
Employee benefits payments		(1 521)	(1 366)
Payments for supplies and services		(248)	(333)
Cash (used in) operations		**(1 769)**	**(1 699)**
Net cash provided by operating activities		**(83)**	**164**
Net increase/(decrease) in cash and cash equivalents		**(83)**	**164**
Cash and cash equivalents at the beginning of the period		781	617
Cash and cash equivalents at the end of the period	5.1	**698**	**781**

The accompanying notes form part of these financial statements.

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 2018.

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.

The Office has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the office is 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 even 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.

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.

1.3. Impact of COVID-19 pandemic on the Office

The COVID-19 pandemic has not had an impact on the operations of operations of the Office of the Industry Advocate.

2. Income

2.1. SA Government grant, subsidies and transfers

	2022 $'000	2021 $'000
SA Government grant, subsidies and transfers	1 517	1 863
Total SA Government grant, subsidies and transfers	**1 517**	**1 863**

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

	2022 $'000	2021 $'000
Recoveries	163	5
Total other income	**163**	**5**

The other income mainly relates to salaries and wages recoveries of $163 000 (2021: $5 000)

3. Board, committees and employees

3.1. Key management personnel

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 $532 000 (2021: $362 000).

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

	2022 $'000	2021 $'000
Salaries and wages	909	1 021
Annual leave	41	147
Long service leave	(30)	175
Employment on-costs - superannuation	123	127
Employment on-costs - other	338	134
Skills and experience retention leave	6	14
Workers compensation	1	3
Total employee benefits expense	**1 388**	**1 621**

Employment on-costs - superannuation

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

Employee remuneration

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

	2022 No	2021 No
$354 001 to $374 000	-	1
$377 001 to $397 000	1	-
Total	**1**	**1**

The table includes one employee 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 this employee for the year was $382 000 (2021: $362 000).

3.3. Employee benefits liability

	2022 $'000	2021 $'000
Current		
Accrued salaries and wages	-	28
Annual leave	114	173
Long service leave	3	4
Skills and experience retention leave	17	13
Total current employee benefits	**134**	**218**
Non-current		
Long service leave	446	476
Total non-current employee benefits	**446**	**476**
Total employee benefits liability	**580**	**694**

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.

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.

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* (*AASB 119*) 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 1.25% in 2021 to 3.5% in 2022.

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 DTF has kept the salary inflation rate remain at 2.5% 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 $73 000 and employee benefits expense of $73 000. 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.

4. Expenses

4.1. Supplies and services

	2022 $'000	2021 $'000
Contractors	35	145
Accommodation	138	91
Information technology and communications	25	34
Staff related expenses	15	16
Office administration expenses	15	12
Travel and related expenses	8	6
Marketing	-	6
Infrastructure - corporate costs	-	2
Consultants	11	1
Audit fees*	7	5
Total supplies and services	**254**	**318**

* Includes audit fees paid/payable to the Auditor-General's the *Public Finance Audit Act 1987* of $7 000 ($5 000). 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

	2022 $'000	2021 $'000
Cash at bank	698	781
Total cash and cash equivalents	**698**	**781**

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.

5.2. Receivables

Current	2022 $'000	2021 $'000
Trade receivables	-	6
Total current receivables	**-**	**6**
Prepayments	4	-
Total current receivables	**4**	**6**
Total receivables	**4**	**6**

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

The 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.

6. Liabilities

6.1. Payables

	2022 $'000	2021 $'000
Current		
Accrued expenses	29	56
Employment on-costs	21	34
Trade payables	32	-
Total current payables	**82**	**90**
Non-current		
Employment on-costs	43	45
Total non-current payables	**43**	**45**
Total payables	**125**	**135**

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 remained at 42% in both 2021 and 2022. The average factor for the calculation of employer superannuation cost on-costs has increased from 10.1% to 10.6% in 2022. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial.

6.2. Provisions

All Provisions are workers compensation.

	2022 $'000	2021 $'000
Movement in provisions		
Carrying amount at the beginning of the period	7	3
Increase in provisions recognised	1	4
Carrying amount at the end of the period	**8**	**7**

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 liability 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 2022 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector Employment.

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

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.

7. Outlook

7.1. Unrecognised contractual commitments

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

	2022 $'000	2021 $'000
Within one year	126	-
Later than one year but not longer than five years	129	-
Total expenditure commitments	**255**	-

The Office's expenditure commitments for 2021-22 relates to accommodation expenses. The Office did not have any commitment for 2020-21 as the new lease commenced on 1 July 2021 in new premises.

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

Level 17, 30 Wakefield Street

Adelaide SA 5000

Telephone: 08 8226 8956

Email: oia@sa.gov.au

ABN: 19 040 349 865

Advocate, Collaborate, Innovate