



2020-21 Industry Advocate Annual Report



Government
of South Australia

Office of the
Industry Advocate

2020-21 Annual Report

Front Cover: SkyCity Image - Photographer Sam Noonan

Office of the Industry Advocate

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ISSN: 2209-8372

Date presented to the Treasurer: 30 September 2021

To: The Hon Rob Lucas MLC
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

30/09/2021

2020-21

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Overview: About the Agency

Functions, objectives and deliverables

- 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;
- 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.



Image: BusTech Group

A message from the Industry Advocate



In last year's Annual Report I referenced the Productivity Commission's statement that any 'value for money' policy developed by the State government must be consistently applied across government practices and incorporate reference to economic benefit.

I am pleased to report that over the last twelve months there has been significant alignment of broader government objectives and the State's Industry Participation Policy.

For example the Government's new Procurement Governance Policy requires public authorities to maximise opportunities for South Australian businesses through the application of the South Australian Industry Participation Policy (SAIPP).

In addition to value for money considerations, public authorities are now required to consider the economic benefit of the procurement to the South Australian economy, in line with the SAIPP.

Furthermore, the Government's Procurement Governance Policy also encourages innovation wherever the opportunity exists to improve the way goods and services are delivered.

The intention is to promote this through effective industry engagement, market research, and outcome-based procurement practices.

This approach is consistent with the SAIPP Procedural Guidelines where it states that in order for the Policy to have maximum impact, project design and tender specifications should not be an obstacle to the South Australian supply of required goods or services.

The intent here is for design and tender specifications to use Australian standards, or standards regularly used in Australia and be performance based rather than brand specific wherever possible.

The Department of the Premier and Cabinet (DPC) has recently released a Strategic Plan 2021-2022 with one of the key priorities to drive economic growth, jobs and economic opportunities.

Again, this is consistent with the SAIPP objective of measuring economic benefit through jobs, investment and supply chain opportunities, and shows a solid alignment of the State Government's broader policy objectives.

It was recognised by the Productivity Commission that the SAIPP was most likely to contribute to a business environment that fosters 'match-fit' businesses that are competitive in markets beyond South Australia.

Something I have been advocating for, for some time now is a pre-registration system which will allow existing and new users of the SA Tenders and Contracts website to pre-load their business details. DPC's, Office of ICT and Digital Government have now developed the system and it has been tested successfully with businesses and will be released more broadly mid next year.

One of the things I will be advocating for over the next twelve months is for South Australian government procurement to create an environment where Small to Medium Enterprise (SMEs) have the opportunity to participate in larger procurement projects that they may not normally bid for due to lack of capability or capacity.

One way this this can be achieved is through education, training and support that encourages SMEs to partner and collaborate on bids by working as part of a consortia or joint venture.

This can provide a mechanism to address skills shortages, build capability and capacity of the South Australian workforce and create opportunities for local SME's to be part of larger government projects.

Procurement Services SA will now publish a Forward Procurement Plan on behalf of all public authorities to inform prospective suppliers about future procurement opportunities. This provides suppliers of the public authority's intentions to undertake a procurement and indicative timing in the coming 24-month period.

This will be a huge improvement as it will allow local businesses enough time to consider whether they tender themselves or contemplate a joint venture approach.

Over the last twelve months the Office of the Industry Advocate (OIA) has completed a review of Tailored Industry Participation Plans. A major part of the review looked at improving the framework for assessing the economic benefit of the procurement to the State.

The outcome was to simplify the economic benefit test with regards to jobs and supply inputs sourced from South Australian businesses. In addition to this, there are now sections that include indirect benefits such as innovation and start-up engagement, skills and knowledge transfer and sustainable procurement.

All Tailored Industry Participation Plans now require an Aboriginal economic participation section which is aimed at increasing the level of South Australian Aboriginal business engagement and participation through employment and economic opportunities arising from the Government's expenditure.

With these options available to them public authorities are often opting to use a Tailored Industry Participation Plan as this can better align with the agency's objectives. Currently the OIA is monitoring 525 Industry Participation Plans which is over double the amount being monitored in 2019.

With this significant increase in workload my office has had to focus on the critical aspects of the role including building the capability and capacity of businesses based in South Australia to participate in government contracts and monitoring the performance of public authorities and businesses in meeting their SAIPP obligations.

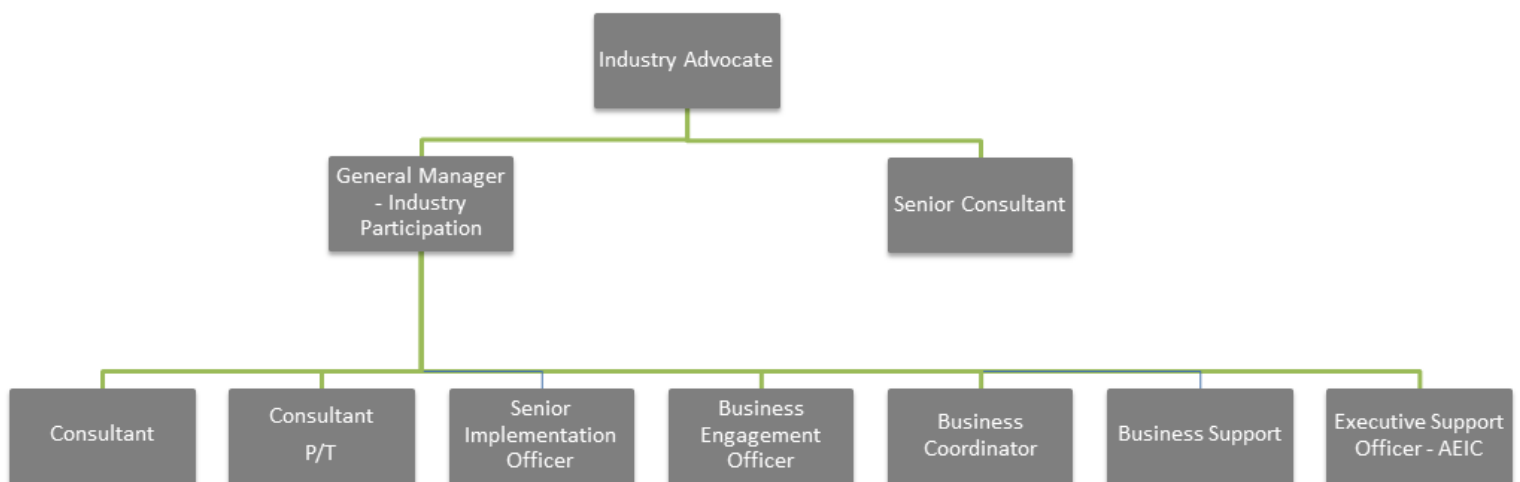
While my appointment as the Industry Advocate is by the Governor and operates as an Independent Statutory Office, the OIA's staff are public service employees assigned to assist me in my role. I would like to take this opportunity to thank them for their dedication in advancing all of the objectives of the Industry Participation Policy.

Ian Nightingale
Industry Advocate

Our Organisational Structure

The Office of the Industry Advocate supports the functions and responsibilities of the Industry Advocate. 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 2021 follows:



Our Executive Team

Ian Nightingale is the Industry Advocate, responsible for the functions under the *Industry Advocate Act 2017* and leading the Office of the Industry Advocate.

Our Minister

The Hon Rob Lucas MLC is the Treasurer and Member of the Legislative Council.

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.



Image: New Whyalla Secondary School - Sarah Constructions

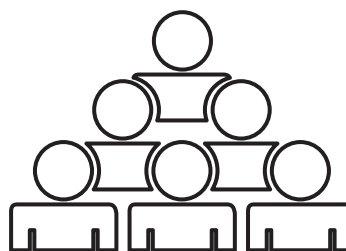
Our Performance

In the 2020-21 financial year, the Office of the Industry Advocate monitored Industry Participation Plan contracts totalling \$10.87 billion with approximately 77% of total work package spend going to South Australian based businesses. In addition to this, these contracts are reporting approximately 92% of the workforce of the projects are South Australian Full-Time Equivalent (FTE).

\$10.87 BILLION



77%
SA BASED
BUSINESSES



92%
SA FTE
WORKFORCE



Image: Leader Computers, Adelaide

Our Performance

Agency Response to COVID-19

The COVID-19 pandemic has had a significant impact on 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.

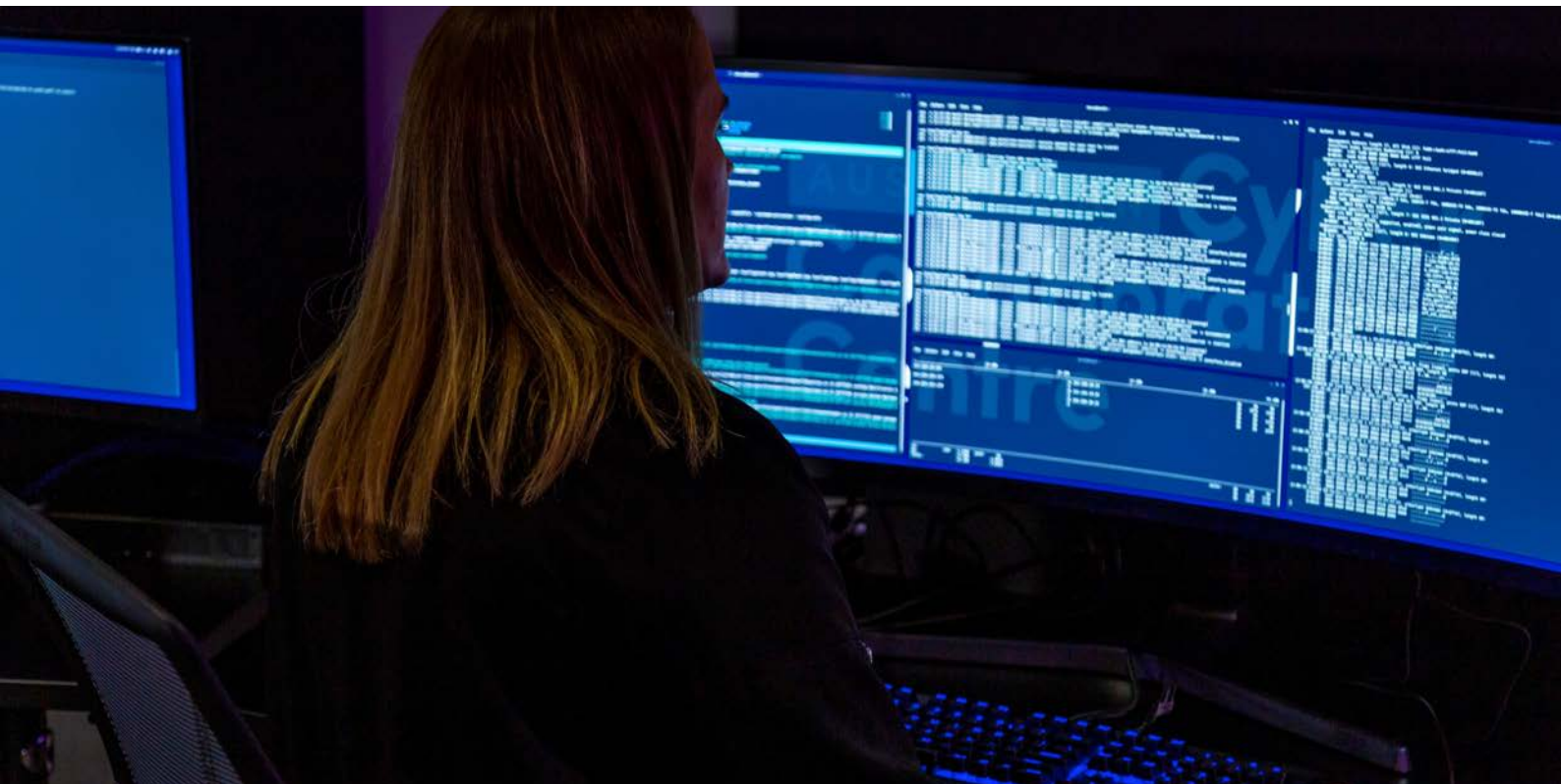


Image: DTEX Systems, Adelaide

Our Performance

Agency contribution to whole of Government objectives

Key objective	Agency's contribution
<p>Government expenditure results in economic development of South Australia. Capable businesses are given full, fair and reasonable opportunity to participate in Government contracts.</p>	<p>Increase the number and diversity of local businesses with the knowledge and experience to participate in government contracts both directly and indirectly through the consistent growth in the number of businesses and Responsible Government Agencies using the SA Product and Services Register.</p> <p>SAIPP Project Groups established for all projects above \$50 million or of strategic importance with an agreed meeting schedule to monitor and report against commitments made in Tailored Industry Participation Plans (TIPPs) and to identify opportunities for SMEs in supply chains.</p>
<p>Address the identified gap in knowledge between potential suppliers and government agencies about local supply capabilities and agency procurement needs and plans, government agencies establish regular opportunities for their business units and procurement staff to engage with local businesses through means such as Meet the Buyer program</p>	<p>As there was no budget allocation provided to OIA in the 2020-21 financial year to run Meet the Buyer events, an alternative model funded by businesses and industry was investigated.</p> <p>In 2020-21 the OIA, in partnership with Showcase SA ran the inaugural SA Industry Showcase Expo – an event to connect businesses, consumers, and government agencies to collaborate on upcoming projects, boosting the local economy, creating jobs and increasing industry engagement.</p> <p>In addition to this, OIA adjusted its Supply to Gov workshop model, moving to a panel style format focussing on targeted industry sectors with expert panel representation from both government and industry.</p> <p>Developed a series of online resources and virtual Supply to Gov videos available on OIA's website for businesses unable to attend face-to-face sessions or for sessions impacted by COVID-19 restrictions.</p>

<p>Increase the opportunity for Aboriginal owned and operated businesses to successfully quote and/or tender for government contracts</p>	<p>Responsible Government Agencies (RGAs) may consider applying an Industry Participation Plan to procurements above \$220,000 and increasing the industry participation weighting above the minimum of 15 per cent, accompanied by tailored measures for Aboriginal participation which are directly relevant to raising economic participation for Aboriginal businesses and employees.</p> <p>All Tailored Industry Participation Plans (TIPPs) now include two mandatory sections that requires the head contractor to commit to a certain percentage of supply with Aboriginal businesses and a percentage of workforce Aboriginal or Torres Strait Islander people engaged in the delivery of the contract.</p> <p>A new partnership between the Office of the Industry Advocate and Aboriginal Affairs and Reconciliation (AA&R) will see two AA&R employees based in Port Augusta take on an expanded role of Aboriginal Economic Participation. This new arrangement will continue to support the objectives of the Far North Aboriginal Economic Collective (FNAEC) by being the primary contact point for RGAs procuring goods and services in the Far North region.</p>
<p>Establishing a pre-registration system that will allow tenders to pre-load their business details, making the process of bidding for government tenders simpler, quicker and easier.</p>	<p>OIA in conjunction with the Department of the Premier and Cabinet's (DPC) Office for ICT and Digital Government have now developed a single pre-registration portal. The pre-registration system was released to a small pilot group of businesses in mid-2021. Feedback received (which is currently under review) to be incorporated into a public release in June 2022.</p>

Reporting Matrix for FY 2020 - 2021

Total Contract Value (\$)
4673M

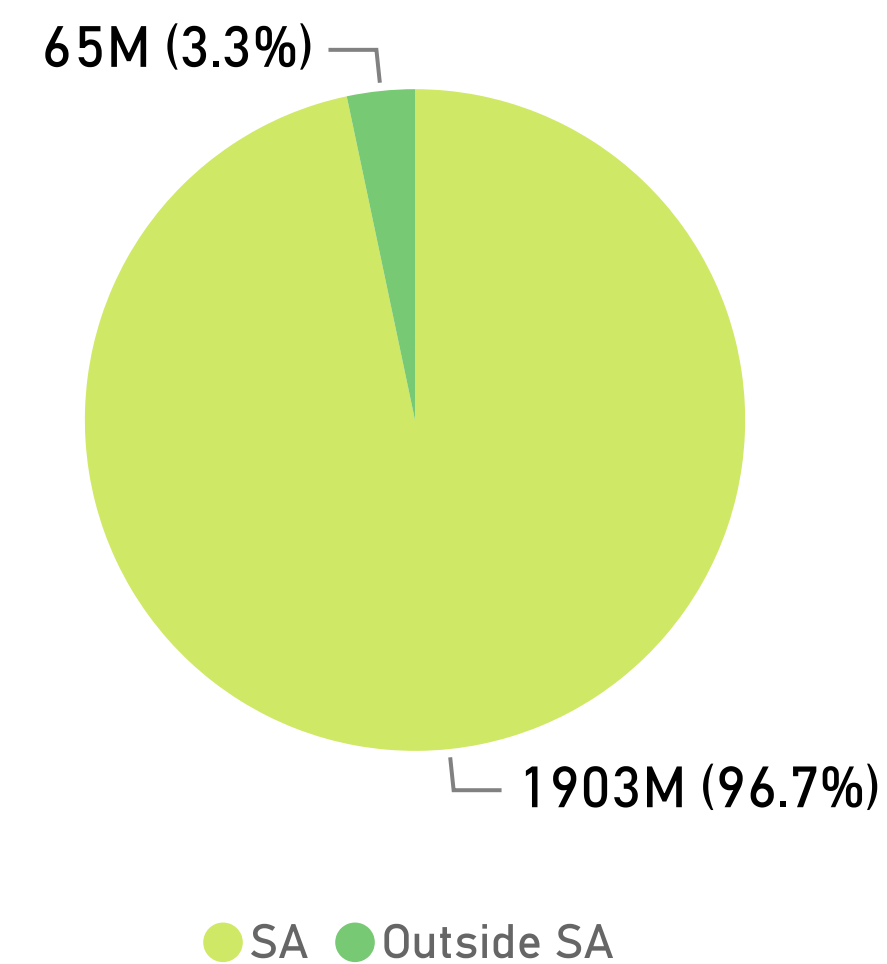
Total SA Expenditure (\$)
3669M

Apprentice/Trainee/Graduate
964

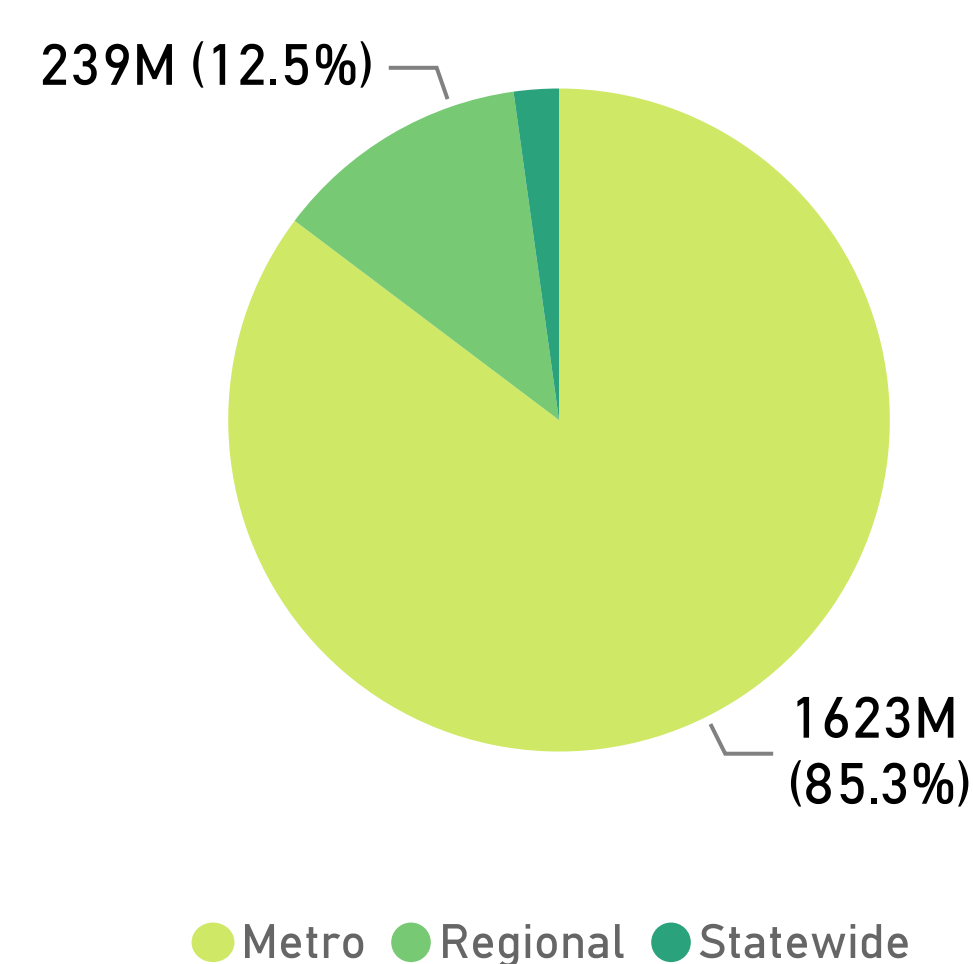
Number of Contracts
336

Expenditure by Geography

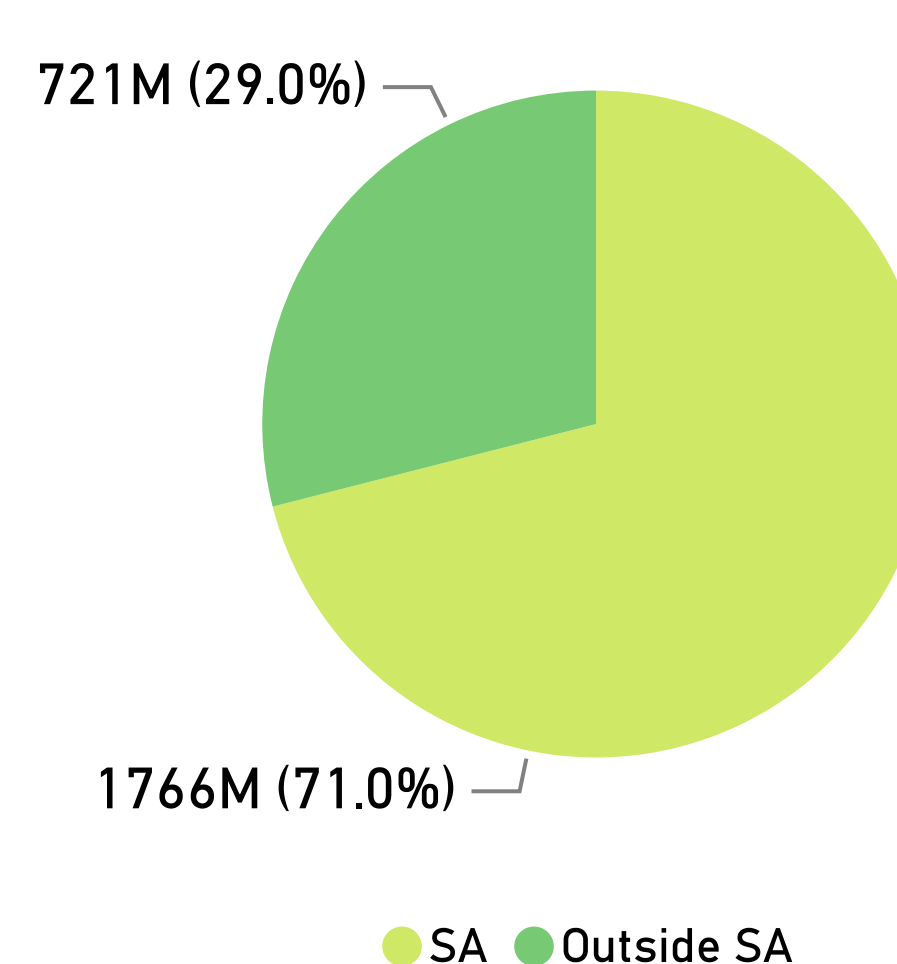
Total Labour Expenditure



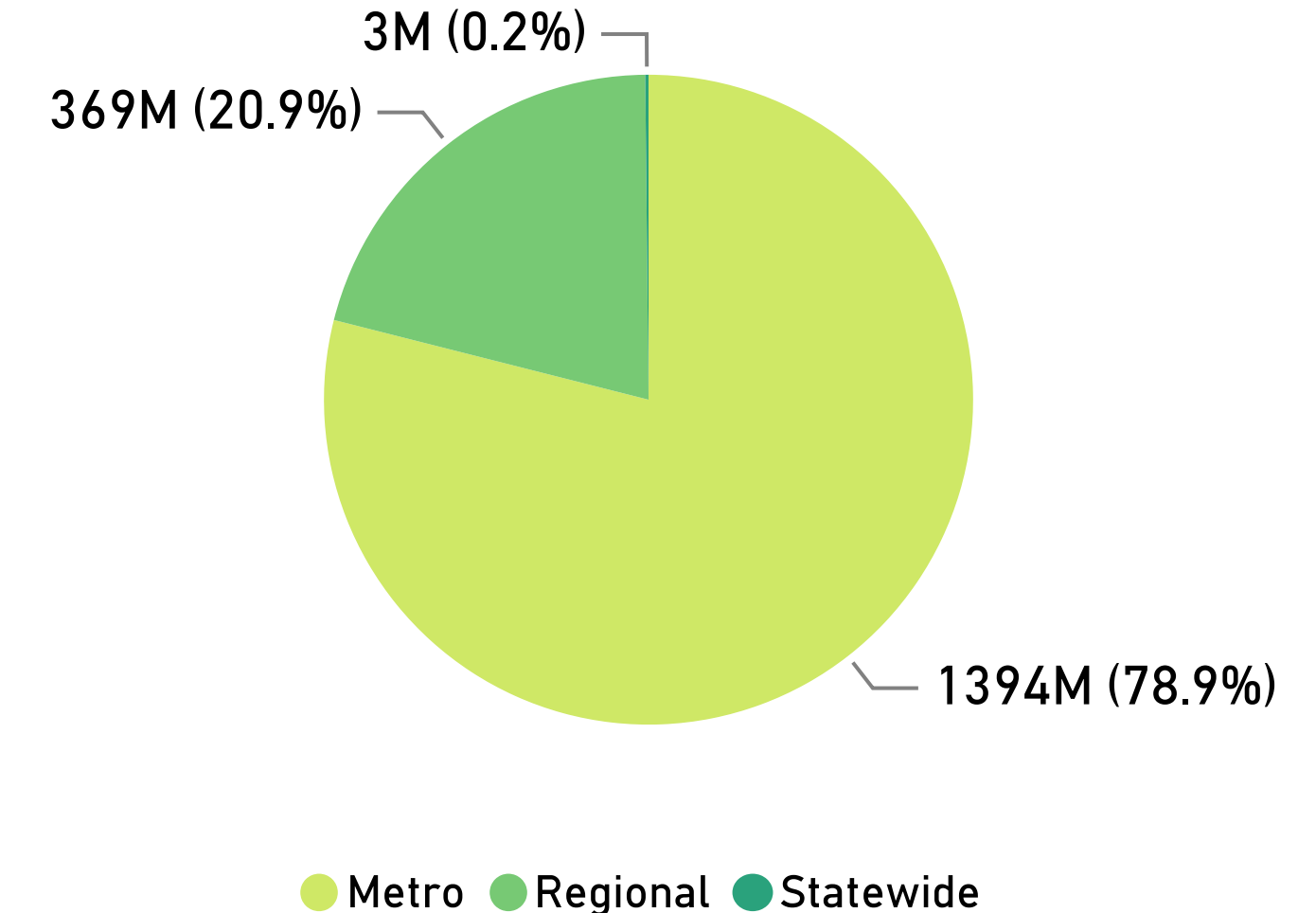
Labour Expenditure in SA by Region



Total Goods & Products Expenditure



Goods & Products Expenditure in SA by Region



Reporting Matrix for FY 2020 - 2021

Total Contract Value (\$)

4673M

Total SA Expenditure (\$)

3669M

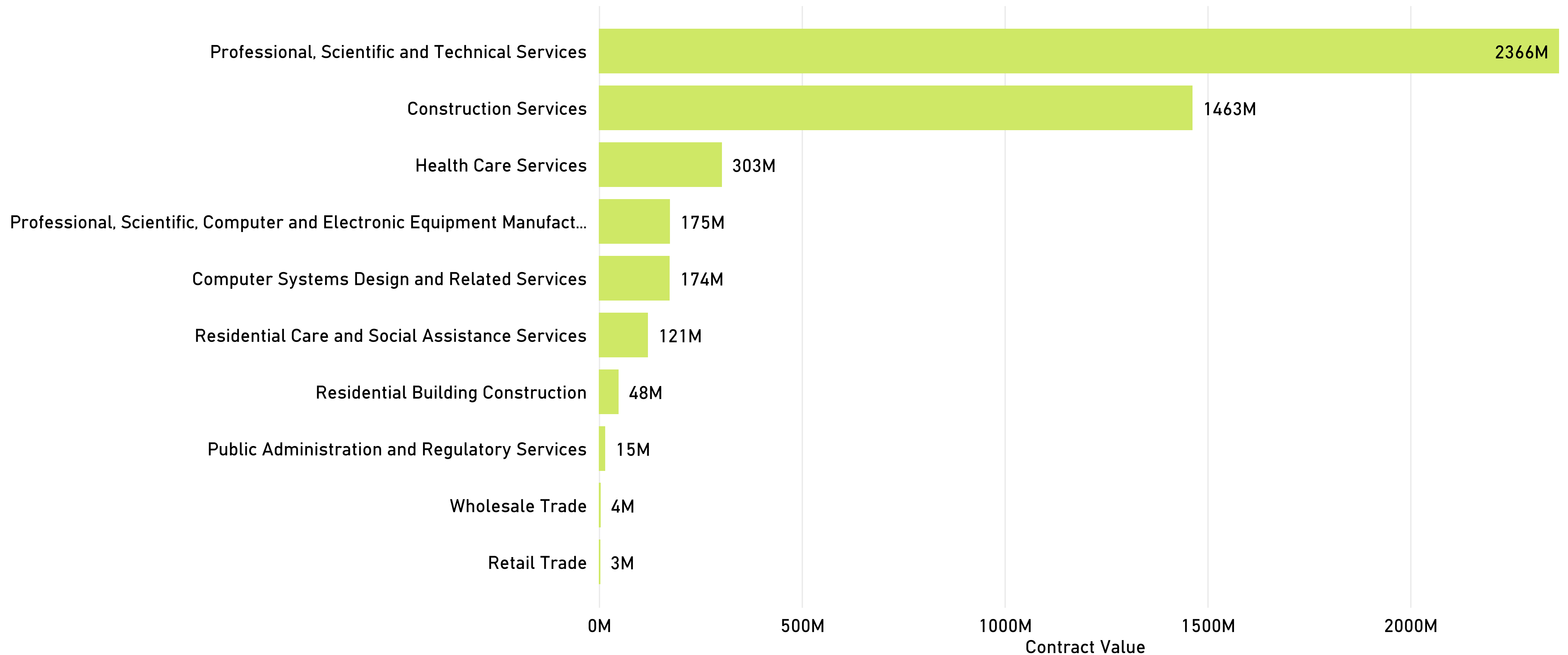
Apprentice/Trainee/Graduate

964

Number of Contracts

336

Contract Value by Industry Sector (\$)



Reporting Matrix for FY 2020 - 2021

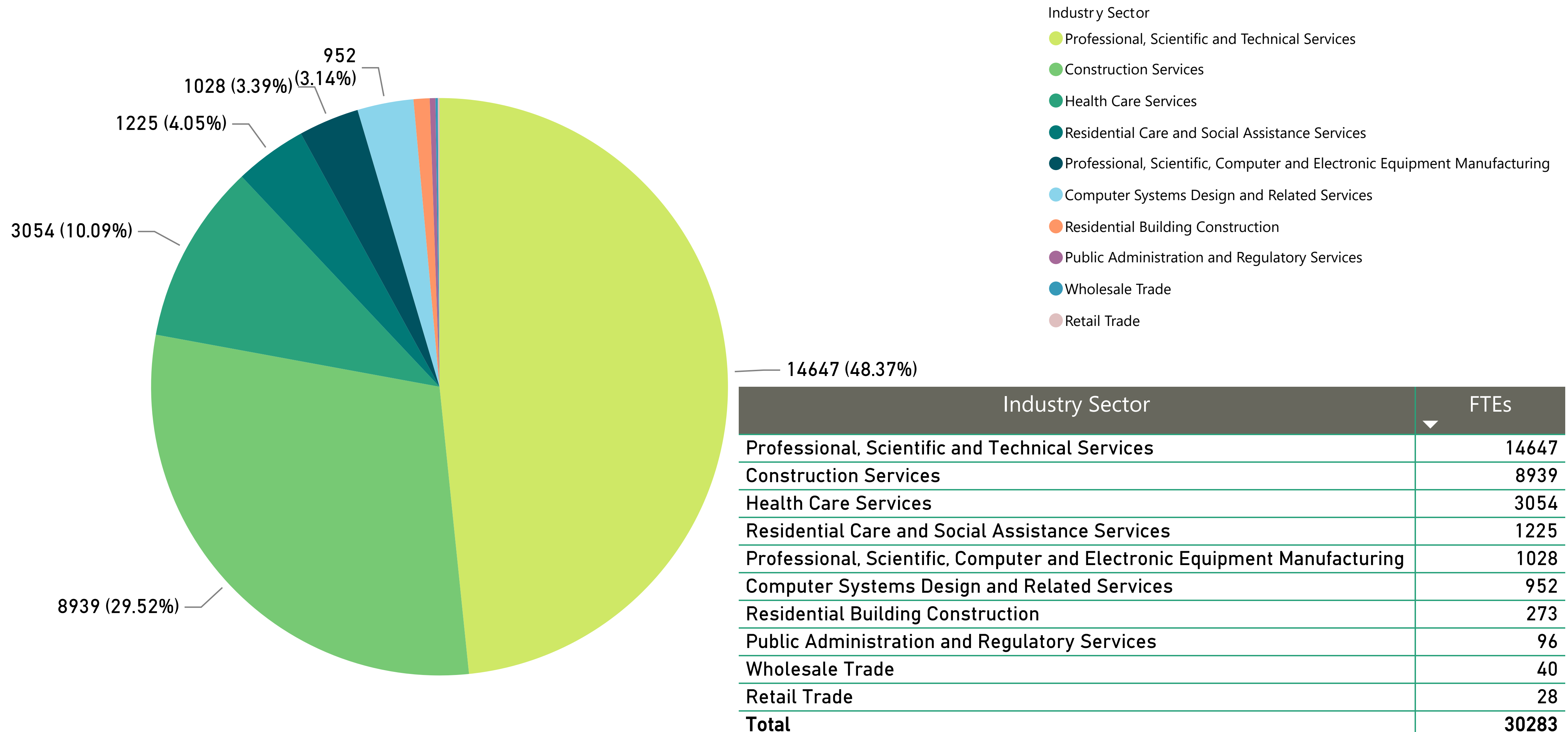
Total Contract Value (\$)
4673M

Total SA Expenditure (\$)
3669M

Apprentice/Trainee/Graduate
964

Number of Contracts
336

FTEs by Industry Sector*



*FTE's are calculated using Primary and Secondary effect multipliers per \$1 million contract expenditure to estimate the largest total full time employment in South Australia respective to the ANZIC procurement industry categories, modelled by Deloitte.

Reporting Matrix for FY 2020 - 2021

Total Contract Value (\$)
4673M

Total SA Expenditure (\$)
3669M

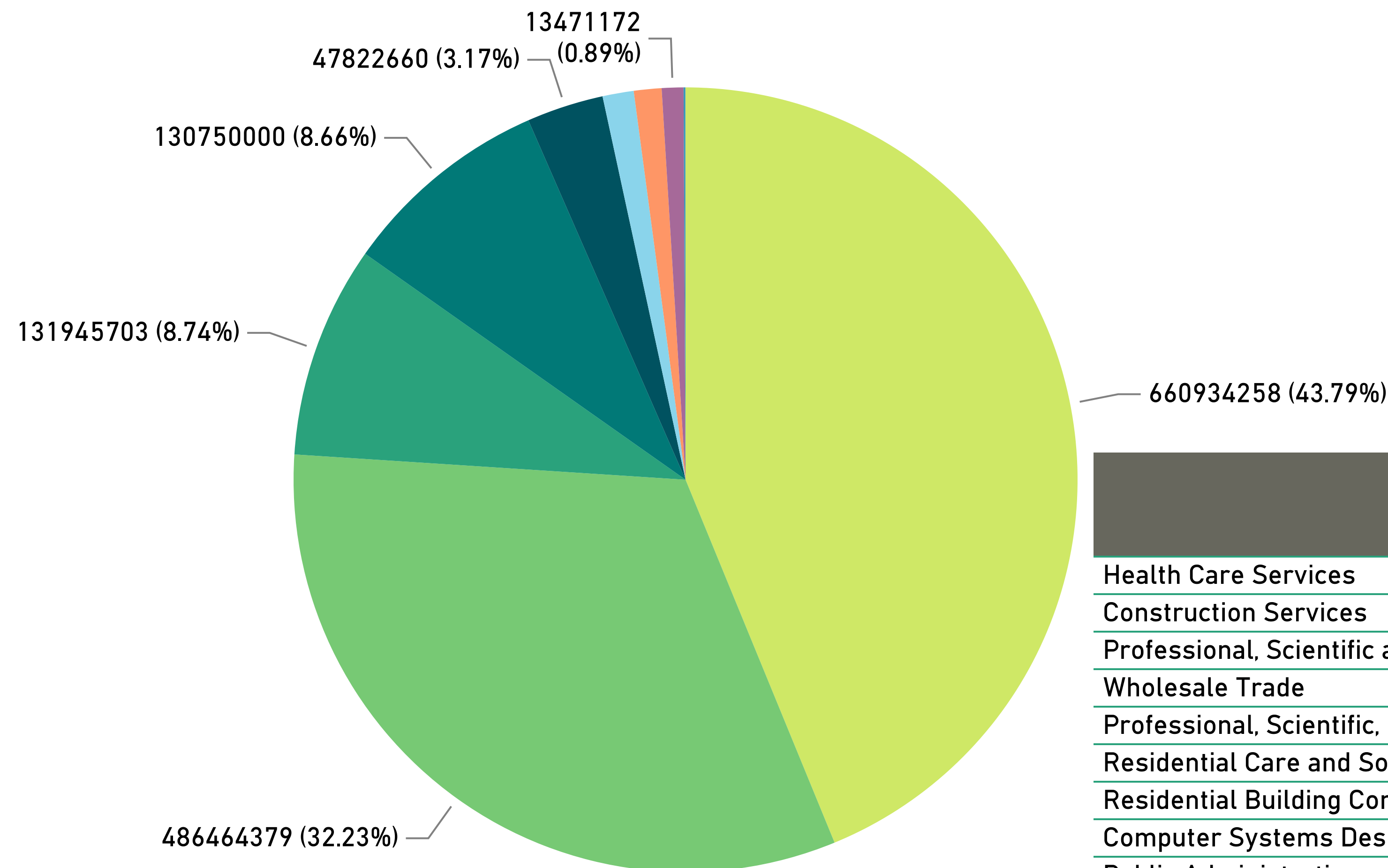
Apprentice/Trainee/Graduate
964

Number of Contracts
336

SA Capital Investment by Industry Sector

Industry Sector

- Health Care Services
- Construction Services
- Professional, Scientific and Technical Services
- Wholesale Trade
- Professional, Scientific, Computer and Electronic Equipment Manufacturing
- Residential Care and Social Assistance Services
- Residential Building Construction
- Computer Systems Design and Related Services
- Public Administration and Regulatory Services
- Retail Trade



Industry Sector	SA Capital Investment
Health Care Services	660934258
Construction Services	486464379
Professional, Scientific and Technical Services	131945703
Wholesale Trade	130750000
Professional, Scientific, Computer and Electronic Equipment Manufacturing	47822660
Residential Care and Social Assistance Services	19373448
Residential Building Construction	17216754
Computer Systems Design and Related Services	13471172
Public Administration and Regulatory Services	1155000
Retail Trade	62750
Total	1509196124

Our Performance

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 through the online learning management system, <i>Our Development</i> . 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.

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 2020-21 financial year. This included the Agency's COVID-19 Management Plan and response and other initiatives under DTFs *Wellbeing for our People 2021-2024*.

Workplace injury claims	2020-21	2019-20	% 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	2020-21	2019-20	% Change (+ / -)
Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>)	Nil	Nil	0%
Number of provisional improvement, improvement and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>)	Nil	Nil	0%

Return to work costs**	2020-21	2019-20	% Change (+ / -)
Total gross workers compensation expenditure (\$)	Nil	Nil	0%
Income support payments – gross (\$)	Nil	Nil	0%

**before third party recovery

Data for previous years is available at: <https://industryadvocate.sa.gov.au/>

Executive employment in the agency

Executive classification	Number of executives
SAES	1

Data for previous years is available at: <https://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.

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 2020-2021 are attached to this report.

Statement of Comprehensive Income	2020-21 Budget \$000s	2020-21 Actual \$000s	Variation \$000s	2019-20 Actual \$000s
Total Income	1,863	1868	5	1588
Total Expenses	1,663	1939	276	1698
Net Result	200	(71)	(129)	(110)
Total Comprehensive Result	200	(71)	(129)	(110)

Statement of Financial Position	2020-21 Budget \$000s	2020-21 Actual \$000s	Variation \$000s	2019-20 Actual \$000s
Current assets	817	787	(30)	663
Non-current assets	0	0	0	0
Total assets	817	787	(30)	663
Current liabilities	248	310	62	299
Non-current liabilities	342	526	184	342
Total liabilities	590	836	246	641
Net assets	227	(49)	(178)	22
Equity	227	(49)	(178)	22

Consultants disclosure

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

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

Consultancies	Purpose	\$ Actual payment
All consultancies below \$10,000 each - combined	Various	\$1,000

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

Consultancies	Purpose	\$ Actual payment
Nil		\$ 0
	Total	\$ 0

Data for previous years is available at: <https://industryadvocate.sa.gov.au/>

See also the [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 work undertaken, and the actual payments made for work undertaken during the financial year.

Contractors with a contract value below \$10,000

Contractors	Purpose	\$ Actual payment
All contractors below \$10,000 each - combined	Various	\$ 49,203

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

Contractors	Purpose	\$ Actual payment
KSJ Consultancy Services	Contract part of the Far North Aboriginal Economic Collective - Engagement of experienced and established Coordinator based in Port Augusta	\$ 78,222
EBMS	Design of online Industry Participation Plan template for the Office of the Industry Advocate	\$17,575
	Total	\$ 95,797

Data for previous years is available at: <https://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 the DTF policy.

Data for previous years is available at: <https://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*:

0

Data for previous years is available at: <https://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

The Office of the Industry Advocate received zero (0) complaints in the 2020-21 financial year.

Data for previous years is available at: <https://industryadvocate.sa.gov.au/>

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 2021-22 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
Department of Treasury and Finance 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 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 total 543 businesses registered with the SA Product and Services Register in 2020-21 financial year, bringing the total number of businesses registered to 1413 since the register was launched in 2018.



Supply to Gov Workshops

Supply to Gov workshops moved to a new panel style format in 2020-21 with a focus on specific industry themes and panel representatives from both government and industry. A total of six workshops have been conducted in the new format for 2020-21 with a total of 276 registered attendees and feedback indicating businesses support the new, more tailored format.



Aboriginal Business Directory

The Aboriginal Business Directory launched in January 2020. The new online portal replaced the Supply Nation administered, Aboriginal Business Connect.

The register currently comprises of 185 South Australian Aboriginal-owned businesses seeking to provide goods and services to the South Australian Government.

Aboriginal Employment Industry Cluster Program

The Governor's Aboriginal Employment Industry Cluster Program (AEICP) is an employer led initiative established in 2010, supported by the Department of Innovation and Skills (DIS) and is now attached to the Office of the Industry Advocate (OIA).

The aim of the AEICP is to facilitate attitudinal changes to increase employment of First Nations, Aboriginal and Torres Strait Islander people.

The eight new industry cluster groups have been established and they predominately align to OIA's industry networks. As at April 2021, 105 businesses have registered as active participants in the AEICP with the membership numbers continuing to grow.

A main focus for the Cluster Program will be to target Aboriginal and Torres Strait Islander youth, either still in school, early school leavers or recent school leavers that are wanting to transition into the workforce and match them with a suitable employer through the Program.

Denni Ridgeway, Executive Officer, AEICP and The Hon Stephen Marshall MP, Premier of South Australia



Appendix: Audited financial statements 2020-21

Office of the Industry Advocate

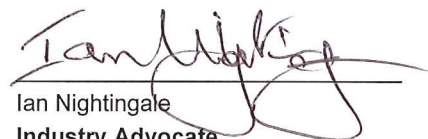
Financial Statements

for the year ended 30 June 2021

Office of the Industry Advocate
Certification of the Financial Statements
for the year ended 30 June 2021

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
23 September 2021


Denise Loftus
Senior Consultant
23 September 2021

Office of the Industry Advocate
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
<u>Income</u>			
SA Government grant, subsidies and transfers	2.1	1 863	1 566
Other income	2.2	5	22
Total income		1 868	1 588
<u>Expenses</u>			
Employee benefits expense	3.2	1 621	1 074
Supplies and services	4.1	318	617
Grants and subsidies	4.2	-	7
Total expenses		1 939	1 698
Net result		(71)	(110)
Total comprehensive result		(71)	(110)

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 2021

		2021	2020
	Note	\$'000	\$'000
<u>Current assets</u>			
Cash and cash equivalents	5.1	781	617
Receivables	5.2	6	46
Total current assets		787	663
Total assets		787	663
<u>Current liabilities</u>			
Payables	6.1	90	143
Employee benefits	3.3	218	155
Provisions	6.2	2	1
Total current liabilities		310	299
<u>Non-current liabilities</u>			
Payables	6.1	45	29
Employee benefits	3.3	476	311
Provisions	6.2	5	2
Total non-current liabilities		526	342
Total liabilities		836	641
Net assets		(49)	22
<u>Equity</u>			
Retained earnings		(49)	22
Total equity		(49)	22

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 2021

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019	132	132
Net result for 2019-20	(110)	(110)
Total comprehensive result for 2019-20	(110)	(110)
Balance at 30 June 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)

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 2021

		2021	2020
		Inflows	Inflows
		(Outflows)	(Outflows)
Note		\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
	SA Government grant, subsidies and transfers	1 863	1 566
	Other receipts	-	21
	Cash generated from operations	1 863	1 587
Cash (outflows)			
	Employee benefits payments	(1 366)	(1 088)
	Payments for supplies and services	(333)	(729)
	Payments for grants and subsidies	-	(7)
	Cash (used in) operations	(1 699)	(1 824)
	Net cash provided by operating activities	164	(237)
Net increase/(decrease) in cash and cash equivalents			
		164	(237)
	Cash and cash equivalents at the beginning of the period	617	854
5.1	Cash and cash equivalents at the end of the period	781	617

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 2021

NOTES TO THE FINANCIAL STATEMENTS

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2.	Income	11
2.1.	SA Government grant, subsidies and transfers	11
2.2.	Other income	11
3.	Board, committees and employees	11
3.1.	Key management personnel	11
3.2.	Employee benefits expenses	12
3.3.	Employee benefits liability	13
4.	Expenses	14
4.1.	Supplies and services	14
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Office of the Industry Advocate
Notes to and forming part of the financial statements
For the year ended 30 June 2021

1. About the Office of the Industry Advocate

The Office of the Industry Advocate (OIA/the Office) is a 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 with reduced disclosure requirements.

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

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

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

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 impacted the following operations of the Office of the Industry Advocate:

- A number of Supply to Government workshops were delivered virtually and remain online for businesses to view.
- The Office of the Industry Advocate's website is being rebuilt to maximise service delivery outcomes for the SA Product and Services Register by providing information seamlessly to suppliers and stakeholders.

Office of the Industry Advocate
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2. Income

2.1. SA Government grant, subsidies and transfers

	2021	2020
	\$'000	\$'000
SA Government grant, subsidies and transfers	1 863	1 566
Total SA Government grant, subsidies and transfers	1 863	1 566

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

	2021	2020
	\$'000	\$'000
Recoveries	5	22
Total other income	5	22

3. Board, committees and employees

3.1. Key management personnel

Key management personnel

Key management personnel of the Office include the Minister and the Industry Advocate who have responsibility for the strategic direction and management of the Office.

The compensation for key management personnel was \$362 000 (2020 \$361 000).

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.

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3.2. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	1 021	885
Annual leave	147	62
Long service leave	175	(19)
Employment on-costs - superannuation	127	90
Employment on-costs - other	134	49
Skills and experience retention leave	14	7
Workers compensation	3	-
Total employee benefits expense	1 621	1 074

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:

	2021	2020
	No	No
\$354 001 to \$374 000	1	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 \$362 000 (2020: \$361 000).

Office of the Industry Advocate
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3.3. Employee benefits liability

	2021 \$'000	2020 \$'000
<u>Current</u>		
Accrued salaries and wages	28	25
Annual leave	173	101
Long service leave	4	-
Skills and experience retention leave	13	29
Total current employee benefits	218	155
<u>Non-current</u>		
Long service leave	476	311
Total non-current employee benefits	476	311
Total employee benefits liability	694	466

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

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 8.1.

Office of the Industry Advocate
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4. Expenses

4.1. Supplies and services

	2021 \$'000	2020 \$'000
Contractors	145	160
Accommodation	91	125
Information technology and communications	34	118
Staff related expenses	16	12
Office administration expenses	12	37
Travel and related expenses	6	24
Marketing	6	33
Infrastructure - corporate costs	2	-
Consultants	1	103
Audit fees	5	5
Total supplies and services	318	617

Accommodation

All of the Office accommodation is provided by the Department of Planning, Transport and Infrastructure under Memorandum of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA do not meet the definition of lease set out in AASB 16.

4.2. Grants and subsidies

	2021 \$'000	2020 \$'000
Sponsorships	-	7
Total grants and subsidies	-	7

Office of the Industry Advocate
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5. Financial assets

5.1. Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash at bank	781	617
Total cash and cash equivalents	781	617

5.2. Receivables

	2021 \$'000	2020 \$'000
<u>Current</u>		
<u>Trade receivables</u>		
Trade receivables	5	-
From non-government entities	1	1
Total trade receivables	6	1
Other receivables	-	45
Total current receivables	6	46
Total receivables	6	46

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 8.2 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 2021

6. Liabilities

6.1. Payables

	2021 \$'000	2020 \$'000
<u>Current</u>		
Accrued expenses	56	119
Employment on-costs	34	24
Total current payables	90	143
<u>Non-current</u>		
Employment on-costs	45	29
Total non-current payables	45	29
Total payables	135	172

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 2020 and 2021. The average factor for the calculation of employer superannuation cost on-costs has increased from 9.8% to 10.1% in 2021. 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
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6.2. Provisions

	2021 \$'000	2020 \$'000
<i>Movement in provisions</i>		
Carrying amount at the beginning of the period	3	3
Increase in provisions recognised	4	-
Carrying amount at the end of the period	7	3

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Industry Advocate is responsible for the payment of workers compensation claims.

7. Outlook

7.1. Unrecognised contractual commitments

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

	2021 \$'000	2020 \$'000
Within one year	-	119
Later than one year but not longer than five years	-	576
Later than five years	-	93
Total expenditure commitments	-	788

The Office's expenditure commitments for 2019-20 relates to accommodation expenses. The Office does not have any commitment for 2020-21 as a 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. COVID-19 pandemic outlook for the Office

The Office does not expect any material impact on its operations in 2021-22.

7.4. Events after the reporting period

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

Office of the Industry Advocate
Notes to and forming part of the financial statements
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8. Measurement and risk

8.1. Long service leave liability - measurement

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 0.75% in 2020 to 1.25% in 2021.

This change in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase 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 \$48 000 and employee benefits expense of \$48 000. 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.

8.2. 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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