



**Government
of South Australia**

**OFFICE OF THE SOUTH AUSTRALIAN
PRODUCTIVITY COMMISSION
2019 - 20 Annual Report**



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To: Hon Steven Marshall MP
Premier of South Australia

This annual report will be presented to Parliament to meet the statutory reporting requirements of *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This 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 South Australian Productivity Commission
by:

Dr Matthew Butlin
CHIEF EXECUTIVE

Date 25 / 09 / 2020

Signature



From the Chief Executive

The core functions of the South Australian Productivity Commission (the Commission) are to undertake public inquiries on matters referred by the Premier, conduct research on key policy matters and to advise the Premier on issues of importance to the state. The Commission has been established to provide independent, evidence-based advice in all three areas.

In November 2019 the Commission completed two inquiries (Inquiry into Government Procurement Stage 2 and Inquiry into Local Government Costs and Efficiency) and completed a three-month commissioned report into transparency of fuel pricing in March 2020. In February 2020 the Commission began two new inquiries (Research and Development, and Health and Medical Research) and a review into the Institutional Arrangements to Manage Regulatory Burden in the Extractives Industry.

The government accepted all 60 recommendations from the Inquiry into Government Procurement Stage 2, the majority in full, with four being partially supported. The government supported most of the recommendations from the local government inquiry and accepted the Commission's advice in the report into transparency of fuel pricing.

The Commission established its policy and research program, in consultation with the Premier, which is developing an empirical evidence-base to examine South Australia's economic performance, particularly in relation to competitiveness and productivity. The research will contribute to the Commission's work by helping to identify key issues for growth, employment and productivity as well as subjects for future inquiries and reviews. The Commission began an expert study of South Australia's productivity performance which was published in September 2020.

The Commission thanks the stakeholders, businesses, community groups, government agencies, local government and other contributors to the Commission's work in 2019-20.

We especially thank all the people who have participated in the Commission's public inquiries and other activities during this period. The quality of the Commission's work has greatly benefited from the level and quality of input from their engagement, which has lifted the quality of the recommendations and advice to the South Australian Government.

Finally, I thank the Commissioners and the staff of the Office of the South Australian Productivity Commission for their efforts and strong commitment to the Commission's work. This includes the intense work of supporting the inquiries, appointing Commissioners and staff and the ongoing administrative support to this small agency.

Dr Matthew Butlin
Chief Executive
Office of the South Australian Productivity Commission

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Overview: about the agency

Our strategic focus

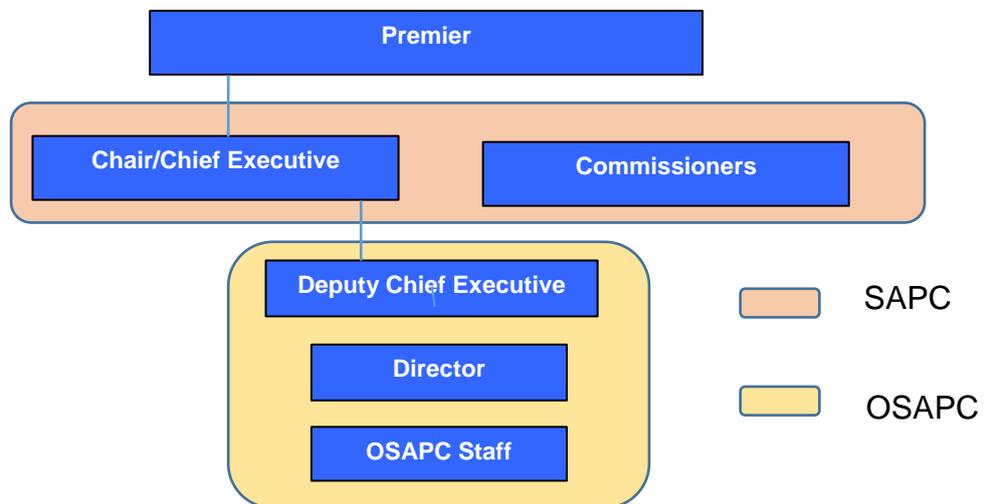
Our Purpose	To provide independent advice to the South Australian Government to facilitate productivity growth, unlock new economic opportunities, support job creation and remove regulatory barriers within South Australia.
Our Vision	Improved productivity, increased economic growth and higher standards of living for South Australians
Our Values	Independence, respectfulness, collegiality, innovation and global outlook.
Our functions, objectives and deliverables	<p>The objectives of the Commission are to assist the government to:</p> <ul style="list-style-type: none"> ● improve the rate of economic growth and productivity of the South Australian economy to achieve higher living standards for South Australians; ● improve the accessibility, efficiency and quality of services delivered or funded by government; ● improve South Australia’s competitiveness for private sector investment; ● reduce the cost of regulation; ● facilitate structural economic changes whilst minimising the social and economic hardship that may result from those changes; ● take into account the interests of industries, employees, consumers and the community; ● increase employment; ● promote regional development; and ● develop South Australia in a way that is ecologically sustainable. <p>The Commission’s functions are to:</p> <ul style="list-style-type: none"> ● hold inquiries and report on matters referred by the Premier; ● provide advice on any matter referred by the Premier; ● promote public understanding of the objects of the Commission; ● conduct a policy and research program developed in consultation with the Premier; and ● perform any other function conferred on the Commission by the Premier.

Our organisational structure

The Commission is supported by the Office of the South Australian Productivity Commission (OSAPC), which was established as an attached office to the Department of the Premier and Cabinet (DPC) under section 27 of the *Public Sector Act 2009*. As an attached office, the OSAPC is an administrative unit and a public sector agency. The OSAPC was established on 22 October 2018.

The Chair of the Commission is also the Chief Executive of the OSAPC and is responsible to the Premier. The Commission comprises a Chair and other Commissioners appointed by the Governor, with the advice and consent of Executive Council, pursuant to section 68 of the *Constitution Act 1934*. Commissioners are appointed for a fixed term of up to three years and are eligible for re-appointment. Some appointments may be made for the duration of specific inquiries. As at June 2020, there were three Commissioners in addition to the Chair. The Commission is not a body corporate or legal entity in its own right.

The OSAPC organisational structure is presented below.



Changes to the agency

During 2019-20 there were no changes to the agency’s structure and objectives.

Our Minister

The OSAPC reports to the Premier, the Honourable Steven Marshall MP, being the Minister also responsible for the Commission.

Our Executive team

Dr Matthew Butlin, Chair of the Commission and Chief Executive of the OSAPC.

Responsible for determining the strategic direction of the Commission in consultation with the Premier, advising the Premier on policy matters as required, establishing the forward work program for the OSAPC, leading specific inquiries and advising on any other matters relevant to the operation of the OSAPC, including the appointment of Commissioners.

Ms Christine Bierbaum, Deputy Chief Executive

Responsible for supporting the Chief Executive, including in the development and implementation of the strategic direction and management of the OSAPC, as well as leading specific inquiries and research programs and in the administration of the OSAPC.

Mr Gerard MacDonald, Director

Responsible for leading specific inquiries and research programs and assisting with the administration of the OSAPC.

Legislation administered by the agency

OSAPC does not administer legislation.

The agency's performance

Performance at a glance

The OSAPC prepares and updates annually a three-year strategic plan which sets out the priorities for public inquiries and research reports.

The strategic plan is used to guide the SAPC forward work program and is used to develop the annual budget and the annual report. The forward work program is prepared through an iterative process involving advice and strategic direction from Commissioners, discussions with state government agencies and external stakeholders and consultation with the Premier.

The Commission contributes to the aim of increasing South Australia's productivity, competitiveness and economic growth by advising the government on how it can improve policies and programs supporting the development of the state.

Performance of the Commission and the OSAPC are measured against:

- quality of output and results;
- customer satisfaction, stakeholder feedback;
- timeliness, effectiveness and efficiency;
- compliance with across government obligations (such as financial compliance, Treasurer's Instructions, Premier and Cabinet Circulars); and
- satisfaction of the Commission with the quality of service from the OSAPC.

The OSAPC has developed a governance framework for the Commission and the office. The office adheres to DPC internal policies in such areas as finance, procurement, Human Resources (HR), Work Health and Safety (WHS), Information and Communications Technology (ICT) and risk and audit. The office has developed its own protocol for the public release of SAPC documents and associated communications for inquiries. The Commission has adopted its own specific policy on conflict of interest.

The office has developed its own guidelines for implementation of DPC policies to suit local circumstances in a small number of instances, including working from home and public interest disclosure.

Agency contribution to whole of Government objectives

The Commission operates independently and provides expert, impartial advice that is evidence based and open to public scrutiny.

Key objective	Agency's contribution
Productivity growth	Productivity and competitiveness research
Improve services and lower cost of living	Inquiry into local government cost and efficiency Fuel Pricing Investigation
Remove regulatory barriers to growth	Inquiry into government procurement stage 2

Agency specific objectives and performance

In the table below, baselines for performance measures are presented. Quality is measured by a service provision rating from the Commissioners; this measure rates the quality of the office's output. The office will publish, in future annual reports, performance against these baseline measures.

Performance Measures	Unit of Measure	Target	Result 2019-20
Quantity			
Public inquiries	no.	2	2
Research projects	no.	1	1 ^a
Quality			
Stakeholder feedback	%	80	90 ^b
OSAPC service to the Commission (Commission rating) ^c	%	70	75
Timeliness			
Complete inquiry reports by the due date	%	100	100
Compliance			
Compliance with government policies and guidelines	%	100	100

^a Continuing research.

^b 90 per cent is an average of survey responses following two stakeholder roundtables held during the inquiry into local government cost and efficiency and excludes neutral feedback. The Commission will improve its collection of stakeholder feedback, including by increasing online surveys for roundtables held in 2020-21, and plans to survey stakeholders following the finalisation of each inquiry.

^c This is a subjective assessment by the Commission of the quality of services provided by the OSAPC for inquiries. It incorporates standard of output, impact on government policy, process efficiency, delivery by due date and effective consultation. The target will lift over time, reflecting the expectations of higher quality as the OSAPC's capability grows.

The following section updates progress on open inquiries and the implementation of recommendations that were supported by the government from two completed inquiries - *Inquiry into government procurement* and *Inquiry into local government cost and efficiency*.

Inquiries

Inquiries are authorised by terms of reference from the Premier to the Chair, setting out the issue(s) to be examined, the inquiry process to be followed and the timelines for key outputs such as draft and final reports.

Inquiries are directed by two or three Commissioners depending on workloads and complexity of the inquiry. One Commissioner is designated by the Chair as the Presiding Commissioner, who makes final decisions where required on direction and on recommendations. The inquiry process typically involves extensive public consultation with individuals, businesses, interest groups, and government departments and agencies.

In addressing terms of reference, the Commission starts by clarifying the scope of the inquiry and identifying high priority areas for evaluation. Several considerations typically are relevant, such as the policy frameworks (including intergovernmental arrangements), legislation and regulation, applying the Commission's obligation to improve community-wide net benefit, and understanding key technical issues. These considerations, and the Commission's initial view of the critical issues for the inquiry, are set out in an issues paper published to test with stakeholders.

The robustness of the Commission's final advice depends on consultation with, and evidence from, stakeholders that build on the Commission's independent analysis and research. The extent of consultation depends on the number of participating stakeholders and the quality of evidence and views presented to the Commission. Completing an inquiry in a defined period to a high level of robustness can be challenging. Specific skills are always needed, and the consultation needs to be efficient and effective.

Inquiry into government procurement – stage 2

The inquiry into government procurement stage 2 began on 15 February 2019. It completed the examination of the procurement system and addressed matters requiring a system-level perspective including the architecture of the system, institutional arrangements and some matters especially pertinent to construction.

The inquiry included government procurement for capital projects and for goods and services. All public authorities subject to the *State Procurement Act 2004* were in scope. Applicable prescribed public authorities, as listed in Schedule 1 of the *State Procurement Regulations 2005*, were also in scope.

The Commission consulted with over 440 individuals from industry associations, Small Business Commissioner, Industry Advocate, State Procurement Board, businesses, not for profit organisations and local and interstate government agencies (283 in Stage 1 and 157 in Stage 2). The Commission received 79 submissions (57 during Stage 1 and 22 during Stage 2) which have been published on the Commission's website.

The Commission submitted its final report to the Premier in November 2019. The government accepted all 60 recommendations, the majority in full, with four being partially supported.

Government response - inquiry into government procurement

The Department of Treasury and Finance (DTF) is the lead agency in implementing the government-supported recommendations. DTF has advised that the majority of the supported recommendations from Stage 1 of the inquiry have been implemented. For example, State Procurement Board Policy was reviewed and updated to ensure

the principle of one approval is clearly established, Treasurer's Instruction 8 was updated to increase delegations for Chief Executives to avoid duplicate approvals for contract execution and the Office of the Industry Advocate developed a revised Meet the Buyer Program to encourage increased agency participation.

DTF advises implementation of other initiatives is on track, including a training program to educate agency procurement staff regarding revised value for money guidelines. The program was developed and will be conducted in late 2020 due to delays resulting from COVID-19.

All of the government-supported recommendations from Stage 2 are on track for implementation. One has been completed: DTF established a new Procurement Branch with strong professional capability in January 2020. Some of the on track projects include:

- DTF Procurement Branch is developing a new procurement accountability framework that will deliver a streamlined approach, provide practical advice to agencies and have a strong focus on the outcomes delivered through procurement and contract management activities.
- Agency requirements regarding capture and reporting of procurement information will be addressed as part of the aforementioned framework.
- DTF Procurement Branch will develop options for a whole-of-government data platform for access to and use of that data.

Inquiry into local government cost and efficiency

The inquiry into local government costs and efficiency began on 31 May 2019. The Commission examined the components of the local government cost base and how this base varies across councils and over time. The Commission identified the drivers of change in council costs. To assist in this task, the Commission used measures of relative efficiency (which involved comparing a council's efficiency relative to similar councils).

The Commission was required to consider and report on the following matters regarding local government costs and efficiency including to:

- analyse local government costs and the key drivers of those costs;
- develop and analyse measures of efficiency and productivity;
- identify mechanisms and indicators to measure the local government sector and improve performance;
- consider recent reforms in South Australia and other jurisdictions to policy, governance and management practices in the local government sector and their potential to improve council performance;
- advise possible options to guide and assist councils to improve efficiency and build capacity to pass on cost reductions to rate payers; and
- recommend actions to the South Australian Government to lower local government costs and lift local government financial accountability.

The Commission consulted with local councils and experts in efficiency measurement to develop the most appropriate methodology. The Commission

analysed objective evidence, expert advice and opinion from key stakeholders to develop options to reduce growth in costs and improve council efficiency and financial accountability.

The Commission consulted widely, holding 64 meetings with councils, the Local Government Association of South Australia (LGASA), Greater Adelaide Regional Organisation of Councils (GAROC), South Australian Regional Organisation of Councils (SAROC) and various stakeholders throughout the state, including four roundtables with councils' representatives. 53 submissions and major correspondence were received during the inquiry.

The Commission delivered its final report to the Premier in November 2019. The government supported all the recommendations from the local government inquiry.

Government response - inquiry into local government cost and efficiency

The Office of Local Government (OLG) is the lead agency implementing the government's response. To date, actions that rely on legislative amendments are on track. The delayed state budget due to COVID-19 has deferred non-legislative initiatives.

For example, the Commission recommended the government establish a broad information framework to support council efficiency improvement, financial accountability and engagement with communities and the state government, with a range of indicators published online, to enable high level comparisons of councils. The Statutes Amendment (Local Government Review) Bill 2020 was introduced into Parliament on 17 June 2020 and, on acceptance, will amend the *Local Government Act 1999* to enable the Minister to receive information from councils that may be necessary for an information framework. Councils will be required to provide relevant information to ensure consistent participation across all councils.

The Commission recommended the government codesign with the Local Government Association of South Australia (LGASA) a suite of indicators for all councils that provides comparative information on costs, output levels for key services and measures of efficiency, effectiveness and financial performance as well as characteristics of councils which affect and explain council differences on these measures. The government has discussed the development of an information framework and benchmarking system with the LGASA to ensure that work undertaken by each sphere of government supports their delivery without duplication and maximises links between information collected and benchmarking activities. This work is expected to be completed by May 2021.

Open inquiries into research and development

In 2019-20 the Commission commenced two new inquiries into research and development (R&D) in South Australia. One inquiry is considering health and medical research while the other is focusing on research and development in other areas.

The Commission was asked by the South Australian Government to inquire into South Australia's share of Australian Government funding for research and development (R&D), the performance of research organisations and the potential

long run economic and other benefits flowing from R&D. Issues papers were released that set out the Commission's initial understanding of the matters to be addressed in the inquiries. After considering stakeholders' submissions to the issues papers, the Commission is planning to publish draft reports before conducting a further round of consultations. Its final reports will contain recommendations to the Premier on how to improve the share of R&D funding received in South Australia, and the productivity of R&D and its contribution to the growth and competitiveness of the state's economy.

Commissioned reports

Fuel pricing investigation

On 18 December 2019, the government asked the Commission to investigate and report on potential models that would increase the transparency of fuel prices in South Australia.

The commissioned report considered fuel price models used in other jurisdictions and the South Australian regulatory arrangements for fuel pricing and provided an evaluation of the options for a cost effective solution for increasing the transparency of fuel pricing in South Australia.

The Commission considered two policy models for government intervention against the assessable criteria (in addition to the status quo): the compilation and publication of real time fuel pricing information (commonly known as 'Fuel Check'); or the reporting and fixing of fuel prices for 24 hours (commonly known as 'Fuel Watch'). While the Commission did not make formal recommendations, its analysis of the various policy models found that while petrol price cycles still exist in states that use fuel price monitoring, having real time data helps consumers find low cost fuel.

The Commission delivered its report to the Premier in March 2020.

Based on this work, the Government passed legislation in the Parliament to enable the implementation of a fuel price monitoring scheme that accords with the Commission's findings – that is, the Fuel Check model is the policy option with the most net benefit to consumers. A two-year trial will take place, which will require petrol retailers to report any price changes to a centralised database. The Government will undertake a procurement process to engage a company to run the centralised database.

Research program

In order to achieve its objectives, the Commission undertakes a number of interrelated functions, including maintaining, in consultation with the Premier, a research program that aims to develop an empirical evidence-base with which to examine South Australia's economic performance.

Productivity and competitiveness

As a major aspect of its research program the Commission progressed a wide-ranging analysis of the state's productivity and competitiveness, with a significant

contribution from the Department for Trade and Investment. This project will make it possible for the Commission to develop an independent assessment of the state's economic performance, particularly in relation to productivity.

The project will develop an analytically rigorous perspective on the state's economic performance over the last 10 to 20 years. The development of an 'in-house' understanding of the state's most significant areas of economic strength and weakness will also act as an analytical foundation for the Commission's work program, including in relation to future inquiries referred to it by the Premier. A comprehensive suite of baseline measures will help inform decisions on reform priorities and policy initiatives to improve South Australia's relative position and lift economic growth.

In order to facilitate analytically meaningful comparisons, the Commission is employing a range of indicators to examine the long-term trends affecting the state's competitiveness and productivity. The project, which will be published as a paper on the Commission's website, will present the Commission's key findings on the factors affecting South Australia's competitiveness, both adversely and positively, and will also present the Commission's perspective on the state's strengths in some major industries.

Promoting public understanding of the objectives of the Commission

One of the key functions of the Commission is to promote public understanding of the objectives of the Commission. The Commission achieves greater understanding of public policy issues affecting South Australia by engaging with a range of interested stakeholders during its inquiries and by engaging directly with key stakeholders on a regular basis to maintain dialogue and exchange of information.

The Commission encourages participation in, and raises awareness of, its inquiries by disseminating issues papers when a new inquiry commences, holding roundtable meetings or workshops to facilitate debate on key issues and publishing draft and final reports, and inquiry-related research papers.

The Commission is committed to engaging frequently, openly and meaningfully with all relevant stakeholders to encourage their contribution by using flexible approaches and appropriate forms of communication. The Chair met regularly with chief executives of government agencies, businesses and industry associations and other external stakeholders during 2019-20.

The Commission also established the economic roundtable, a forum of eminent South Australian business leaders, academics and public service leaders for discussing a range of economic, social and environmental issues affecting the welfare of South Australians. The roundtable met three times during 2019-20 financial year.

The roundtable provides a forum to discuss matters affecting South Australia's economic development, productivity and competitiveness and assists the Commission to meet its objectives. The conversations provide diverse insights and intelligence on these matters. At its first meeting on 30 July 2019 the roundtable

discussed South Australia’s research and development and directions for increasing its contribution to South Australia’s productivity.

The Chair makes public addresses on the work of the Commission and on matters relevant to it. In 2019-20 they included to the Institute of Public Administration of Australia and to Norman Waterhouse Lawyers. The Commission’s engagement work also includes delivering or hosting seminars, presentations or workshops, including by the Victorian Cross Border Commissioner and Mr Dean Parham, to raise awareness of economic policy issues and the importance of productivity growth to the South Australian economy.

The Chair hosted the second gathering of the Chairs of Australasian Productivity Commissions in Adelaide in November 2019. The meeting discussed current work programs and priorities with a special focus on productivity and reform agendas. There was also a discussion on matters of common interest including building capability and options for collaboration.

In March 2020, the Commission launched the issues papers for the two new inquiries into research and development (R&D) with just under 100 attendees at the South Australian Health and Medical Research Institute (SAHMRI). The launch was covered by the local media outlet *InDaily*.

Corporate performance summary

Employment opportunity programs

Program name	Performance
Aboriginal and Torres Strait Islander employment	As at 30 June 2020, 311 Aboriginal and Torres Strait Islander candidates were registered on the employment pools for vacancies across all classifications. Candidates from the pool can be referred for any vacancies in OSAPC.

Agency performance management and development systems

Performance management and development system	Performance
DPC/DTF Our Development Plan	As at 1 July 2019, all 10 ongoing staff members have created their personal development plans (PDPs).

Work health, safety and return to work programs

No OSAPC staff have participated in any work health, safety and return to work programs to date.

Program name	Performance
DPC's Injury and Workers Compensation Program	The OSAPC aligns its activities to DPC's work health and safety program and performance measures which are aligned with government safety performance targets. They have been achieved.
Wellbeing Program	Mental health wellbeing program actively supported by nominated staff member. One senior staff member received training in May 2019 and became the mental health first-aid officer. The Commission actively makes this information known to all staff during induction.

Workplace injury claims	2019-20	2018-19	% Change (+ / -)
Total new workplace injury claims	0	0	Nil
Fatalities	0	0	Nil
Seriously injured workers*	0	0	Nil
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	0	0	Nil

*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	2019-20	2018-19	% Change (+ / -)
Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>)	0	0	Nil
Number of provisional improvement, improvement and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>)	0	0	Nil

Return to work costs**	2019-20	2018-19	% Change (+ / -)
Total gross workers compensation expenditure (\$)	0	0	Nil
Income support payments – gross (\$)	0	0	Nil

**before third party recovery

Executive employment in the agency

Executive classification	Number of executives
EXECOF	1
SAES 1	1
SAES 2	1
Total	3

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 summarises the overall, unaudited financial position of the agency. Full audited financial statements for 2019-20 are attached to this report.

Statement of Comprehensive Income	2019-20 Budget \$000s	2019-20 Actual \$000s	Variation \$000s	2018-19 Actual \$000s
Total Income	2916	2965	0	1475
Total Expenses	2916	2858	0	1387
Net Result	0	107	0	88
Total Comprehensive Result	0	107	0	88

Statement of Financial Position	2019-20 Budget \$000s	2019-20 Actual \$000s	Variation \$000s	2018-19 Actual \$000s
Current assets	-	623	0	337
Non-current assets	-	6	0	-
Total assets	-	629	0	337
Current liabilities	-	372	0	252
Non-current liabilities	-	315	0	250
Total liabilities	-	687	0	502
Net assets	-	(58)	0	(165)
Equity	-	(58)	0	(165)

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
Nicolas De Roos	Review of the SA Productivity Commission fuel price monitoring report (GST excl)	\$2,700.00

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

Consultancies	Purpose	\$ Actual payment
University of Adelaide – SACES	Analysis of South Australia's Growth State Industries (GST excl)	\$23,760.00
Dean Parham	Report on productivity performance of the South Australian economy (GST excl)	\$16,929.00
University of Adelaide – SACES	Research into factors influencing South Australia's relative competitiveness (GST excl)	\$19,973.25
Economic Insights Pty Ltd	Provision of report by Professor Tim Coelli for the inquiry into local government costs and efficiency (GST excl)	\$35,100.00
	Total	\$98,462.25

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

Contract	Purpose	\$ Actual payment
Kate Leeson	Editing of the extractives review draft report (GST excl)	\$494.00
Kate Leeson	Editing of local government inquiry final report (GST excl)	\$500.00
Kate Leeson	Editing of government procurement stage 2 draft report (GST excl)	\$850.00
Joyce Baronian	Salary and wages for Hays temporary staff (GST excl)	\$3,322.70
Annette Sutton	Salary and wages for Hays temporary staff (GST excl)	\$697.76
Dean Parham	Development and presentation of training course on productivity, 3-4 December 2019 (GST excl)	\$3,465.00
Suzanne Baird	Salary and wages for Hays temporary staff (GST excl)	\$2,459.89
Lynx Edit	Editing of government procurement Stage 2 final report (GST excl)	\$800.00
Legal Writers	Editing of local government inquiry draft report (GST excl)	\$792.00
Total		\$13,381.35

Contractors with a contract value above \$10,000

Contract	Purpose	\$ Actual payment
BDO	Professional fee services for research and development funding analysis (GST excl)	\$24,651.00

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

The OSAPC adheres to relevant DPC policies. It also receives risk and audit services from DPC, under a service level agreement, in the areas of planning, risk management and internal audit, financial management compliance and business continuity management.

Following advice from the Auditor-General's Department, OSAPC has risk and audit as a standing agenda item at its monthly executive meetings. OSAPC has developed registers for operational and strategic risks, including treatments to mitigate these risks. These registers are reviewed regularly at the monthly executive meeting and updated annually.

Fraud detected in the agency

OSAPC has not identified any instances of actual, suspected or alleged fraud during 2019-20.

Strategies implemented to control and prevent fraud

The OSAPC adheres to relevant DPC processes and guidelines for preventing, detecting and responding to the risks of fraud. The relevant documents are the DPC Corruption and Maladministration Policy and the DPC Corruption and Maladministration Strategy, which are consistent with the across government Fraud and Corruption Policy issued by the Commissioner for Public Sector Employment. Processes are in place for recording, analysing, reporting and escalating fraud and corruption loss events and control failures.

The OSAPC induction process ensures that all new employees and Commissioners and secondees from other agencies are made aware of the Code of Ethics for the South Australian Public Sector and the Corruption and Maladministration Policy. This policy clearly stipulates a zero-tolerance position in respect to fraud and corruption. All staff are also required to complete an online Fraud and Corruption Awareness course within six months of commencement.

Public interest disclosure

The 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.

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

Complaint categories	Sub-categories	Example	Number of Complaints 2019-20
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	Nil
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	Nil
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	Nil
Communication	Communication quality	Inadequate, delayed or absent communication with customer	Nil
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	Nil
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	Nil
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	Nil
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	Nil
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	Nil
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	Nil

Complaint categories	Sub-categories	Example	Number of Complaints 2019-20
Service quality	Information	Incorrect, incomplete, out dated or inadequate information; not fit for purpose	Nil
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	Nil
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	Nil
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	Nil
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	Nil
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	Nil
		Total	Nil

Additional Metrics	Total
Number of positive feedback comments	Nil
Number of negative feedback comments	Nil
Total number of feedback comments	Nil
% complaints resolved within policy timeframes	Nil

The Commission's primary role is to provide advice to the government through the conduct of inquiries and research projects. Submissions from the public relate specific inquiry issues. The Commission is committed to improving data collection related to feedback from stakeholders on the Commission's operations.

Service Improvements resulting from complaints or consumer suggestions over 2020-21 (current year)

Nil

Appendix: Audited financial statements 2019-20



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To the Chair and Chief Executive Office of the South Australian Productivity Commission

Opinion

I have audited the financial report of the Office of the South Australian Productivity Commission for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Office of the South Australian Productivity Commission as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair and Chief Executive.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Office of the South Australian Productivity Commission. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Chair and Chief Executive for the financial report

The Chair and Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Office of the South Australian Productivity Commission for the financial year ended 30 June 2020.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the South Australian Productivity Commission's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chair and Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with Chair and Chief Executive about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'Andrew Richardson', with a long horizontal line extending to the right.

Andrew Richardson

Auditor-General

25 September 2020

Office of the South Australian Productivity Commission

Financial Statements

For the year ended 30 June 2020

Office of the South Australian Productivity Commission
Certification of the Financial Statements
for the year ended 30 June 2020

We certify that the attached general purpose financial statements for the Office of the South Australian Productivity Commission:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Office of the South Australian Productivity Commission; and
- present a true and fair view of the financial position of the Office of the South Australian Productivity Commission as at 30 June 2020 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Office of the South Australian Productivity Commission for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Dr Matthew Butlin
Chair and Chief Executive
24 September 2020

Office of the South Australian Productivity Commission
Statement of Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Appropriations	2.1	2 916	-
Other income	2.2	49	1 475
Total income		2 965	1 475
Expenses			
Employee benefits expenses	3.2	2 321	1 195
Supplies and services	4.1	532	192
Depreciation	4.2	5	-
Total expenses		2 858	1 387
Net result		107	88
Total comprehensive result		107	88

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 South Australian Productivity Commission
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current assets			
Cash	6.1	578	337
Receivables	6.2	45	-
Total current assets		623	337
Non-current assets			
Property, plant and equipment	5.1	6	-
Total non-current assets		6	-
Total assets		629	337
Current liabilities			
Payables	7.1	112	100
Financial liabilities	7.3	4	-
Employee benefits	3.3	254	150
Provisions	7.2	2	2
Total current liabilities		372	252
Non-current liabilities			
Payables	7.1	27	21
Employee benefits	3.3	284	226
Provisions	7.2	4	3
Total non-current liabilities		315	250
Total liabilities		687	502
Net assets		(58)	(165)
Equity			
Retained earnings		(58)	(165)
Total equity		(58)	(165)

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

Office of the South Australian Productivity Commission
Statement of Changes in Equity
for the year ended 30 June 2020

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018	-	-
Net result for 2018-19	<u>88</u>	<u>88</u>
Total comprehensive result for 2018-19	<u>88</u>	<u>88</u>
Net assets transferred in as a result of a restructure	(253)	(253)
Balance at 30 June 2019	<u>(165)</u>	<u>(165)</u>
Net result for 2019-20	<u>107</u>	<u>107</u>
Total comprehensive result for 2019-20	<u>107</u>	<u>107</u>
Balance at 30 June 2020	<u><u>(58)</u></u>	<u><u>(58)</u></u>

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

Office of the South Australian Productivity Commission
Statement of Cash Flows
for the year ended 30 June 2020

		2020	2019
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities	Note	\$'000	\$'000
Cash inflows			
Appropriations		2 916	-
Other receipts		4	1 475
Cash generated from operations		2 920	1 475
Cash outflows			
Employee benefits payments		(2 125)	(1 011)
Payments for supplies and services		(554)	(127)
Cash used in operations		(2 679)	(1 138)
Net cash provided by operating activities		241	337
Net increase in cash		241	337
Cash at the beginning of the period		337	-
Cash at the end of the period	6.1	578	337

The accompanying notes form part of these financial statements.

Office of the South Australian Productivity Commission
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

1. About the Office of the South Australian Productivity Commission

The Office of the South Australian Productivity Commission (OSAPC) is an attached office of the Department of the Premier and Cabinet which came into operation on 22 October 2018, pursuant to the *Public Sector Act 2009*. OSAPC is an administrative unit acting on behalf of the Crown.

OSAPC provides independent recommendations to improve the rate of economic growth and productivity of the South Australian economy through extensive inquiry processes.

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.

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.

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

1.2. Objectives

OSAPC has been established to examine and make recommendations on matters referred to it by government that facilitate productivity growth, unlock new economic opportunities, support job creation and remove existing regulatory barriers within South Australia.

1.3. Impact of COVID-19 pandemic on OSAPC

The COVID-19 pandemic has had no material impact on the operations of OSAPC during 2019-20.

Office of the South Australian Productivity Commission
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

2. Income

2.1. Appropriations

	2020	2019
	\$'000	\$'000
Revenues from appropriations		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	2 916	-
Net revenues from appropriations	2 916	-

Appropriations

Appropriations and intra government transfers are recognised on receipt.

2.2. Other income

	2020	2019
	\$'000	\$'000
Intra-government transfers	-	1 475
Transfers from contingency provisions	4	-
Other recoveries	45	-
Total other income	49	1 475

Other recoveries includes reimbursements associated with the recognition of prior service and transfer of leave entitlements for an employee.

3. Employees

3.1. Key management personnel

Key management personnel of OSAPC include the Premier, Chief Executive and the two members of the Executive team, who have responsibility for the strategic direction and management of OSAPC.

Total compensation for key management personnel was \$0.712 million (2019: \$0.403 million).

The compensation disclosed in this note excludes salaries and other benefits received by the Premier and Ministers. The Premier's and Ministers' 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 of the *Parliamentary Remuneration Act 1990*.

	2020	2019
	\$'000	\$'000
Salaries and other short term employee benefits	651	368
Post-employment benefits	61	35
Total compensation	712	403

Transactions with key management personnel and other related parties

There were no significant related party transactions.

Office of the South Australian Productivity Commission
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

3.2. Employee benefits expenses

	2020	2019
	\$'000	\$'000
Salaries and wages	1 414	765
Long service leave	64	118
Annual leave	183	78
Skills and experience retention leave	8	3
Employment on-costs - superannuation	528	197
Employment on-costs - other	106	56
Workers compensation revaluation	2	(33)
Other employee related expenses	16	11
Total employee benefits expenses	2 321	1 195

Employment on-costs - superannuation

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

Executive remuneration

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

	2020	2019
	Number	Number
\$214 001 - \$234 000	2	-
\$254 001 - \$274 000	1	-
Total	3	-

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

The total remuneration received by employees for the year, listed above, was \$0.712 million.

3.3. Employee benefits liability

	2020	2019
	\$'000	\$'000
Current		
Accrued salaries and wages	39	31
Annual leave	179	93
Long service leave	31	23
Skills and experience retention leave	5	3
Total current employee benefits	254	150
Non-current		
Long service leave	284	226
Total non-current employee benefits	284	226
Total employee benefits	538	376

Office of the South Australian Productivity Commission
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

3.3 Employee benefits liability (continued)

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 10.1.

4. Expenses

Employee benefits expenses are disclosed in note 3.2.

4.1. Supplies and services

	2020	2019
	\$'000	\$'000
Information technology and communication charges	17	32
Accommodation	-	11
Temporary staff	7	12
General administration and consumables	19	17
Contractors	25	-
Staff development and recruitment	8	-
Consultants	99	20
Intra government transfer	288	81
Other	69	19
Total supplies and services	532	192

Consultants

The number of consultancies and the dollar amount payable (included in supplies and services expense) to consultants that fell within the following bands:

		2020	2019	2019
	Number	\$'000	Number	\$'000
Below \$10 000	1	3	-	-
\$10 000 or above	4	96	1	20
Total consultants	5	99	1	20

Office of the South Australian Productivity Commission
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

4.2. Depreciation

	2020	2019
	\$'000	\$'000
Depreciation		
Right-of-use motor vehicle	5	-
Total depreciation	<u>5</u>	<u>-</u>
Total depreciation	<u><u>5</u></u>	<u><u>-</u></u>

5. Non-financial assets

5.1. Property, plant and equipment by asset class

	2020	2019
	\$'000	\$'000
Right-of-use motor vehicle		
Right-of-use motor vehicle (deemed fair value)	8	-
Accumulated depreciation	(2)	-
Total right-of-use motor vehicle	<u>6</u>	<u>-</u>
Total property, plant and equipment	<u><u>6</u></u>	<u><u>-</u></u>

5.2. Property, plant and equipment leased

Property, plant and equipment leased by OSAPC is recorded at cost. Additions to leased property, plant and equipment during 2019-20 were \$8 000.

6. Financial assets

6.1. Cash

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer	578	337
Total cash	<u><u>578</u></u>	<u><u>337</u></u>

Deposits with the Treasurer

OSAPC has a general operating account with the Treasurer. OSAPC does not earn interest on its deposits with the Treasurer.

6.2. Receivables

	2020	2019
	\$'000	\$'000
Current		
Accrued income	45	-
Total current receivables	<u>45</u>	<u>-</u>
Total receivables	<u><u>45</u></u>	<u><u>-</u></u>

Office of the South Australian Productivity Commission
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

7. Liabilities

7.1. Payables

	2020	2019
	\$'000	\$'000
Current		
Trade payables	3	2
Accrued expenses	60	76
Employment on-costs	49	22
Total current payables	112	100
Non-current		
Employment on-costs	27	21
Total non-current payables	27	21
Total payables	139	121

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, ReturntoWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has been assessed as 42% (2019: 41%) and the average factor for the calculation of employer superannuation cost on-costs has been assessed as 9.8% (2019: 9.8%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$2 000 and employee benefits expense of \$2 000.

7.2. Provisions

	2020	2019
	\$'000	\$'000
Current		
Provision for workers compensation	2	2
Total current provisions	2	2
Non-current		
Provision for workers compensation	4	3
Total non-current provisions	4	3
Total provisions	6	5
	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of the period	5	-
Additional provisions recognised	1	5
Carrying amount at the end of the period	6	5

Office of the South Australian Productivity Commission
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

7.2 Provisions (continued)

Provision for workers compensation

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 2020 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.

OSAPC is responsible for the payment of workers compensation claims.

7.3. Financial liabilities

	2020	2019
	\$'000	\$'000
Current		
Lease liabilities	4	-
Total current financial liabilities	4	-
Total financial liabilities	4	-

8. Other disclosures

8.1. Cash flow

Cash flows are included in the Statement of Cash Flows are exclusive of GST. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows of the Department of the Premier and Cabinet, not OSAPC.

	2020	2019
	\$'000	\$'000
Leases		
Vehicles	5	-
Total cash outflow for leases	5	-

9. Outlook

9.1. Unrecognised contractual commitments

Expenditure commitments

	2020	2019
	\$'000	\$'000
Within one year	11	30
Total expenditure commitments	11	30

OSAPC expenditure commitments relate to consultancies regarding analysis of "Growth State" industries and funding of Research and Development in South Australia.

Office of the South Australian Productivity Commission
Notes to and forming part of the Financial Statements
for the year ended 30 June 2020

9.2. Contingent assets and liabilities

OSAPC is not aware of any contingent assets or liabilities as at 30 June 2020.

9.3. COVID-19 pandemic outlook on OSAPC

OSAPC does not expect any material impacts as a result of the COVID-19 pandemic in 2020-21.

9.4. Events after the reporting period

There were no events occurring after the end of the reporting period that had a material financial implication on these financial statements.

10. Measurement and risk

10.1. Long service leave liability – measurement

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

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service.

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds for 2020 is 0.75% (2019: 1.25%).

The actuarial assessment performed by the Department of Treasury and Finance applied a salary inflation rate of 2.5% (2019: 4%) for the long service leave liability. The net financial impact of the changes to the actuarial assumptions in the current financial year is a decrease in the long service liability of \$25 000 and employee benefits expense of \$25 000.

The non-current portion of long service leave reflects the estimate of leave to be taken in greater than 12 months.

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