



**Government
of South Australia**

**OFFICE OF THE SOUTH AUSTRALIAN
PRODUCTIVITY COMMISSION
2020-21 Annual Report**



**Government of
South Australia**

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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 2020-21



Signature

Mrs Christine Bierbaum
A/CHIEF EXECUTIVE



Date: 29 / 09 / 2021

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From the Chief Executive

The core functions of the South Australian Productivity Commission (the Commission) are to conduct public inquiries on matters referred by the Premier, to research 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. It is supported by the Office of the South Australian Productivity Commission (OSAPC).

Notwithstanding the challenges presented by COVID19, the OSAPC delivered a large body of work for the government in 2020-21. The final report of the Extractives Industry Supply Chain Review was submitted in August 2020, followed by the final reports of the Inquiry into Health and Medical Research and the Inquiry into Research and Development in South Australia in November 2020 and January 2021 respectively. The government accepted most of the Commission's recommendations, with six recommendations from the Inquiry into Health and Medical Research being referred to the development of the government's health and medical research strategy.

In addition, the OSAPC began the Modern Regulation project, which consists of the Inquiry into Reform of South Australia's Regulatory Framework and two Regulatory Reviews into Tourism and Development Referrals. These three activities are scheduled to submit their final reports to the Premier in late 2021.

The OSAPC's policy and research program delivered three Research Discussion Papers. The first, *A Data-driven investigation of South Australia's Productivity Performance*, was published in September 2020, followed by *Competitiveness and the South Australian Economy: a source paper* and *South Australia's growth state industries: a source paper on competitiveness* published December 2020 and January 2021 respectively.

The OSAPC continues to, with assistance of agencies, systematically track progress on the implementation of government decisions on the Commission's recommendations.

The OSAPC thanks the stakeholders, businesses, community groups, government agencies, local government and other contributors to its work in 2020-21. We especially thank all the people who have participated in public inquiries, reviews and other activities during this period. This invaluable input has lifted the quality of the Commission's recommendations and advice.

As the end of my term nears, I take particular pleasure on behalf of the Commissioners in thanking and acknowledging the OSAPC for their efforts, professionalism and dedication to our work program and support provided to Commissioners.

Dr Matthew Butlin
Chief Executive 2020-21
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 objects of the Commission are to:</p> <ul style="list-style-type: none"> • improve the rate of economic growth and productivity of the South Australian economy in order 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; • consider 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. <p>The Office of the South Australian Productivity Commission supports the objects and functions of the Commission.</p>

Our organisational structure

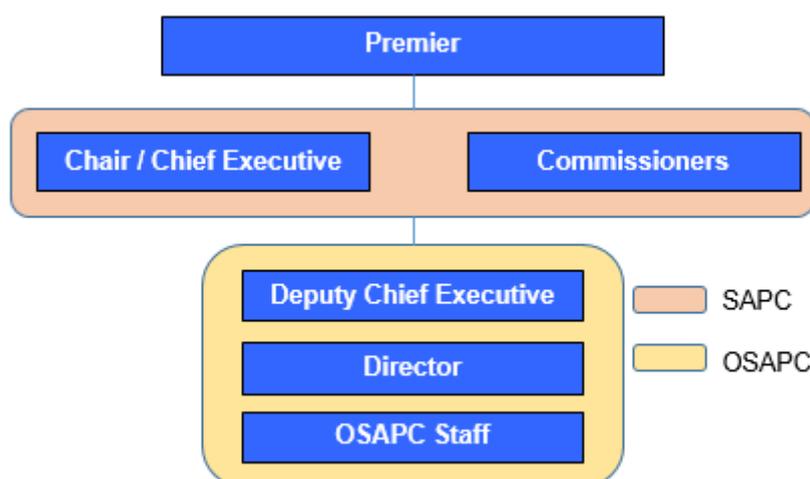
The Office of the South Australian Productivity Commission (OSAPC) was proclaimed as an attached office to the Department of the Premier and Cabinet (DPC) under section 27 of the *Public Sector Act 2009* on 22 October 2018. The OSAPC is an administrative unit and a public sector agency.

The *Public Sector (Office of the South Australian Productivity Commission) Proclamation 2018* designates the Premier as the Minister with responsibility for the Office of the South Australian Productivity Commission (OSAPC).

The Chief Executive of the OSAPC is also the Chair of the South Australian Productivity Commission (Commission) and is responsible to the Premier. The Commission comprises a Chair and other Commissioners as appointed by the Governor, with the advice and consent of Executive Council, pursuant to section 68 of the *Constitution Act 1934*.

The OSAPC provides support to the Commission and undertakes high level research, analysis, stakeholder engagement and other functions. OSAPC staff work in close collaboration with Commissioners, inquiry stakeholders and specialist resources; and are key contributors to the findings and recommendations of the Commission through their contributions to the key deliverables.

The OSAPC organisational structure is presented below.



Changes to the agency

During 2020-21 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

A three-year strategic plan is prepared and updated by the OSAPC annually. The plan sets out the priorities for public inquiries and research reports, guides the Commission's forward work program, assists with the development of the annual budget and the annual report.

The forward work program is developed using an iterative process; involving advice and strategic direction provided by the Commissioners, discussions with state government agencies and external stakeholders, and consultations with the Premier.

The OSAPC works to increase South Australia's productivity, competitiveness and economic growth by providing advice to government on the challenges and opportunities for development of the state.

Performance of the OSAPC is 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 that supports its adherence 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. Specific documents developed by the OSAPC include:

- a protocol on the public release of documents and associated communications generated for inquiries;
- a policy addressing Commissioner conflict of interest; and
- guidelines on working from home and public disclosure obligations.

Agency contribution to whole of Government objectives

The OSAPC was established to support the Commission and provide the SA Government with independent advice on facilitating productivity growth, unlocking new economic opportunities, supporting job creation and removing existing regulatory barriers. The OSAPC conducts reviews, inquiries, and other research on topics as requested by the Premier. The OSAPC's work program is evidence based and is open to public scrutiny.

Key objective	Agency's contribution
More jobs	<p>Completion and publication of the following research discussion papers with a focus on productivity and competitiveness to increase employment opportunities and growth.</p> <ul style="list-style-type: none"> • <i>A Data Driven Investigation of South Australian Productivity Performance</i> (September 2020) • <i>Competitiveness in South Australia</i> (December 2020) • <i>SA Growth State Industries – source paper on competitiveness</i> (January 2021)
Lower costs	<p>Completed a review of the extractives supply chain in South Australia and recommended reforms to remove unnecessary barriers to productivity and reduce costs for businesses and the SA Government.</p>
Better Services	<p>Completed two separate inquiries to identify barriers to reform and opportunities to improve investment and services for:</p> <ul style="list-style-type: none"> • Health and Medical Research; and • Research and Development.

Agency specific objectives and performance

Agency objectives	Indicators	Performance
Improve SA's economic and productivity growth rates Improve SA's competitiveness for private sector investment	Undertake and complete inquiries and reviews on matters referred by the Premier and deliver a final report containing recommendations that will facilitate productivity growth, unlock new economic opportunities, support job creation and remove existing regulatory barriers.	Completed: <ul style="list-style-type: none"> • Health and Medical Research inquiry • Research and Development inquiry • Extractive Supply Chain review
	Proportion of final recommendations supported by SA Government	86% ^a
Improve the accessibility, efficiency and quality of services delivered or funded by government Reduce the cost of regulation	OSAPC service to the Commission	80% ^b
	Compliance with government policies and guidelines	100%
	Complete inquiries and reviews by the due date	100%
Facilitate structural economic changes while minimising potential social and economic hardship impacts increase employment, promote regional development, develop SA in an ecologically sustainable way.	Section 5 of PC046 requires OSAPC to undertake extensive and transparent stakeholder consultation and engagement to develop evidence recommendations, and to propose recommendations that deliver a net benefit to SA in the short and longer term.	Extensive stakeholder consultation and engagement undertaken to develop recommendations that take into account the triple bottom line impacts – financial, environmental and social.

Inquiries and reviews

Inquiry and review process

The Premier instructs the OSAPC to undertake an inquiry or a review by issuing a notice of inquiry / review to the Chair of the Commission. The written notice of

^a A further 12% are under further investigation and 2% were not supported.

^b This is a subjective assessment by Commissioners on the quality of services provided by the OSAPC for inquiries and reviews. It incorporates standard of outputs, impact on government policy, process efficiency, delivery by due date and effective consultation.

inquiry / review includes the terms of reference and sets out the issue(s) or matters to be examined, the inquiry / review process, and the associated timelines for key outputs such as draft and final reports. The duration of an inquiry or review varies depending on the complexity and scope of the matters to be investigated.

Each inquiry or review is assigned a team of OSAPC staff, led by an inquiry / review lead. The team works with the Commissioners who are appointed for that inquiry / review.

In addressing the terms of reference, the inquiry / review team gives consideration to relevant and appropriate policy frameworks (including intergovernmental arrangements, legislation and regulation, reforms to improve community-wide net benefits, and specific technical issues.

The OSAPC facilitates and undertakes extensive consultation with other interest groups and individuals, businesses, and government departments throughout the inquiry / review process. An inquiry / review team works with stakeholders to identify and clarify issues, obtain relevant information and data and test conclusions. Methods of consultation and engagement may include meetings, workshops, roundtables, requests for information, submissions and site visits as appropriate.

Key outputs for any inquiry / review may include: an issues paper identifying the key issues, posing questions, and seeking submissions; a draft report to present initial findings, propose draft recommendations and seek submissions; and a final report containing recommendations that is delivered to the Premier.

The final report is made available on the Commission's website within 90 days of its delivery to the Premier. This concludes OSAPC's and the Commission's involvement in the inquiry / review. Following the delivery of the final report, the Premier endeavours to respond within 90 days of its receipt. Any government response is published on the Commission's website.

Government's response to inquiries / reviews completed in 2020-21

During the 2020-21 financial year, the OSAPC completed two inquiries and one review. The table below summarises the SA Government's response to these inquiries and review.

Inquiry / review	Date final report submitted to Premier	Number of recommendations (including parts)	Government response	Status of Implementation (of supported)
Extractive industry supply chain review	28/8/2020	45	35 supported 10 partially supported	5 completed 40 underway
Health and medical research inquiry	13/11/2020	19	4 supported 6 partially supported 8 further investigation 1 not supported	18 underway

Research and development inquiry	18/01/2021	9	6 supported 2 supported in principle 1 further investigation	9 underway
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Extractive industry supply chain review

The extractive industry supply chain review commenced on receipt of the notice of review from the Premier on 6 February 2020 and finished on 28 August 2020 when the final report was submitted to the Premier.

An update on the implementation status for initiatives being led by the Department for Energy and Mining was provided and overall, the department is on track to deliver these initiatives by the implementation dates committed to in the government's response document. Initiatives led by the Department of Infrastructure and Transport are well underway with industry consultation taking place and further activities on track for completion around the end of September 2021.

Health and medical research inquiry

The health and medical research inquiry commenced on 6 February 2020 on receipt of the notice of inquiry from the Premier and concluded on 13 November 2020 when the final report was delivered to the Premier.

The inquiry investigated health and medical research in the state and identified a number of factors that appear to influence its ability to attract funding for research, the level of research activity, and the translation of that research into improved health and economic outcomes.

The inquiry also considered the potential for policy, regulatory, research governance and other reforms to improve the state's competitiveness and performance in health and medical research.

As the lead agency to implement those recommendations supported by the government, the Department for Health and Wellbeing is undertaking a body of work to scope up the required project streams and determine the most appropriate approach to support delivery of a state-wide South Australian Health and Medical Research (HMR) Strategy by July 2022.

Research and development inquiry

The research and development inquiry began on 6 February 2020 on receipt of the Premier's notice of inquiry and concluded on 18 January 2021 on delivery of the final report to the Premier.

The inquiry examined the trends in public and private expenditure on research and development in SA, as well as how research and development contribute to long term productivity gains and economic growth. The inquiry made recommendations on actions to raise the contribution of research and development to the state's long-term productivity and economic growth rates.

As the lead agency for implementation of those recommendations supported by the government, the Department for Innovation and Skills has advised that work is underway to implement the recommendations. This includes work on developing an

across government research and development (R&D) plan and a R&D capability platform, clarifying access to data and privacy legislation, and the creation of appropriate performance and governance arrangements. Implementation of all recommendations is anticipated to be completed by June 2022.

Government progress on previous inquiry recommendations and advice

The OSAPC sought an update from agencies on progress during 2020-21 in implementing supported recommendations from earlier inquiries and the government's response to the commissioned report on fuel pricing.

A summary of the status of implementation of the previous inquiries is presented in the table below.

Inquiry	Date final report submitted to Premier	Number of recommendations (including parts)	Government response	Status of Implementation (of supported)
Government procurement stage 1	17/5/2019	30	28 supported 2 partially supported	17 completed 13 underway
Government procurement stage 2	8/11/2019	60	56 supported 4 partially supported	43 completed 17 underway
Local government costs and efficiency	22/11/2019	9	5 supported 4 supported in principle	9 underway

Government procurement inquiry - Stage 1

Stage 1 of the government procurement inquiry commenced on 31 October 2018 and concluded on 17 May 2019 when the final report was delivered to the Premier. The inquiry examined the efficiency and effectiveness of SA Government goods and services procurement. The inquiry evaluated the existing procurement framework and considered insights from other jurisdictions to identify reforms to improve procurement practices to positively impact on business and employment.

The final report for the inquiry contained 30 recommendations, all of which were supported by the government. The Department of Treasury and Finance (DTF) has been the lead agency managing the implementation of the recommendations. Work has been completed on 17 of the recommendations, and work is continuing on the implementation of the remaining reforms; including the development of new policies, guidelines and training for staff as part of the new across government procurement framework.

Government procurement inquiry - Stage 2

Stage 2 of the government procurement inquiry commenced on 15 February 2019 and was completed by 8 November 2019 when the final report was delivered to the Premier. Stage 2 of the procurement inquiry examined procurement activity and responsibilities of prescribed government agencies and procurement for capital

projects. All of the 60 recommendations in the final report were supported by the government.

DTF has continued to be the lead agency for the implementation of the procurement inquiry reforms. This has included ongoing work to establish the new SA Government Procurement Framework, including a new Procurement Branch with strong professional capability that was established in January 2020. The Department for Infrastructure and Transport (DIT) has worked closely with DTF on stage 2 procurement inquiry reforms in order to improve construction related contracts including improvements to their structure, availability, and associated reporting mechanisms and governance arrangements.

The Office of the Industry Advocate is also investigating the impacts on the engagement of SME sub-contractors under the new procurement framework.

DTF have advised that there have been a few implementation delays as a result of the Covid-19 pandemic.

Local government costs and efficiency inquiry

The local government costs and efficiency inquiry commenced on 31 May 2019 and concluded with the delivery of the final report to the Premier on 22 November 2019. The inquiry involved examining the components of the cost base for local government and variations across councils and time. Using efficiency measures and comparisons, the inquiry identified the drivers of change in local government costs.

The inquiry resulted in nine recommendations, all of which received government support. The Office of Local Government (OLG) is working with the Local Government Association (LGA) to progress the implementation of the recommendations. Key achievements in 2020-21 were:

- Provision of \$1 million in the 2020-21 state budget for OLG to construct and establish a 'Local Government Information Framework', anticipated to be completed in August 2021.
- Assent was provided by the Governor on 17 June 2021 for the *Statutes Amendment (Local Government Review) Act 2021* which incorporates inquiry reforms including: new regulation making powers relating to strategic management plans; clarification of councils' discretion on the provision of services and infrastructure based on need and community funding support; a range of matters addressing red tape reduction; and establishment of a council rate monitoring system enabling ESCOSA to provide financial and asset management advice to councils.

The OSAPC has been advised that the government does not intend to prescribe a model document/standard format for long-term financial plans and infrastructure and asset management plans at this stage.

Commissioned Report on Fuel Pricing

The commissioned report on fuel pricing investigated and reported on potential models to increase the transparency of fuel prices in SA. Work commenced on 18 December 2019 on receipt of the notice from the government. The commissioned report was delivered to the Premier on 18 March 2020 and published on the Commission's website on 13 May 2020.

The OSAPC considered fuel price models adopted by other jurisdictions, existing fuel pricing regulatory arrangements in SA, and cost-effective options to increase transparency of fuel pricing in SA.

In response to the commissioned report, the government passed legislation enabling the implementation of a fuel price monitoring scheme that accords with the Commission's findings. From 20 March 2021, under a two-year trial, petrol retailers are required to report price changes to a centralised database run by an engaged contractor. Motorists can then access fuel price information for free via one of the existing commercial fuel apps or websites. To date, the scheme has been well received by the motoring public and industry bodies, including the RAA.

Consumer and Business Services (Attorney-General's Department) are to facilitate an independent economic analysis at the conclusion of the two-year trial with a report to be provided to the South Australian Government.

Research Program

As part of its functions, the OSAPC undertakes other research following consultation between the Commission Chair and the Premier.

The research is focused on areas that are relevant to the facilitation of productivity growth, unlocking of new economic opportunities, supporting job creation, and the removal of existing regulatory barriers. The research results are published as a 'Research Discussion Paper'.

In 2020-21, three research projects were undertaken resulting in three published discussion papers as discussed below.

A Data Driven Investigation of South Australia Productivity Performance

The Commission engaged Dean Parham to complete a research paper which provided:

- a review of the historical productivity performance of the SA economy;
- an assessment of SA's productivity performance against that of other Australian jurisdictions; and
- an exploration of the underlying factors that impact on SA's performance relative to comparable jurisdictions.

The research paper was published in September 2020.

Competitiveness in South Australia

This paper examined SA's relative economic competitiveness over the past two decades up to the commencement of the Covid-19 pandemic. The paper was completed as part of the Commission's project aimed at providing a better understanding of the state's drivers of competitiveness, productivity, and the foundations of living standards. As a reference for both the OSAPC's wider work program, and for other government agencies, it draws on short- and long-term information.

The paper was published in December 2020.

SA growth state industries – source paper on competitiveness

This paper provides a broad assessment of some of the factors likely to affect the competitiveness of the SA Government's Growth State industries. The factors assessed are relevant to policy and decision makers.

The paper also considers indicators that provide insight into industry competitiveness and the scope for improvements in competitiveness.

Data is presented to indicate whether the state has a revealed advantage of not, providing an indication of the relative competitiveness of SA within a particular industry.

The research paper was published in January 2021.

Current work program

In early 2021, the Commission commenced the Modern Regulation program aimed at reinvigorating and reforming the state's regulatory system applying to business to encourage jobs, economic and productivity growth. Improving the performance of the state's regulatory framework, regulations and regulators will help contribute and support the state's economy post Covid-19 and beyond.

The program consists of two complementary streams:

- an inquiry to make strategic reforms to the state's business regulatory framework to position it for the next decade; and
- two short-term reviews to recommend practical reforms in specific priority areas – development referrals and tourism regulation.

South Australia's regulatory framework

On 29 January 2021 the Premier issued a notice of inquiry to the Commission to undertake an inquiry into SA's Regulatory Framework.

The inquiry terms of reference require the development of recommendations to modernise the state's regulatory framework in order to better support investment, employment and productivity growth now and into the future. For the purpose of the inquiry, the regulatory framework includes the legislation, governance arrangements, institutions, processes and systems in place throughout the state to develop, administer, enforce and review regulation. The inquiry will include consideration of the whole regulatory lifecycle process and requirements, from making regulations through to regulatory implementation and review.

An inquiry issues paper was published on 31 March 2021, a draft report published in on 6 August 2021 and a final report is due to be delivered to the Premier by 29 October 2021.

Development referrals

On 9 March 2021, the OSAPC commenced a review into regulation and practice governing the referrals processes that form an integral part of the state's development assessment and approval system.

The review is focussed on the referral activities of selected state referral agencies in the areas of environmental significance, native vegetation, and transport routes and corridors. It is investigating how the referrals processes can be improved to lift the competitiveness of South Australia as an investment destination.

A review issues paper was published on 26 May 2021 and a draft report published on 2 July 2021. The final report is due to be submitted to the Premier by 11 October 2021.

Tourism regulation

A review into regulation of SA's tourism industry, focusing on nature-based and agriculture-based tourism sectors commenced on 29 March 2021.

The review will make recommendations on improving the efficiency of the regulatory operations and performance of relevant state government agencies and reforms to improve the adaptability and resilience of the regulatory process. The review is also required to examine approaches that reduce regulation costs on regulated parties and improve investment opportunities.

A review issues paper was published on 6 April 2021 and a draft report published on 6 August 2021. The final report is due to be delivered to the Premier by 28 October 2021.

Promoting understanding of the objects of the OSAPC

The Chief Executive participated in a number of external engagements during the year aimed at raising the profile of the Commission in SA and nationally, strengthening networks with policy, research and professional bodies and advocating for reforms to lift productivity, jobs and economic growth.

External speaking engagements:

- Australian Council of Health Service Management – professional development program.
- Melbourne Science Group
- Local government professionals (SA) General Manager Forum
- Victorian Regulators Forum
- Adelaide Club (Commissioner Findlay)
- Australian Productivity Commissions' Forum
- Queensland Productivity Commission – *Productivity reform in Australia and New Zealand* -panel member
- Held 2 SAPC Economic Round Tables which provide a forum for discussing, among a broadly constituted group a range of economic, social and environmental issues affecting the welfare of South Australians and
- Held a meeting of the SAPC Policy Reference Group, comprising academic economics, to discuss priority areas for reform in SA..

The Commission also took steps to build relations with SA's public universities to explore possible partnerships for both research, training and development of OSAPC staff.

For every inquiry /review significant stakeholder engagement was undertaken which also assists to raise public awareness of the role and purpose of the Commission.

Corporate performance summary

Employment opportunity programs

Program name	Performance
Aboriginal and Torrens Strait Islander employment	OSAPC has adopted the DPC Reconciliation Action Plan. DPC has a Stretch Reconciliation Action Plan March 2020 - March 2023 approved by Reconciliation Australia, which includes employment and leadership opportunities for Aboriginal and Torrens Strait Islanders.

Agency performance management and development systems

Performance management and development system	Performance
DPC Connect	As at 30 June 2021, five active employees (or 36% of employee headcount) had formal performance management and development review.

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.

Workplace injury claims	2020-21	2019-20	% 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	2020-21	2019-20	% 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**	2020-21	2019-20	% Change (+ / -)
Total gross workers compensation expenditure (\$)	0	0	Nil
Income support payments – gross (\$)	0	0	Nil

**before third party recovery

Data for previous years is available at: [insert hyperlink to specific data.sa page](#) and ensure data sources are referenced.

Executive employment in the agency

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

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 2020-21 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	2 941	2 941	0	2 965
Total Expenses	2 941	2 776	165	2 858
Net Result	0	165	165	107
Total Comprehensive Result	0	165	165	107

Statement of Financial Position	2020-21 Budget \$000s	2020-21 Actual \$000s	Variation \$000s	2019-20 Actual \$000s
Current assets	623	928	305	623
Non-current assets	1	13	12	6
Total assets	624	941	317	629
Current liabilities	361	483	(-122)	372
Non-current liabilities	315	351	(36)	315
Total liabilities	676	834	(158)	687
Net assets	(52)	107	159	(58)
Equity	(52)	107	159	(58)

Consultants disclosure

The following is a summary of external consultants that have been engaged by the OSAPC in 2020-21, 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
Langfield-Smith Consulting	Research and Performance Measures Review – Research and Development Inquiry	\$1,020.00
University of Adelaide	Report containing analysis on eight Growth State industries	\$6,000.00
	Total	\$7,020.00

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

Consultancies	Purpose	\$ Actual payment
Langfield-Smith Consulting	Research Performance Indicators – Research and Development Inquiry	\$14,400.00
	Total	\$14,400.00

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 OSAPC in 2020-21, 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
Jeff Hole	Assisted with a case study analysis of aspects of regulatory practice among selected SA regulators to help inform the Commission's Inquiry into SA's Regulatory Framework	\$9,600.00
Public Policy and Commercial Consulting Pty Ltd	Assisted with a case study analysis of aspects of regulatory practice among selected SA regulators to help inform the Commission's Inquiry into SA's Regulatory Framework	\$8,000.00
	Total	17,600.00

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

Contractors	Purpose	\$ Actual payment
Hays Recruitment	Salary and wages for Hays temporary administrative staff	\$12,119.57
BDO Advisory (SA) Pty Ltd	Professional Services – Research & Development Funding Analysis	\$23,340.00
BDO Advisory (SA) Pty Ltd	Conducted a survey to collect evidence on SA regulators' practice for the inquiry into SA's regulatory framework	\$36,364.00
McGregor Tan	Designed, developed, implemented and reported on a survey of businesses for the inquiry into SA's regulatory framework	\$13,636.00
	Total	\$ 85,459.57

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 and updated annually.

In light of the COVID-19 pandemic, OSAPC prepared an outbreak action plan that set out the activities required in managing its critical business function.

Fraud detected in the agency

OSAPC has not identified any instances of actual, suspected or alleged fraud during 2020-21.

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. 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.

Processes are also in place for recording, analysing, reporting and escalating fraud and corruption loss events and control failures. These include the endorsement of key mechanisms in preventing, detecting and responding to the risks of fraud. These processes are supported by:

- annual internal audit plans;
- Executive examination of monthly finance reports provided by DPC;
- management certification of internal controls as part of the Financial Management Compliance Program (FMCP); and
- preparation of the end of year financial statements including fraud declaration from executives.

Public interest disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of OSAPC 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.

Reporting required under any other act or regulation

OSAPC is not required to report under any other act or regulation.

Public complaints

Number of public complaints reported

Reporting on the number of complaints received is mandated. If your agency does not have an approved set of complaint categories in place, please use the complaint categories in the table below.

Complaint categories	Sub-categories	Example	Number of Complaints 2020-21
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

Complaint categories	Sub-categories	Example	Number of Complaints 2020-21
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	Nil
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	184
Number of negative feedback comments	9
Total number of feedback comments	193
% complaints resolved within policy timeframes	N/A

Service Improvements

The OSAPC actively seeks feedback and suggestions from its stakeholders on the way it conducts the inquiries and reviews.

Compliance Statement

OSAPC is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector	Y
OSAPC has communicated the content of PC 039 and the agency's related complaints policies and procedures to employees.	Y

Appendix: Audited financial statements 2020-21



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Our ref: A21/015

27 September 2021

Ms C Bierbaum
Acting Chief Executive
Office of the South Australian Productivity Commission
Wakefield House
Level 15
30 Wakefield Street
ADELAIDE SA 5000

Dear Ms Bierbaum

Audit of the Office of the South Australian Productivity Commission for the year to 30 June 2021

We have completed the audit of your accounts for the year ended 30 June 2021. Two key outcomes from the audit are the:

- 1 Independent Auditor's Report on your agency's financial report
- 2 audit management letters.

1 Independent Auditor's Report

We are returning the financial statements for the Office of the South Australian Productivity Commission, with the Independent Auditor's Report. This report is unmodified.

The *Public Finance and Audit Act 1987* allows me to publish documents on the Auditor-General's Department website. The enclosed Independent Auditor's Report and accompanying financial statements will be published on that website on Tuesday, 12 October 2021

2 Audit management letters

As the audit did not identify any significant matters requiring management attention, we will not issue any audit management letters.

What the audit covered

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

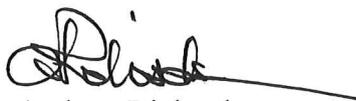
Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- Supplies and services expense
- Employee benefits expense.

We concluded that the financial report was prepared in accordance with the financial reporting framework in this respect.

I would like to thank the staff and management of your agency for their assistance during this year's audit.

Yours sincerely



Andrew Richardson
Auditor-General

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To the Acting Chief Executive Office of the South Australian Productivity Commission

Opinion

I have audited the financial report of Office of the South Australian Productivity Commission for the financial year ended 30 June 2021.

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 2021, 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 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Acting Chief Executive and Director, Finance, Department of the Premier and Cabinet.

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 (including Independence Standards)* 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 Acting Chief Executive for the financial report

The Acting 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.

In preparing the financial report, the Acting Chief Executive is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Acting Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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 2021.

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 internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Chief Executive.

- conclude on the appropriateness of the Acting Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- 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 the Acting 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.



Andrew Richardson

Auditor-General

27 September 2021

**Office of the South Australian Productivity
Commission**

Financial Statements

For the year ended 30 June 2021

Office of the South Australian Productivity Commission
Certification of the Financial Statements
for the year ended 30 June 2021

We certify that the:

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



Christine Bierbaum
Acting Chief Executive

23 September 2021



Claire Hodgetts
Director, Finance

23 September 2021

Office of the South Australian Productivity Commission
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Appropriation	2.1	2 941	2 916
Other income	2.2	-	49
Total income		2 941	2 965
Expenses			
Employee benefits expenses	3.2	2 262	2 321
Supplies and services	4.1	508	532
Depreciation	4.2	6	5
Total expenses		2 776	2 858
Net result		165	107
Total comprehensive result		165	107

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 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash	6.1	928	578
Receivables	6.2	-	45
Total current assets		928	623
Non-current assets			
Property, plant and equipment	5.1	13	6
Total non-current assets		13	6
Total assets		941	629
Current liabilities			
Payables	7.1	157	112
Financial liabilities	7.3	-	4
Employee benefits	3.3	324	254
Provisions	7.2	2	2
Total current liabilities		483	372
Non-current liabilities			
Payables	7.1	29	27
Employee benefits	3.3	316	284
Provisions	7.2	6	4
Total non-current liabilities		351	315
Total liabilities		834	687
Net assets		107	(58)
Equity			
Retained earnings		107	(58)
Total equity		107	(58)

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 2021

	Retained earnings	Total equity
	\$'000	\$'000
Balance at 1 July 2019	(165)	(165)
Net result for 2019-20	107	107
Total comprehensive result for 2019-20	107	107
Balance at 30 June 2020	(58)	(58)
Net result for 2020-21	165	165
Total comprehensive result for 2020-21	165	165
Balance at 30 June 2021	107	107

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 2021

	2021	2020
	Inflows	Inflows
	(Outflows)	(Outflows)
Note	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Appropriation	2 941	2 916
Other receipts	45	4
Cash generated from operating activities	<u>2 986</u>	<u>2 920</u>
Cash outflows		
Employee benefits payments	(2 142)	(2 125)
Payments for supplies and services	(476)	(549)
Cash used in operating activities	<u>(2 618)</u>	<u>(2 674)</u>
Net cash provided by operating activities	8.1 <u>368</u>	<u>246</u>
Cash flows from investing activities		
Cash outflows		
Purchase of property, plant and equipment	(13)	-
Cash used in investing activities	<u>(13)</u>	<u>-</u>
Cash flows from financing activities		
Cash outflows		
Repayment of leases	(5)	(5)
Cash used in financing activities	<u>(5)</u>	<u>(5)</u>
Net increase in cash	<u>350</u>	<u>241</u>
Cash at the beginning of the reporting period	578	337
Cash at the end of the reporting period	6.1 <u>928</u>	<u>578</u>

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 2021

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 2020-21.

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2021

2. Income

2.1. Appropriation

	2021	2020
	\$'000	\$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	2 941	2 916
Total appropriation	2 941	2 916

Appropriations are recognised on receipt.

2.2. Other income

	2021	2020
	\$'000	\$'000
Recoveries - other	-	45
Contingency funding provided by the Department of Treasury and Finance	-	4
Total other income	-	49

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

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2021

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 \$729 000 (2020: \$712 000).

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*.

	2021	2020
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	666	651
Post-employment benefits	63	61
Total	729	712

Transactions with key management personnel and other related parties

There were no significant related party transactions.

3.2. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	1 443	1 414
Long service leave	32	64
Annual leave	143	183
Skills and experience retention leave	8	8
Employment on-costs - superannuation	523	528
Employment on-costs - other	105	106
Workers compensation revaluation	2	2
Other employee related expenses	6	16
Total employee benefits expenses	2 262	2 321

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.

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2021

3.2. Employee benefits expenses (continued)

Employee remuneration

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

	2021	2020
	No	No
\$214 001 – \$234 000	2	2
\$254 001 – \$274 000	1	1
Total	3	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 \$729 000 (2020: \$712 000).

3.3. Employee benefits liability

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Accrued salaries and wages	48	39
Annual leave	240	179
Long service leave	30	31
Skills and experience retention leave	6	5
Total current employee benefits	324	254
<u>Non-current</u>		
Long service leave	316	284
Total non-current employee benefits	316	284
Total employee benefits	640	538

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 are provided at note 10.1.

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2021

4. Expenses

4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Service level agreement	298	288
Contractors	91	25
Consultants	21	99
Information technology and communication charges	20	17
General administration and consumables	12	19
Temporary staff	12	7
Staff development and recruitment	7	8
Other	47	69
Total supplies and services	508	532

Consultants

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

	2021	2021	2020	2020
	Number	\$'000	Number	\$'000
Below \$10 000	1	5	1	3
\$10 000 or above	1	16	4	96
Total	2	21	5	99

4.2. Depreciation

	2021	2020
	\$'000	\$'000
Depreciation		
Right-of-use motor vehicle	6	5
Total depreciation	6	5

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2021

5. Non-financial assets

5.1. Property, plant and equipment by asset class

	2021 \$'000	2020 \$'000
Right-of-use motor vehicle		
Right-of-use motor vehicle (deemed fair value)	8	8
Accumulated depreciation	(8)	(2)
Total right-of-use motor vehicle	<u>-</u>	<u>6</u>
Plant and equipment		
Plant and equipment at fair value	13	-
Total plant and equipment	<u>13</u>	<u>-</u>
Total property, plant and equipment	<u><u>13</u></u>	<u><u>6</u></u>

5.2. Property, plant and equipment owned

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed. Property, plant and equipment is recorded at fair value. Detail about OSAPC's approach to fair value is set out in note 10.2.

Reconciliation 2020-21

	Plant and equipment \$'000	Total \$'000
Carrying amount at 1 July 2020	-	-
Acquisitions	13	13
Carrying amount at 30 June 2021	<u><u>13</u></u>	<u><u>13</u></u>

Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity.

5.3. Property, plant and equipment leased

Property, plant and equipment leased by OSAPC is recorded at cost. There were no additions to leased property, plant and equipment during 2020-21.

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2021

6. Financial assets

6.1. Cash

	2021	2020
	\$'000	\$'000
Deposits with the Treasurer	928	578
Total cash	928	578

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

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Accrued income	-	45
Total receivables	-	45

7. Liabilities

7.1. Payables

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Trade payables	-	3
Accrued expenses	94	60
Employment on-costs	63	49
Total current payables	157	112
<u>Non-current</u>		
Employment on-costs	29	27
Total non-current payables	29	27
Total payables	186	139

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 are 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 remains unchanged as 42% and the average factor for the calculation of employer superannuation cost on-costs has been assessed as 10.1% (2020: 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 \$4 000 and employee benefits expense of \$4 000.

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2021

7.2. Provisions

	2021 \$'000	2020 \$'000
Current		
Provision for workers compensation	2	2
Total current provisions	2	2
Non-current		
Provision for workers compensation	6	4
Total non-current provisions	6	4
Total provisions	8	6
Movement in provisions		
Carrying amount at the beginning of the period	6	5
Additional provisions recognised	2	1
Carrying amount at the end of the period	8	6

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 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.

OSAPC is responsible for the payment of workers compensation claims.

7.3. Financial liabilities

	2021 \$'000	2020 \$'000
Current		
Lease liabilities - current	-	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 Goods and Services Tax (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.

Total cash outflows for leases was \$5 000 (2020: \$5 000).

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2021

9. Outlook

9.1. Unrecognised contractual commitments

Expenditure commitments

	2021	2020
	\$'000	\$'000
Within one year	99	11
Total expenditure commitments	99	11

OSAPC's expenditure commitments for 2020-21 relate to contractor engagements regarding a high-level survey to collect evidence on SA regulator's practice, case studies of regulators and surveys of businesses and SA regulators practices.

Commitments for 2019-20 included consultancies on the analysis of "Growth State" industries and funding of Research and Development in South Australia

9.2. Contingent assets and liabilities

OSAPC is not aware of any contingent assets or liabilities as at 30 June 2021.

9.3. COVID-19 pandemic outlook on OSAPC

OSAPC does not expect any material impacts as a result of the COVID-19 pandemic in 2021-22.

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 2021 is 1.25% (2020: 0.75%).

The actuarial assessment performed by the Department of Treasury and Finance applied a salary inflation rate of 2.5% (2020: 2.5%) 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 \$39 000 and employee benefits expense of \$39 000.

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

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
For the year ended 30 June 2021

10.2. Fair value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

Plant and equipment

All items of plant and equipment had a fair value at the time of acquisition of less than \$1.5 million and have not been revalued. The carrying value of these items are deemed to approximate fair value.

For more information

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