

Industry Advocate

Financial report
for the year ended
30 June 2020

INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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To the Industry Advocate Office of the Industry Advocate

Opinion

I have audited the financial report of the Office of the Industry Advocate 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 Industry Advocate 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 Industry Advocate and the Industry Engagement Manager.

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 Industry Advocate. 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 Industry Advocate for the financial report

The Industry Advocate 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 Industry Advocate 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 Industry Advocate's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Industry Advocate

- 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 Industry Advocate 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

28 September 2020

**Office of the Industry Advocate
(OIA)**

Financial Statements

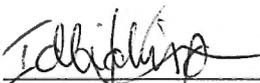
For the year ended 30 June 2020

Office of the Industry Advocate
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 Industry Advocate:

- 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; and
- present a true and fair view of the financial position of the Office of the Industry Advocate 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 Industry Advocate for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Ian Nightingale
Industry Advocate
25 September 2020



Denise Loftus
Industry Engagement Manager
25 September 2020

Office of the Industry Advocate
Statement of Comprehensive Income
for the year ended 30 June 2020

| | Note | 2020 \$'000 | 2019 \$'000 |
|-----------------------------------|------|----------------|----------------|
| <u>Income</u> | | | |
| Intra-government transfers | 2.1 | 1 566 | 2 061 |
| Resources received free of charge | 2.2 | - | 13 |
| Other income | 2.3 | 22 | 107 |
| Total income | | 1 588 | 2 181 |
| <u>Expenses</u> | | | |
| Employee benefits expenses | 3.2 | 1 074 | 1 140 |
| Supplies and services | 4.1 | 617 | 606 |
| Grants and subsidies | 4.1 | 7 | 6 |
| Total expenses | | 1 698 | 1 752 |
| Net result | | (110) | 429 |

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

Office of the Industry Advocate
Statement of Financial Position
as at 30 June 2020

| | Note | 2020 \$'000 | 2019 \$'000 |
|---------------------------------------|------|----------------|----------------|
| <u>Current assets</u> | | | |
| Cash | 5.1 | 617 | 854 |
| Receivables | 5.2 | 46 | 35 |
| Total current assets | | 663 | 889 |
| Total assets | | | |
| | | 663 | 889 |
| <u>Current liabilities</u> | | | |
| Payables | 6.1 | 143 | 247 |
| Employee benefits | 3.3 | 155 | 161 |
| Provisions | 6.2 | 1 | 1 |
| Total current liabilities | | 299 | 409 |
| <u>Non-current liabilities</u> | | | |
| Payables | 6.1 | 29 | 29 |
| Employee benefits | 3.3 | 311 | 317 |
| Provisions | 6.2 | 2 | 2 |
| Total non-current liabilities | | 342 | 348 |
| Total liabilities | | | |
| | | 641 | 757 |
| Net assets | | | |
| | | 22 | 132 |
| <u>Equity</u> | | | |
| Retained earnings | | 22 | 132 |
| Total equity | | 22 | 132 |

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

Office of the Industry Advocate
Statement of Changes in Equity
for the year ended 30 June 2020

| | Retained earnings \$'000 | Total \$'000 |
|---|--------------------------------|-----------------|
| Balance at 1 July 2018 | (297) | (297) |
| Net result for 2018-19 | 429 | 429 |
| Total comprehensive result 2018-19 | 429 | 429 |
| Balance at 30 June 2019 | 132 | 132 |
| Net result for 2019-20 | (110) | (110) |
| Total comprehensive result 2019-20 | (110) | (110) |
| Balance at 30 June 2020 | 22 | 22 |

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

Office of the Industry Advocate
Statement of Cash Flows
for the year ended 30 June 2020

| | | 2020 Inflows (Outflows) \$'000 | 2019 Inflows (Outflows) \$'000 |
|--|------|---|---|
| Cash flows from operating activities | Note | | |
| Cash inflows | | | |
| Receipts from SA Government | | 1 566 | 2 061 |
| Other receipts | | 21 | 107 |
| Cash generated from operations | | <u>1 587</u> | <u>2 168</u> |
| Cash outflows | | | |
| Employee benefits payments | | (1 088) | (989) |
| Payments for supplies and services | | (729) | (456) |
| Payments of grants and subsidies | | (7) | (6) |
| Cash used in operations | | <u>(1 824)</u> | <u>(1 451)</u> |
| Net cash provided by operating activities | | <u>(237)</u> | <u>717</u> |
| Net increase in cash | | (237) | 717 |
| Cash at the beginning of the period | | 854 | 137 |
| Cash at the end of the period | 5.1 | <u>617</u> | <u>854</u> |

The accompanying notes form part of these financial statements.

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS

| | | |
|-----------|--|-----------|
| 1. | About the Office of the Industry Advocate | 10 |
| 1.1. | Basis of preparation | 10 |
| 1.2. | Objectives..... | 10 |
| 1.3. | Impact of COVID-19 pandemic on the Office..... | 10 |
| 2. | Income | 11 |
| 2.1. | Intra-government transfers..... | 11 |
| 2.2. | Resources received free of charge | 11 |
| 2.3. | Other income..... | 11 |
| 3. | Board, committees and employees | 11 |
| 3.1. | Key management personnel | 11 |
| 3.2. | Employee benefits expenses | 12 |
| 3.3. | Employee benefits liability | 12 |
| 4. | Expenses | 13 |
| 4.1. | Supplies and services | 13 |
| 4.2. | Grants and subsidies | 14 |
| 5. | Financial assets | 14 |
| 5.1. | Cash and cash equivalents | 14 |
| 5.2. | Receivables..... | 14 |
| 6. | Liabilities | 15 |
| 6.1. | Payables..... | 15 |
| 6.2. | Provisions..... | 16 |
| 7. | Changes in accounting policy | 16 |
| 7.1. | AASB 16 Leases | 16 |
| 7.2. | AASB 1058 Income of Not-for-Profit Entities | 17 |
| 7.3. | Presentation of Financial Statements | 17 |
| 8. | Outlook | 17 |
| 8.1. | Unrecognised contractual commitments..... | 17 |
| 8.2. | Contingent assets and liabilities..... | 17 |
| 8.3. | COVID-19 pandemic outlook for the Office..... | 18 |
| 8.4. | Events after the reporting period..... | 18 |
| 9. | Measurement and risk | 18 |
| 9.1. | Long service leave liability - measurement | 18 |
| 9.2. | Financial instruments | 18 |

Office of the Industry Advocate

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1. About the Office of the Industry Advocate

The Office of the Industry Advocate (OIA/the Office) is a statutory authority of the State of South Australia, established pursuant to the *Industry Advocate Act 2017* proclaimed under *Public Sector Notice 2017* (dated 31 October 2017). The *Public Sector Proclamation 2017* (dated 19 December 2017) declared the appointment of Ian Nightingale to the statutory role of the Industry Advocate effective from 1 January 2018.

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

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*
- relevant Australian Accounting Standards with reduced disclosure requirements.

For the 2019-20 financial statement OIA adopted *AASB15 – Revenue from contracts with customer*, *AASB16 – Leases* and *AASB 1058 – Income of not for profit entity*. Further information is provided in note 7

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

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

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

1.2. Objectives

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

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

1.3. Impact of COVID-19 pandemic on the Office

The COVID-19 pandemic has impacted the following operations of the Office of the Industry Advocate:

- Meet the Buyer events have been suspended.
- The Supplying to Government Magazine was developed to provide a COVID-19 safe way to deliver information to Industry on opportunities to work with the South Australian Government and available business support services.

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.3 Impact of COVID-19 pandemic on the Office (continued)

- Supply to Gov workshops were suspended and re-modelled to be delivered virtually.
- The engagement by the Far North Aboriginal Economic Collective Coordinator was suspended in the region and then delivered virtually.
- The Aboriginal Business strategy development has been postponed until it is safe to initiate consultation with Aboriginal communities.

2. Income

2.1. Intra-government transfers

| | 2020 | 2019 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Intra government transfers | 1 566 | 2 061 |
| Total Intra-government transfers | 1 566 | 2 061 |

Intra-government transfers which is funding from the Department of Treasury and Finance and are recognised as revenues when the Office obtains control over the funding. Control over transfers is normally obtained upon receipt. Intra-government transfers are recognised as income on receipt.

2.2. Resources received free of charge

| | 2020 | 2019 |
|---|----------|-----------|
| | \$'000 | \$'000 |
| Services received free of charge - Shared Services SA | - | 13 |
| Total resources received free of charge | - | 13 |

2.3. Other income

| | 2020 | 2019 |
|--------------------------------|-----------|------------|
| | \$'000 | \$'000 |
| Recoveries | 22 | 75 |
| Revenues from fees and charges | - | 32 |
| Total other income | 22 | 107 |

3. Board, committees and employees

3.1. Key management personnel

Key management personnel

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

The compensation for key management personnel was \$361 000 (2019 \$354 000).

The compensation disclosed in this note excludes salaries and other benefits the Minister receives. The Minister's remuneration and allowances are set by the (*Parliamentary Remuneration Act 1990*) and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

Transaction with Key Management Personnel and other related parties

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

Office of the Industry Advocate
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 | 885 | 805 |
| Annual leave | 62 | 52 |
| Long service leave | (19) | 127 |
| Employment on-costs - superannuation | 90 | 91 |
| Employment on-costs - other | 49 | 56 |
| Skills and experience retention leave | 7 | 6 |
| Workers compensation | - | 3 |
| Total employee benefits expenses | 1 074 | 1 140 |

Employment on-costs - superannuation

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

Executive remuneration

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

| | 2020 | 2019 |
|------------------------|----------|----------|
| | No | No |
| \$334 001 to \$354 000 | - | 1 |
| \$354 001 to \$374 000 | 1 | - |
| Total | 1 | 1 |

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

The total remuneration received by this employee for the year was \$361 000 (2019: \$354 000).

3.3. Employee benefits liability

| | 2020 | 2019 |
|--|------------|------------|
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| Accrued salaries and wages | 25 | 17 |
| Annual leave | 101 | 106 |
| Long service leave | - | 14 |
| Skills and experience retention leave | 29 | 24 |
| Total current employee benefits | 155 | 161 |
| <u>Non-current</u> | | |
| Long service leave | 311 | 317 |
| Total non-current employee benefits | 311 | 317 |
| Total employee benefits | 466 | 478 |

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

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.3 Employee benefits liability (continued)

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

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

The annual leave liability and the the skills and experience retention leave liability are expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid.

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

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 9.1.

4. Expenses

Employee benefits expenses are disclosed in note 3.2.

4.1. Supplies and services

| | 2020 | 2019 |
|--|------------|------------|
| | \$'000 | \$'000 |
| Consultants | 103 | 139 |
| Information technology and communication charges | 118 | 101 |
| Operating lease payments | - | 99 |
| Office administration expenses | 37 | 92 |
| Contractors | 160 | 78 |
| Travel and related expenses | 26 | 32 |
| Marketing | 33 | 31 |
| Staff related expenses | 10 | 15 |
| Accommodation | 125 | 14 |
| Audit fees | 5 | 5 |
| Total supplies and services | 617 | 606 |

Accommodation

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

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:

| | No | 2020 | No | 2019 |
|-------------------|----------|------------|----------|------------|
| | | \$'000 | | \$'000 |
| Below \$10 000 | 1 | 9 | 2 | 11 |
| \$10 000 or above | 4 | 94 | 5 | 128 |
| Total | 5 | 103 | 7 | 139 |

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.2. Grants and subsidies

| | 2020 | 2019 |
|-----------------------------------|----------|----------|
| | \$'000 | \$'000 |
| Sponsorships | 7 | 6 |
| Total grants and subsidies | 7 | 6 |

5. Financial assets

5.1. Cash and cash equivalents

| | 2020 | 2019 |
|-------------------|------------|------------|
| | \$'000 | \$'000 |
| Cash at bank | 617 | 854 |
| Total cash | 617 | 854 |

5.2. Receivables

| | 2020 | 2019 |
|----------------------------------|-----------|-----------|
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| <u>Trade receivables</u> | | |
| From government entities | 1 | 35 |
| Total trade receivables | 1 | 35 |
| Other receivables | 45 | - |
| Total current receivables | 46 | 35 |
| Total receivables | 46 | 35 |

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

The Office did not recognise an allowance for doubtful debts, it is not anticipated that SA Government counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 9.2 for further information on risk management.

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6. Liabilities

Employee benefits liabilities are disclosed in note 3.3

6.1. Payables

| | 2020 | 2019 |
|-----------------------------------|------------|------------|
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| Accrued expenses | 119 | 223 |
| Employment on-costs | 24 | 24 |
| Total current payables | 143 | 247 |
| <u>Non current</u> | | |
| Employment on-costs | 29 | 29 |
| Total non-current payables | 29 | 29 |
| Total payables | 172 | 276 |

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

Employment on-costs

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

The Office makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the superannuation scheme.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the the percentage of the proportion of long service leave taken as leave has increased from 41% in 2019 to 42% in 2020 and the average factor for the calculation of employer superannuation cost on-costs has remained at 9.8% for both 2019 and 2020. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial.

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6.2. Provisions

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

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 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.

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

7. Changes in accounting policy

7.1. AASB 16 Leases

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 *Leases* replaces AASB 117 *Leases* and related interpretations.

The adoption of AASB 16 *Leases* from 1 July 2019 resulted adjustments to the amounts recognised from a lessee perspective in the financial statements:

- AASB 117 *Leases* only required the recognition of an asset and lease liability in relation to finance leases. AASB 16 *Leases* applies a comprehensive model to all leases. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position.
- AASB 117 *Leases* resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 *Leases* largely replaces this with depreciation expenses that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

The OIA disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$746 000 under AASB 117.

The OIA has accommodation services provided by the Department of Planning, Transport and Infrastructure (DPTI) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies.

These MoAA do not meet the definition of lease set out either in AASB 16 or in the former standard AASB 117. Accordingly, the 2018-19 undiscounted operating lease commitments should have been disclosed as \$746 000 under AASB 117. There is no material difference between the revised operating lease commitments when discounted and the financial liabilities recognised as at 1 July 2019.

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2020

7.2. AASB 16 Leases (continued)

Commitments related to accommodation services provided by DPTI are included in Note 8.1.

7.2. AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 Contributions, AASB 118 Revenue and AASB 111 Construction Contracts. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

Accounting policies on transition

On transition, there was no impact on retained earnings.

7.3. Presentation of Financial Statements

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the OIA. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

8. Outlook

8.1. Unrecognised contractual commitments

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

Expenditure commitments

Commitments in relation to accommodation and contracts at the reporting date but not recognised as liabilities are payable as follows:

| | 2020 | 2019 |
|---|------------|------------|
| | \$'000 | \$'000 |
| Within one year | 119 | 110 |
| Later than one year but not later than five years | 576 | 449 |
| Later than five years | 93 | 187 |
| Total expenditure commitments | 788 | 746 |

The Office's expenditure commitments relates to accommodation expenses.

8.2. Contingent assets and liabilities

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

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

Office of the Industry Advocate
Notes to and forming part of the financial statements
for the year ended 30 June 2020

8.3. COVID-19 pandemic outlook for the Office

The Office does not expect any material impact on its operations in 2020-21.

8.4. Events after the reporting period

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

9. Measurement and risk

9.1. 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 period of service. These assumptions are based on employee data across the South Australian Government.

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of long service leave liability. The yield on long-term Commonwealth Government bonds decreased from 1.25% to 0.75% in 2020.

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$23 815 and employee benefits expense of \$23 815. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions, including the long-term discount rate.

The actuarial assessment performed by Department of Treasury and Finance has decreased the salary inflation rate from 4% to 2.5% for long service leave liability. As a result there is no net material financial effect resulting from changes in the salary inflation rate.

9.2. Financial instruments

Receivables and payables

Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

Receivable amounts disclosed here excludes prepayments as they are not financial assets. The Office has no prepayments.