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To the Chief Executive Office of the South Australian Productivity Commission

Opinion

I have audited the financial report of the Office of the South Australian Productivity Commission for the financial year ended 30 June 2024.

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 2024, its financial performance and its cash flows for 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 – Simplified Disclosures.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chief Executive and the Director of the Office of the South Australian Productivity Commission.

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 Chief Executive for the financial report

The 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 Australian Accounting Standards – Simplified Disclosures, 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 that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the 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 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 2024.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the South Australian Productivity Commission's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the 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 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.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

30 September 2024

**Office of the South Australian Productivity
Commission**

Financial Statements

For the year ended 30 June 2024

Office of the South Australian Productivity Commission
Certification of the Financial Statements
for the year ended 30 June 2024

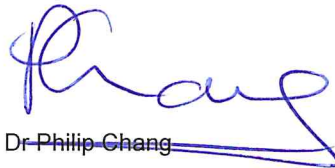
We certify that the:

- 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.



Steve Whetton
Chief Executive
Office of the SA Productivity Commission

30 September 2024



Dr Philip Chang
Director
Office of the SA Productivity Commission

30 September 2024

Office of the South Australian Productivity Commission
Statement of Comprehensive Income
for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Income			
Appropriation	2.1	2 283	2 277
SA Government grants, subsidies and transfers	2.2	14	242
Total income		<u>2 297</u>	<u>2 519</u>
Expenses			
Employee related expenses	3.2	1 540	1 630
Supplies and services	4.1	412	439
Depreciation	5.1	3	3
Other expenses		5	-
Total expenses		<u>1 960</u>	<u>2 072</u>
Net result		<u>337</u>	<u>447</u>
Total comprehensive result		<u><u>337</u></u>	<u><u>447</u></u>

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 2024

	Note	2024 \$'000	2023 \$'000
Current assets			
Cash	6.1	1 783	1 425
Receivables		3	4
Total current assets		1 786	1 429
Non-current assets			
Receivables		-	3
Plant and equipment	5.1	19	7
Total non-current assets		19	10
Total assets		1 805	1 439
Current liabilities			
Payables	7.1	36	62
Employee related liabilities	3.3	123	120
Provisions	7.2	7	2
Total current liabilities		166	184
Non-current liabilities			
Employee related liabilities	3.3	130	109
Provisions	7.2	32	6
Total non-current liabilities		162	115
Total liabilities		328	299
Net assets		1 477	1 140
Equity			
Retained earnings		1 477	1 140
Total equity		1 477	1 140

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 2024

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2022	693	693
Net result for 2022-23	447	447
Total comprehensive result for 2022-23	447	447
Balance at 30 June 2023	1 140	1 140
Net result for 2023-24	337	337
Total comprehensive result for 2023-24	337	337
Balance at 30 June 2024	1 477	1 477

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 2024

	2024	2023
	Inflows (Outflows)	Inflows (Outflows)
Note	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Appropriation	2 283	2 277
SA Government grants, subsidies and transfers	14	242
Cash generated from operating activities	<u>2 297</u>	<u>2 519</u>
Cash outflows		
Employee related payments	(1 485)	(1 700)
Payments for supplies and services	(434)	(410)
Cash used in operating activities	<u>(1 919)</u>	<u>(2 110)</u>
Net cash provided by operating activities	<u>378</u>	<u>409</u>
Cash flows from investing activities		
Cash outflows		
Purchase of plant and equipment	(20)	-
Cash used in investing activities	<u>(20)</u>	<u>-</u>
Net cash used in investing activities	<u>(20)</u>	<u>-</u>
Net increase in cash	<u>358</u>	<u>409</u>
Cash at the beginning of the reporting period	1 425	1 016
Cash at the end of the reporting period	<u>6.1</u> <u>1 783</u>	<u>1 425</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 2024

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 (DPC) 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

These financial statements are general purpose financial statements prepared in accordance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards applying simplified disclosures.

The financial statements have been prepared based on a 12-month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Assets and liabilities that are 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.

Significant accounting policies are set out throughout the notes.

Cash flows are exclusive of Goods and Services Tax (GST). The GST component of cash flows which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows of DPC, not OSAPC.

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.

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2024

2. Income

2.1 Appropriation

Appropriation in 2022-23 included \$16 000 received from the Governor's Appropriation Fund.

Appropriation is recognised on receipt.

2.2 SA Government grants, subsidies and transfers

SA Government grants, subsidies and transfers are recognised on receipt and comprise contingency funding from the Department of Treasury and Finance (DTF). 2022-23 comprised recoveries from DTF for targeted voluntary separation packages.

3. Employees

3.1 Key management personnel

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

Total compensation for key management personnel was \$589 000 (2023: \$571 000).

The compensation disclosed in this note excludes salaries and other benefits the Premier receives. The Premier'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 DTF under section 6 of the *Parliamentary Remuneration Act 1990*.

See DPC's Financial Statements for disclosures of the Premier's remuneration paid and recovered from the Consolidated Account.

Transactions with key management personnel and other related parties

There were no significant related party transactions.

3.2 Employee related expenses

	2024	2023
	\$'000	\$'000
Salaries and wages	1 046	969
Employment on-costs - superannuation	277	321
Annual leave	88	63
Employment on-costs - other	72	75
Workers compensation revaluation	32	(1)
Long service leave	21	(37)
Skills and experience retention leave	4	1
Targeted voluntary separation payments	-	237
Other employee related expenses	-	2
Total employee related expenses	1 540	1 630

Employment expenses

OSAPC employees are employed under Part 7 of the *Public Sector Act*.

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 2024

3.2 Employee related expenses (continued)

Employee remuneration

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

	2024	2023
	No	No
\$246 001 – \$266 000	1	1
\$306 001 – \$326 000	-	1
\$326 001 – \$346 000	1	-
Total	2	2

The table includes all employees whose normal remuneration was 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, fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left OSAPC.

The total remuneration received by employees for the year, listed above, was \$588 000 (2023: \$571 000).

Targeted voluntary separation packages (TVSPs)

The number of employees who received a TVSP during the reporting period was nil.

	2024	2023
	\$'000	\$'000
Amounts paid to separated employees:		
Targeted Voluntary Separation Packages	-	237
Leave paid to separated employees	-	89
Recovery from the Department of Treasury and Finance	-	(242)
Net cost to OSAPC	-	84

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2024

3.3 Employee related liabilities

	2024 \$'000	2023 \$'000
Current		
Annual leave	89	87
Long service leave	13	12
Skills and experience retention leave	4	4
Employment on-costs	17	17
Total current employee related liabilities	123	120
Non-current		
Long service leave	118	99
Employment on-costs	12	10
Total non-current employee related liabilities	130	109
Total employee related liabilities	253	229

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

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.

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

The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which are based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

The discount rate used in measuring the liability is reflective of the yield on long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds has increased to 4.25% in 2024 (2023: 4.0%).

The net financial effect of the changes to the actuarial assumption in the current financial year is an increase in the long services liability of \$8 000 and employee related expense of \$8 000.

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

Employment on-costs

Employment on-costs include payroll tax and superannuation contributions that are settled when the respective employee related liabilities that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long-service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has increased to 44% (2023 43%) and the average factor for the calculation of employer superannuation on-costs has increased to 11.5% (2023: 11.1%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in employment on-costs of \$1 000 and employee related expense of \$1 000.

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2024

4. Expenses

4.1 Supplies and services

	2024	2023
	\$'000	\$'000
Corporate support services	296	289
Staff development and recruitment	49	1
Information technology and communication charges	25	21
Audit fees	15	14
General administration and consumables	6	8
Consultants	-	73
Temporary staff	-	7
Other	21	26
Total supplies and services	412	439

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:

	2024	2024	2023	2023
	Number	\$'000	Number	\$'000
Below \$10 000	-	-	1	9
\$10 000 or above	-	-	2	64
Total	-	-	3	73

Audit fees

Audit fees paid/payable to the Audit Office of South Australia relate to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Audit Office of South Australia.

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2024

5. Non-financial assets

5.1 Plant and equipment

Plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed. Plant and equipment is recorded at fair value.

All items of plant and equipment owned by OSAPC that had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life less than three years have not been revalued. The carrying value of these items is deemed to approximate fair value.

Reconciliation 2023-24

	Plant and equipment	Total
	\$'000	\$'000
Carrying amount at 1 July 2023	7	7
Acquisitions	20	20
Disposals	(5)	(5)
Subtotal:	22	22
Losses for the period recognised in net result:		
Depreciation	(3)	(3)
Carrying amount at the end of the period	19	19
Gross carrying amount		
Gross carrying amount	20	20
Accumulated depreciation	(1)	(1)
Carrying amount at the end of the period	19	19

Impairment

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.

Useful life and depreciation

Depreciation is calculated on a straight-line basis. Plant and equipment depreciation is calculated over the estimated useful life of 5 years.

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2024

6. Financial assets

6.1 Cash

OSAPC has a non-interest bearing deposit account held with the Treasurer, which must be used in accordance with its approved purpose. Cash is measured at nominal amounts.

7. Liabilities

7.1 Payables

	2024	2023
	\$'000	\$'000
Current		
Accrued expenses	36	62
Total current payables	<u>36</u>	<u>62</u>
Total payables	<u><u>36</u></u>	<u><u>62</u></u>

Payables and accrued expenses are recognised for all amounts owing but unpaid. Contractual 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.

7.2 Provisions

Workers compensation provision

	2024	2023
	\$'000	\$'000
<i>Reconciliation of workers compensation (statutory and non-statutory)</i>		
Carrying amount at the beginning of the period	8	8
Additional provisions recognised	31	-
Carrying amount at the end of the period	<u><u>39</u></u>	<u><u>8</u></u>

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 2024 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. 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.

Office of the South Australian Productivity Commission
Notes to and forming part of the financial statements
for the year ended 30 June 2024

8. Outlook

8.1 Unrecognised contractual commitments

OSAPC has no contracted expenditure at the reporting date that is not already recognised as liabilities in the financial report.

8.2 Contingent assets and liabilities

OSAPC is not aware of any contingent assets or liabilities as at 30 June 2024.

8.3 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.