



Government of South Australia
State Procurement Board

Annual Report 2006-07

State Procurement Board

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The Annual Report is available on the
State Procurement Board website at www.spb.sa.gov.au



Government of South Australia

State Procurement Board

Our Commitment to the Environment

This Annual Report was produced as an electronic version in order to keep
the carbon emissions from its production to an absolute minimum.

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Chair's Report

In accordance with section 23 of the *State Procurement Act 2004*, I am pleased to present the State Procurement Board's Annual Report for the year ending 30 June 2007.

During the past 12 months the Board has focused on ensuring transparent and efficient government procurement. The Board is developing a standard set of tender terms and conditions for use by all agencies and has also developed a policy framework that enables agencies to take up efficiencies where possible.

Feedback received from agency representatives has reinforced the value of having simple and practical procurement policies, which support a strong commitment to open and transparent contracting.

The Board has worked with the Government Reform Commission during this last year to develop a good practice guide for procurement aimed at providing a level of procurement knowledge to business managers.

Following the issuing of procurement authorities to agencies in 2005-06 the responsibility for agencies to manage their procurement needs has been clarified resulting in the Board seeing fewer procurement transactions being submitted to it for approval.

The Board will be focusing on its review and compliance function during 2007-08.

On behalf of the Board I would like to thank the Hon. Michael Wright, MP Minister for Finance, as the Minister responsible for the Board for his support. I would also like to extend my gratitude to agency chief executives for their commitment to procurement across government.

I would like to thank the management and staff of Contract Services, Department of Treasury and Finance who provide secretariat support to the Board. The Board, along with government agencies, has been well supported by these staff and has benefited from their advice and assistance.

Lastly, I would like to express my gratitude to my fellow Board members for their contribution and support throughout the year.

Gino DeGennaro
CHAIR

About the Board



About the Board

The State Procurement Board

The *State Procurement Act 2004* (the Act) established the State Procurement Board. Under this Act the Board must have regard and seek to further the object of the Act by advancing government priorities and objectives by a system of procurement for government agencies directed towards:

- obtaining value for money in the expenditure of government funds;
- providing for ethical and fair treatment of participants; and
- ensuring probity, accountability and transparency in procurement operations.

Board Membership

Board members bring a mix of private and public sector expertise, which assist public sector procurement. The Act requires that Board members together have a practical knowledge of, and experience in:

- procurement;
- private commerce or industry;
- industry development;
- industrial relations;
- information technology;
- risk management;
- environmental protection and management;
- community services; and
- social inclusion.

Apart from the Chairperson, the Governor in the Executive Council appoints the Board members for a period of up to two years.

The Act also requires that at least one female and one male be appointed as members. Currently, the Board consists of five women and four men.



State Procurement Board

Back Row (left to right):
Ms Virginia Deegan, Dr Tom Stubbs,
Ms Judith Carr, Mr Roy Arnold,
Mr John Gresty

Seated (left to right):
Dr Patricia Crook, Mr Gino DeGennaro,
Ms Leanne Burch, Ms Catherine Schultz

About the Board

Board Members



Mr Gino DeGennaro

Chair

10 July 2006 – Current

Gino DeGennaro is the Deputy Chief Executive, Resources of the Department of Education and Children's Services



Mr Roy Arnold

Member

4 October 2005 – Current

Roy Arnold is the President of Minda Incorporated and Chair of the Minda Board



Ms Leanne Burch

Member

4 October 2005 – Current

Leanne Burch is the Deputy Director (Policy), Natural and Cultural Heritage, Department for Environment and Heritage



Ms Judith Carr

Member

10 May 2007 – Current

Judith Carr is the Executive Director, Building Management, Department for Transport, Energy and Infrastructure



Dr Patricia Crook AO

Member

4 October 2005 – Current

Patricia Crook is the Managing Director of Dynek Pty Ltd



Ms Virginia Deegan

Member

4 October 2005 – Current

Virginia Deegan is the General Manager, Royal Adelaide Hospital



Mr John Gresty

Member

4 October 2005 – Current

John Gresty is the Assistant State Secretary of the Australian Manufacturing Workers Union



Ms Catherine Schultz

Member

4 October 2005 – Current

Catherine Schultz is the General Manager of Wallmans Lawyers



Dr Tom Stubbs

Member

10 May 2007 – Current

Tom Stubbs is the Chief Executive of the Office of the Government Reform Commission

Appendix A outlines the Board members' attendance at Board meetings for 2006-07.

More extensive details of Board members' experience can be found at www.spb.sa.gov.au/abouttheboard.asp

Strategic Priorities 2006-07



Strategic Priorities 2006-07

Strategic Direction/Plan

The Board provides the Government with an independent arm to oversee procurement with the aim of developing a system of procurement which is efficient, fair, equitable and professional. This system of procurement will support the Government's policy objectives and deliver value for money.

The Board's Strategic Plan aims to establish objectives and strategies, based on an assessment of the external environment including the impact of the Act, and initiatives to address the needs of government and other stakeholders.

The Plan supports the achievement of South Australia's Strategic Plan in the target areas of 'Performance in the public sector – customer and client satisfaction with government services' (T1.7) and 'Performance in the public sector – government decision-making' (T1.8).

The Strategic Plan focuses on four identified key result areas, namely:

- defining standards;
- generation of savings from across government contracts;
- planning for workforce capability; and
- stakeholder engagement.

The Board is working with agencies to identify strategies to consider and address how procurement can further support the Government's efficiency requirements including:

- preventing duplication of functions and procedures;
- challenging business practices where inefficient;
- focusing on business goals; and
- improving supply markets experience with the South Australian Government.

The Board has made significant progress against the key result areas identified in its strategic plan. The Board's policy framework is on schedule along with the development of a performance measurement framework to assist in identifying measures, data collection arrangements and responsibilities. Once completed, the Board will have established a clear set of standards in relation to procurement. These standards will form part of the basis of the Board's review and compliance function.

Across government contracts continue to deliver savings to government. Expanding the number of contracts is progressing with key challenges being the availability of data and skills.

The Board has also developed a workforce capability strategy for procurement that is aligned with its Strategic Plan.

The development of the strategy included:

- a survey of ten key government agencies;
- initiatives currently being delivered; and
- a workforce strategy based on the four platforms of attraction, recruitment, retention and education.

The workforce strategy aims to achieve sustained organisational performance and accountability through integration with business practices.

In late 2006, the Government established the Shared Services Reform Office within the Department of Treasury and Finance. Procurement is one area that is expected to be included in the scope of shared services. The Board is working closely with the Shared Services Reform Office to ensure that responsibilities are clearly defined to avoid any duplication of effort.

Strategic Priorities 2006-07

Progress from 2005-06

The 2005-06 annual report identified areas which the Board would be focusing on in the near future, including concentrating on reforms that are likely to deliver the greatest value for money, strategic sourcing, the development of a workforce capability program and standard documentation. A summary of the progress against some of those areas identified is included right.

During 2007-08 the Board will be focusing on:

- measuring the value of procurement;
- procurement management planning and reporting; and
- review and compliance of Board policies.

Establish standard contracts and invitation documents

Draft tender rules and contract standards for goods and services have been developed in conjunction with the Crown Solicitor's Office. A further guideline is to be developed to assist agencies in using the standard documentation. Once developed both the guideline and standardised document will be available on the Board's website.

Establish a suite of policies, guidelines and tools

Five policies have been developed, approved and promulgated by the Board during 2006-07. Several policies are currently under development and it is anticipated that all policies in the policy framework will be delivered for use by agencies in 2007-08.

Establish a workforce capability plan

The Board approved a workforce capability plan in May. It is intended that this document will be included in the project management planning policy.

Establish measures and benchmarks to assist in:

- standardising functions and procedures;
- challenging inefficient practices; and
- challenging agencies to focus on business goals

The Board has developed a measuring regime for procurement timelines and this information will be provided on an annual basis by agencies.

For further information on the benchmarks please refer to Agency Procurement Activities.

Develop strategies to assist suppliers to do business with government

The Board has developed a suppliers guide to assist suppliers in understanding and dealing with government procurement. This document will be published in the first half of the 2007-08 financial year.

Establish and implement the Board's communication plan

The Board is implementing its key communications strategy.

Strategic Priorities 2006-07

Government Reform Commission

In June 2006 the Government Reform Commission (GRC) was established to look at opportunities to improve the ways government operates. The GRC was also asked to look at the barriers and constraints that slow up the government's work and frustrate citizens and public servants in getting things done. As a result the GRC set about developing, in conjunction with relevant agencies, a series of good practice guides aimed at streamlining particular aspects of administration in the public sector.

During 2006-07 the Board worked with representatives of the GRC to assist in developing a good practice guide for procurement.

The good practice guide for procurement is designed to:

- provide an overview of the procurement process in government – general context and basic steps that need to be followed;
- dispel common myths surrounding procurement;
- enable managers and procurement specialists to work together on procurement; and
- provide links to more detailed sources of information.

This document was published in August 2007 and is available on the Board's and the Government Reform Commission's websites.



Public Authorities Project

There are many small to medium public authorities that are subject to the Act. In accordance with the Board's Procurement Authority Policy, the Board is required to approve a formal procurement authority to these bodies, which enables them to undertake procurement operations to their approved authority level, without reference to the Board.

A key part of the project was to compile a comprehensive list of approximately 350 small to medium public authorities (in addition to school councils which are estimated to be 600 in total) that require a procurement authority. As well as school councils, the other types of public authorities identified include Natural Resources Management Boards, industry and governmental advisory boards and committees, health services and government-owned corporations (such as WorkCover Corporation and the Adelaide Festival Corporation). Liaison has occurred with all portfolios and the Crown Solicitor's Office to confirm the completeness and accuracy of the listing of public authorities identified.

A project is currently being undertaken by the Board aimed at ensuring that all public authorities are aware of, and operating in accordance with, the requirements of the Board's policies.

There are a number of options by which a public authority may seek a procurement authority, based on business need. These options include:

Option 1 - the public authority seeking inclusion under a portfolio's existing procurement authority (this is the preferred option);

Option 2 - the public authority applying for their own procurement authority in accordance with the Base Level Procurement Authority Policy; or

Option 3 - the public authority advises that no procurement authority will be sought, on the basis that no procurement is undertaken.

In support of the ongoing procurement reform process, and in order to build stronger capacity, collaboration and relationships across government, it is the preference of the Board that portfolios support the alignment of small to medium public authorities to their existing procurement authority.

By aligning with portfolios, it is anticipated that these public authorities will gain access to the skills and expertise of existing procurement resources, and benefit from the procurement frameworks already established within portfolios. This will reduce duplication, unnecessary investment in procurement infrastructure, and potential costs for small to medium public authorities with limited resources. Alignment of public authorities with portfolios further supports increased opportunity for interaction between portfolios and related public authorities.

It is anticipated the project will be completed by the end of December 2007.

Strategic Priorities 2006-07

Training and Competency Development

During 2006-07 the Board completed its workforce plan to address the future needs of the procurement community within the South Australian public sector. The workforce plan is based around four platforms of attraction, recruitment, retention and education. To establish the plan a survey of senior management across government was undertaken to provide data on the challenges agencies are facing in resourcing their procurement operations and in building capacity. The results of the survey have provided information that was used in developing an implementation plan to build procurement capability across government.

Guidance will be included in the Board's proposed Procurement Management Planning Guideline which will assist agencies to:

- highlight skill gaps within their procurement teams;
- identify training and development needs; and
- develop their own workforce plans.

A summary of the data collected will be a requirement of the Board's proposed reporting policy and guideline. The summary information will be used to develop future Board workforce planning strategies.

The Board continued to deliver its Procurement Capability Development Program (pCAPd), which is being considered for recognition within the

professional standard Member of the Charter Institute of Purchasing and Supply (MCIPS). Nineteen workshops of the pCAPd Program were run during the year with 206 participants in attendance.

The Board managed the Procurement Graduate Mobility Program. The graduates have completed eleven of the seventeen subjects toward a Certificate IV in Government (Procurement).

In conjunction with the Workforce Reform Unit of the Department of the Premier and Cabinet, the Board has progressed the development of competency based job profiles to be included in procurement job descriptions. This project is included in broader, across government initiatives to enhance recruitment, development and planning opportunities for agencies.

As part of its education strategy the Board has developed and launched a series of professional development seminars that provide high level information to State Government and Local Government procurement officers. Topics have included measuring procurement effectiveness, contract risk, sustainable procurement, building contract management relationships and practical procurement solutions. All sessions have been well attended with up to eighty participants at each. Supporting this program is a range of more detailed workshops to explore topical issues. These sessions will continue in 2007-08.

Supplier Engagement

The Board recognises the supply market is a key stakeholder in government procurement. Analysis of the feedback provided by the 2005-06 series of supplier workshops and surveys was used to develop strategies to address specific supplier concerns to doing business with government. Strategies have now been developed to standardise tender documents for the procurement of goods and services and to provide suppliers and potential suppliers with a guide to doing business with government.

A draft standard set of documents for tendering and contracting of goods and services has been developed in conjunction with the Crown Solicitors Office. When completed the standard template will facilitate consistency in the majority of government's market approaches for straightforward goods and services procurement. The standard includes rules for tendering and contract terms and conditions.

The Board is also in the final stages of developing a supplier guide that will give potential suppliers an overview of government requirements in tendering for its business.

Across Government Contracts

The Board's strategic plan identified the expansion of the portfolio of across government contracts as a key strategy that will contribute to the South Australian Strategic Plan goal of reducing

duplication of effort in the public sector. Significant work has been undertaken by Contract Services, on behalf of the Board, in reviewing data, identifying contract opportunities and developing acquisition strategies for potential new across government contracts. Contract Services has worked with agencies to identify those spend categories which would benefit from such arrangements.

This work has led to the implementation of acquisition processes for Audit and Related Services, Printing Services, and Household and Office Removal Services, with the expectation that these arrangements will be finalised in the 2007-08 financial year. The ongoing work to expand the portfolio of across government contracts will be managed to ensure that it is consistent with and supportive of the Government's Shared Services Reform initiative.

The Board is also pursuing improved government efficiencies by collaborating with other jurisdictions on selected contracts. For example, South Australia has collaborated with the Queensland Government to participate in its short term car hire contract. This arrangement provides improved pricing based on higher, aggregated demand and removes the need for investment in associated contract establishment activities within the South Australian Government.

Significant work has also been undertaken in the management of existing contracts to ensure contracts meet the needs of government.

Strategic Priorities 2006-07

This is particularly important for those markets that are sensitive to changing market conditions.

Further details of existing Across Government Contracts can be found in Appendix C.

Policies

The Board's new procurement policy framework provides government agencies with an overarching set of policies, guidelines and principles for undertaking effective procurement operations, within the requirements of the Act. This framework supports the South Australian Strategic Plan by improving government decision making and reducing unnecessary 'red tape' from government procurement processes.

The policy framework ensures that the effort, time and resources utilised by government agencies when undertaking procurements are commensurate with the risk, value and complexity of the procurement and provides greater flexibility, increased efficiencies and improved risk management processes. Additionally, Government agencies have been able to streamline their approval processes and to determine their own internal procurement management and acquisition planning arrangements.

In 2006-07, the Board addressed a number of policy priorities:

Use of Established Government Facilities Policy	This policy promotes greater utilisation of government facilities without the need to undertake a competitive process.
Declared Emergency Situations Policy	This policy enables government agencies to undertake more responsive and streamlined procurement practices under declared emergency situations.
Risk Management Policy and Guideline	This policy and guideline promotes the adoption of more effective risk management practices across government in the procurement of goods and services.
Late Tenders Policy	This policy enables government agencies to consider tenders received after the designated closing time, in accordance with an exceptional circumstances criteria.
Contract Management Guideline	This guideline enables government agencies to realise the objectives of the acquisition planning and evaluation process through more effective contract management systems, processes and practices.
Panel Contracts Guideline	This guideline outlines the benefits of, and requirements for establishing panel contracts, where the acquisition planning process determines this is the most appropriate procurement strategy. The guideline requires that appropriate secondary procurement processes, commensurate with the value and risk of the procurement, be developed in the acquisition planning phase.
International Obligations Policy	This policy replaces a number of individual policies related to international free trade agreements. This policy will assist government agencies to comply with a range of bilateral free trade agreements to which the South Australian Government is a signatory.

Strategic Priorities 2006-07

In 2006-07 the Board also undertook, in consultation with government agencies, a comprehensive review of the Approvals Process Policy, Acquisition Planning Guideline and Simple Procurement Guideline. The review identified the benefits these policies have introduced to procurement practices since their implementation in 2005 and highlighted some improvement opportunities. Subsequent policy amendments include a planned increase from \$220,000 up to \$1.1 million as the threshold dividing low and high value procurement and the associated strengthening of some acquisition planning requirements for high value procurements.

In 2007-08 the Board will further progress the policy framework by addressing priorities including procurement management planning, to assist government agencies to more effectively undertake comprehensive procurement planning, and procurement reporting, to strengthen the information currently provided by Government agencies.

In addition, the Board will address life cycle costing, the development of specifications and tender documents and supplier selection and supplier management practices.

A list of the current Board's policies can be found in Appendix A and copies are located at: <http://www.spb.sa.gov.au>.

Governance



Governance

Contract Services Procurement Approvals Committee Members



Mr Stephen Howson



Mr Peter Psaroulis

Role and Functions

The Board's functions are set out in section 12 of the Act, and can be summarised as:

- To facilitate strategic procurement by government agencies by setting the strategic direction of procurement practices across government;
- To develop, issue and keep under review policies, principles and guidelines relating to the procurement operations of government agencies;
- To develop, issue and keep under review standards for procurement by government agencies using electronic procurement systems;
- To investigate and keep under review levels of compliance with the Board's procurement policies, principles, guidelines, standards and directions; and
- To assist in the development and delivery of training and development courses and activities relevant to the procurement operations of government agencies.

Functions under the Gaming Machines Act 1992

The Board has responsibility for administering the Gaming Machine Supplier's Licence under the *Gaming Machines Act 1992* as amended.

Subject to this Act and the conditions of the licence a gaming machine supplier's licence authorises the licensee, acting through an approved agent, to purchase

from a licensed gaming machine dealer, and to sell or supply to the holders of gaming machine licences, approved gaming machines, prescribed gaming machine components and gaming equipment.

During 2006/07, the Board approved:

876	New machines
2,729	Game/denomination changes to installed machines
298	Second hand machines sold from Dealers
1,174	Second hand machines sold to or traded-in to Dealers
186	Second hand machines sold from venue to venue
1,126	Machines sold through sale of venues.

Governance Arrangements

The Board has established a Handbook for Members 2006. This Handbook provides members with a framework to guide their activities. It sets out the:

- role and charter of the Board;
- operating principles and philosophy;
- code of conduct; and
- governance framework.

The Governance Framework provides that the Board will facilitate strategic procurement by:

- establishing the policy environment and setting the direction, defining the priorities and boundaries of

procurement authorities;

- developing and issuing procurement authorities;
- monitoring and reporting on consolidated outcomes and specific control matters; and
- providing leadership in strategic issues such as capability development across agencies.

Sub-Committees of the Board

In accordance with section 13 of the Act, the Board has established two sub-committees to assist the Board in meeting its functions under the Act.

Procurement Approvals Committee

The Procurement Approvals Committee (PAC) has been established to consider and approve government agency procurement transactions on behalf of the Board.

The PAC consists of four members; two senior Contract Services staff and two Board members; one private sector and one public sector member per meeting on a rotating roster system.

Board members are rostered to attend the PAC for two months at a time, whilst the Contract Services representatives attend all meetings.

The PAC has the authority to approve acquisition plans and purchase recommendations above the procurement authority of government agencies on the following basis:

Governance

- approval of acquisition plans to a value of \$11 million (including GST); and
- approval of purchase recommendations to a value of \$11 million (including GST).

The PAC:

- meets on a fortnightly basis to assist government agencies, by providing an effective and efficient decision making arm of the Board. This enables procurement decisions to proceed without the need to wait for a monthly Board meeting;
- assists the Board in implementing key targets of the South Australian Strategic Plan by facilitating faster and more efficient decision making processes; and
- provides a quarterly summary to the Board of transactions it has considered.

In August 2007 the Board increased the delegation of its PAC to undertake approval of procurement transactions on its behalf. This will further allow the Board to focus on strategic matters and the most complex procurement transactions.

Further membership details of the PAC can be found in Appendix A.

Stakeholder Engagement Committee

The Stakeholder Engagement Committee (SEC) has been established to facilitate inter agency collaboration, consultation and the advancement of procurement.

The SEC provides a direct communication link between the Board and government agencies and is used as the mechanism to consult and develop initiatives that will continuously improve procurement across government.

Membership of SEC is comprised of representatives of major government agencies, as nominated by their chief executives, and includes the Chair of the State Procurement Board who also Chairs the SEC.

The SEC ensures that the advancement of procurement considers:

- government objectives;
- State Procurement Board policies;
- Treasurer's Instructions; and
- business needs of all government agencies.

The SEC develops strategies and initiatives that increase the awareness of procurement by raising the profile of procurement within government and the private sector.

During 2006-07, the SEC considered and discussed the following topics which were of interest to the Board:

- procurement reform;
- the Board's performance review program;
- proposed South Australian Government procurement conference for 2008;
- capacity and capability in procurement across government;
- workforce planning;

- measurement in procurement;
- the Board's policy framework; and
- the Board's strategic plan.

Details of membership of the SEC can be found in Appendix A.

Agency Procurement Activity



Agency Procurement Activity

Certificate of Compliance

At the conclusion of the 2006-07 financial year the Board requested 27 agency chief executives complete a Certificate of Compliance. This Certificate of Compliance, signed by the agency chief executive, provides the Board with assurance that the Board's policies and guidelines are being adhered to.

In the 27 received, the Board was advised of a small number of compliance issues of a minor nature. The Board will be working with the agencies that identified compliance issues to assist them during the coming year.

Agency Initiatives

Agencies have indicated that they will be focusing on a range of initiatives during 2007-08 as they further progress the role of procurement within their agency.

These include:

- preparation of annual procurement plans;
- developing key targets and performance measures for procurement; and
- developing mechanisms to capture procurement performance data.

Appendix E provides an outline of agency activity and initiatives for 2006-07.

South Australian Government Procurement Spend

During 2006-07 the Board had oversight of purchases for goods and services (excluding capital works) amounting to approximately \$3.3 billion in value.

Reported spend during the 2006-07 period increased from 2005-06 as this is the first year in which the Board has reported on spend from small to medium public authorities. This has resulted in including spend data from an additional 52 public authorities, 12 of which have received their own authority from the Board and 40 of which have been aligned with portfolios.

Appendix B outlines the breakdown of public authorities and those aligned with portfolio departments.

Table 1 compares total expenditure and its components, for the last four financial years.

Further details and breakdowns of the Government's spend can be found in Appendix D.

Table 1 – Total Expenditure by Purchase Type

Purchase Type	2006-07	2005-06	2004-05	2003-04
Goods	\$967,705,355	\$985,763,392	\$751,818,175	\$760,931,787
Consultancy Services	\$11,970,347	\$11,721,306	\$18,263,254	\$14,931,262
Other Services	\$2,342,716,957	\$2,093,194,265	\$1,900,606,539	\$1,918,828,708
Total	\$3,322,392,659	\$3,090,678,693	\$2,670,687,968	\$2,694,691,757

Notes:

1. The 2006-07 total includes spend by small to medium public authorities not included in previous years' reports.
2. The 2005-06 and 2006-07 goods expenditure includes motor vehicles.

Timelines

The Board gathers across government data on procurement timelines to establish benchmarks and monitor ongoing performance. The data covers the procurement processes used to establish contracts valued over \$55,000, the current threshold for full acquisition planning.

In late 2006, representatives from major public authorities agreed on collecting data (across government target averages) for stages of the procurement process. This data will be included in future annual reports.

Other Information



Other Information

Freedom of Information

Freedom of Information Statement:

This information is published pursuant to section 9 of the *Freedom of Information Act 1991*.

State Procurement Board Functions:

Details of the Board's functions are set out elsewhere in this Annual Report.

The Board's website (www.spb.sa.gov.au) provides an overview of the functions and structure of the Board and provides general information relating to the Board.

Functions of the State Procurement Board Affecting Members of the Public:

As the Government's principal procurement body, the Board's objective is to oversee a system of procurement for government agencies directed towards obtaining value for money in the expenditure of public money, providing for ethical and fair treatment of participants and ensuring probity, accountability and transparency in procurement operations. The role of the Board is detailed throughout this annual report.

Public Participation:

The Board's membership includes members of the public who contribute to the development of policies on a range of programs and issues.

Description of documents held by the State Procurement Board:

- Administrative Records;
- Strategic Planning Records;
- Correspondence Files;
- Financial Records;
- Policy Documents; and
- Tender Documentation.

State Procurement Board Documents:

A detailed list of the Board's policies as at 30 June 2007 can be found elsewhere in this Annual Report. The Board's policies are also available on the Board's website www.spb.sa.gov.au.

Arrangements for Seeking Access to Records and Policies:

Applications or inquiries regarding access to documents and policies in the possession of the Board should be addressed to:

State Procurement Board Secretariat
GPO Box 549
ADELAIDE SA 5001

Telephone: (08) 8226 5001

Office hours are between 9:00 am and 5:00 pm, Monday to Friday.

Prescribed Public Authorities

Prescribed public authorities (as defined by section 4 of the Act and declared by regulation) have a different relationship to the Board than those public authorities to which the Act applies. These public authorities are exempt from the Act and subsequently are not required to comply with Board policies and guidelines. The following public authorities are prescribed for the purpose of the Act:

- Land Management Corporation;
- Local Government Finance Authority;
- Local Government Superannuation Board;
- Motor Accident Commission;
- South Australian Centre for Trauma and Injury Recovery Incorporated;
- South Australian Forestry Corporation;
- South Australian Housing Trust;
- South Australian Water Corporation;
- Superannuation Funds Management Corporation of South Australia;
- TransAdelaide; and
- WorkCover Corporation of South Australia.

Other Information

Glossary

Act	State Procurement Act 2004
ANZ	For the purposes of this report means Australian States (excluding South Australia) and New Zealand
ANZGPA	Australia, New Zealand Government Procurement Agreement
AP	Acquisition Plan
APCC	Australian Procurement Construction Council
APU	Accredited Purchasing Unit
AUSFTA	Australia United States Free Trade Agreement
Board	State Procurement Board
CTO	Office of the Chief Technology Officer
DAIS	Department for Administrative and Information Services
DECS	Department of Education and Childrens Services
DEH	Department for Environment and Heritage
DFC	Department for Families and Communities
DFEEST	Department for Further Education, Employment, Science and Technology
DPC	Department of the Premier and Cabinet
DTED	Department of Trade and Economic Development
DTF	Department of Treasury and Finance
DTEI	Department for Transport, Energy and Infrastructure
DWLBC	Department of Water, Land and Biodiversity Conservation
FICT	Future Information, Communication and Technology
Government	Government of South Australia
Government Agency	In this report means Public Authority
Health	Department of Health
ICT	Information, Communication and Technology
Justice	Department of Justice including: <ul style="list-style-type: none"> • Department for Correctional Services; • Courts Administration Authority; • Emergency Service Administration Unit; • SA Police; • Country Fire Service; • SA Metropolitan Fire Service; and • Public Trustee

Other Information

Glossary

OS	Overseas
pCAPd	Procurement Capability Development
PIRSA	Department of Primary Industries and Resources SA
PR	Purchase Recommendation
Procurement Operations	<p>As defined by section 4 of the <i>State Procurement Act 2004</i>. Procurement operations, in relation to an authority, means:</p> <ul style="list-style-type: none"> (a) the procurement of goods or services required by the authority for its operations, including (without limitation) the procurement of: <ul style="list-style-type: none"> (i) a supply of electricity, gas or any other form of energy; or (ii) intellectual property; (b) the management of goods of the authority, including (without limitation) the care, custody, storage, inspection, stocktaking or distribution of goods of the authority; or (c) the management of the authority's contracts for services; or (d) the disposal of goods surplus to the authority's requirements, but does not include operations excluded from this definition by regulations.
Public Authority	<p>As defined by section 4 of the <i>State Procurement Act 2004</i>.</p> <p>Public authority means -</p> <ul style="list-style-type: none"> (a) an administrative unit or other agency or instrumentality of the Crown; or (b) any incorporated or unincorporated body: <ul style="list-style-type: none"> (i) established for a public purpose by an Act; or (ii) established for a public purpose under an Act (other than (iii) an Act providing for the incorporation of companies or associations, co-operatives, societies or other voluntary organisations); or (iv) established or subject to control or direction by the Governor, a Minister of the Crown, or any instrumentality or agency of the Crown (whether or not established by or under an Act or an enactment); or (c) a person or body declared by regulations to be a public authority for the purposes of this Act; but does not include a prescribed public authority.
QP	Queensland Purchasing
SAMSB	South Australian Motor Sport Board
SPB	State Procurement Board

Financials



Independent Auditor's Report



Government of South Australia
Auditor-General's Department

To the Chair

State Procurement Board

As required by Section 31 of the *Public Finance and Audit Act 1987* and subsection 22(2) of the *State Procurement Act 2004*, I have audited the accompanying financial report of the State Procurement Board for the financial year ended 30 June 2007.

The financial report comprises:

- An Income Statement;
- A Balance Sheet;
- A Cash Flow Statement;
- A Statement of Changes in Equity
- A Summary of significant accounting policies and other explanatory notes; and
- A Certificate by the Chair and the Acting Director, Financial Services.

The Responsibility of the State Procurement Board for the Financial Report

The State Procurement Board is responsible for the preparation and fair representation of the financial report in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the Public Finance and Audit Act 1987 and Australian Auditing Standards. The Auditing Standards require that the auditor complies with relevant ethical requirements relating to audit engagements and plans and performs the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the State Procurement Board, as well as the overall presentation of the financial report.

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the State Procurement Board as at 30 June 2007, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the Public Finance and Audit Act 1987 and Australian Accounting Standards (including the Australian Accounting Interpretations).

S. O'Neill
AUDITOR-GENERAL
27 September 2007

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Certification of the Financial Report

We certify that:

- the attached general purpose financial report for State Procurement Board presents fairly, in accordance with the Treasurer's instructions promulgated under the provisions of the *Public Finance and Audit Act 1987*, applicable Australian accounting standards and other mandatory professional reporting requirements in Australia, the financial position of the State Procurement Board as at 30 June 2007, the result of its operations and its cash flows for the year then ended;
- the attached financial statements are in accordance with the accounts and records of the Board and give an accurate indication of the financial transactions of the Board for the year then ended; and
- internal controls over the financial reporting have been effective throughout the reporting period.



Gino DeGennaro
CHAIR
State Procurement Board
26 September 2007



Michael Gunn
ACTING DIRECTOR, FINANCIAL SERVICES

26 September 2007

Income Statement for the year ended 30 June 2007

	Note No.	2007 \$'000	2006 \$'000
EXPENSES			
Employee benefits expenses	5	47	41
Supplies and services	7	566	649
Total Expenses		613	690
INCOME			
Revenues from fees and charges	9	278	127
Total Income		278	127
NET COST OF PROVIDING SERVICES		(335)	(563)
REVENUES FROM / PAYMENTS TO SA GOVERNMENT			
Grants from SA Government	10	458	447
Total Revenues from SA Government		458	447
NET RESULT		123	(116)

THE OPERATING SURPLUS/DEFICIT IS ATTRIBUTABLE TO SA GOVERNMENT AS OWNER
The above Statement should be read in conjunction with the accompanying notes.

Balance Sheet as at 30 June 2007

	Note No.	2007 \$'000	2006 \$'000
CURRENT ASSETS			
Cash and cash equivalents	11	398	243
Receivables	12	-	15
Total Current Assets		398	258
TOTAL ASSETS		398	258
CURRENT LIABILITIES			
Payables	13	58	46
Employee benefits	14	19	14
Total Current Liabilities		77	60
TOTAL LIABILITIES		77	60
NET ASSETS		321	198
EQUITY			
Retained Earnings		321	198
TOTAL EQUITY		321	198

THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER

Commitments	15
Contingent Assets and Liabilities	16

The above Statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2007

	Note No.	Retained Earnings \$'000
Balance at 30 June 2005		314
Changes in accounting policy		-
Restated balance at 30 June 2005		314
Net result for 2005-06		(116)
Total recognised income and expenses for 2005-06		(116)
Restated balance at 30 June 2006		198
Net result for 2006-07		123
Total recognised income and expenses for 2006-07		123
Balance at 30 June 2007		321

ALL CHANGES IN EQUITY ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER

The above Statement should be read in conjunction with the accompanying notes.

Cash Flow Statement for the year ended 30 June 2007

	Note No.	2007 \$'000	2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Outflows			
Employee benefit payments		(41)	(41)
Supplies and services		(555)	(614)
GST payments on purchases		-	-
Cash used in operations		(596)	(655)
Cash Inflows			
Fees and charges		293	119
GST on receivables		-	-
GST input tax credits		-	-
Cash generated from operations		293	119
CASH FLOWS FROM SA GOVERNMENT			
Receipts from SA Government		458	447
Cash generated from SA Government		458	447
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		155	(89)
NET INCREASE IN CASH AND CASH EQUIVALENTS		155	(89)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		243	332
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		398	243

The above Statement should be read in conjunction with the accompanying notes.

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- Note 2 Summary of Significant Accounting Policies
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- Note 4 Changes in Accounting Policies

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Notes

1 Objective of the State Procurement Board

The State Procurement Board was established under the *State Procurement Act 2004 (The Act)*. On 4 October 2005 the *State Procurement Act 2004* came into operation to repeal the *State Supply Act 1985*. The Act states the Board is the same body corporate as the State Supply Board established under the *State Supply Act 1985*.

Under the Act the Board must have regard and seek to further the object of the Act by advancing government priorities and objectives by a system of procurement for public authorities directed towards:

- Obtaining value for money in the expenditure of Government funds;
- Providing for ethical and fair treatment of participants; and
- Ensuring probity, accountability and transparency in procurement operations.

The Board is serviced for administrative and financial functions, together with strategic and managerial support by the Department of Treasury and Finance (State Procurement and Support Operations branch).

2 Summary of Significant Accounting Policies

2.1 Basis of Accounting

The financial report is a general purpose financial report. The accounts have been prepared in accordance with applicable Australian accounting standards and Treasurer's instructions and accounting policy statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

Statement of compliance

Australian accounting standards include Australian equivalents to International Financial Reporting Standards and AAS 29 *Financial Reporting by Government Departments*. The Board has early adopted the amendments to AASB 101 *Presentation of Financial Statements*. Refer to note 4.

The preparation of the financial report requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*, by authority of Treasurer's Instruction 19 *Financial Reporting*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, that have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
 - b) expenses incurred as a result of engaging consultants (as reported in the Income Statement);
 - c) employee target voluntary separation package information;
 - d) employees whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and

- e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The State Procurement Board's Income Statement, Balance Sheet and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention.

The Cash Flow Statement has been prepared on a cash basis.

The financial report has been prepared based on a twelve month operating cycle and presented in Australian currency.

2.2 Reporting Entity

The Board is a body corporate established by statute. Its financial arrangements are administered, but not controlled, by the Department of Treasury and Finance through a non-interest bearing Deposit Account named the "State Procurement Board". The account is established for the purpose of recording all the activities of the Board including recurrent and capital expenditures, income from various activities, injections of funds provided from the Consolidated Account and borrowings.

2.3 Comparative Information

The presentation and classification of items in the financial report are consistent with prior periods except where a specific accounting policy statement or Australian accounting standard has required a change.

Where presentation or classification of items in the financial report has been amended, comparative amounts have been reclassified unless reclassification is impracticable.

The restated comparative amounts do not replace the original financial report for the preceding period.

2.4 Rounding

All amounts in the financial report have been rounded to the nearest thousand dollars (\$'000).

2.5 Taxation

The Board is not subject to income tax. The Board is liable for payroll tax, fringe benefits tax, and goods and services tax (GST).

The Department of Treasury and Finance (DTF) prepares the Business Activity Statement on behalf of the Board under the grouping provisions of the GST legislation. Under these provisions, DTF is liable for the payments and entitled to the receipt of GST. As such, GST applicable to the Board forms part of the Income Statement and Balance Sheet of DTF.

2.6 Income and Expenses

Income and expenses are recognised to the extent that it is probable that the flow of economic benefits to or from the Board will occur and can be reliably measured.

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transactions or other event.

The notes accompanying the financial statements disclose income, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date.

Notes

Transactions with SA Government entities and Non SA Government entities are classified according to the nature.

The following are specific recognition criteria:

Revenues from/payments to SA Government

Grants for program funding are recognised as revenues when the Board obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Fees and charges

Revenues from fees and charges are derived from the provision of training to other SA government agencies and to the public. The revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

2.7 Current and Non-Current Classification

Assets and liabilities are characterised as either current or non-current in nature. The Board has a clearly identifiable operating cycle of twelve months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.8 Cash and Cash Equivalents

Cash and cash equivalents includes cash at bank and deposits at call that are readily converted to cash and which are subject to insignificant risk of change in value.

Cash is measured at nominal value.

The Board's physical cash balance is included within a bank account, namely the Department of Treasury and Finance Support Operations Account, which comprises of cash balances for several deposit accounts and is managed in accordance with Treasurer's Instruction 6 *Deposit Accounts and Banking*.

2.9 Receivables

Receivables include amounts receivable from trade, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to other agencies and to the public. Receivables are generally settled within 30 days of the invoice date provided the goods and services have been received.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Board will not be able to collect the debt.

2.10 Payables

Payables include creditors and accrued expenses.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Board.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

2.11 Gaming Machines

The Board is also responsible for the purchase and on-selling of gaming machines under the *Gaming Machine Act 1992*. The financial transactions for the Gaming Machines are included in the Department of Treasury and Finance Administered Items financial statements.

3 Financial Risk Management

The Board has some minor non-interest bearing assets (cash on deposit and receivables) and liabilities (payables). The Board's exposure to market risk and cash flow interest risk is minimal.

The Board has no significant concentration of credit risk.

In relation to liquidity/funding risk, the continued existence of the Board in its present form, and with its current programs, is dependent on SA Government policy and on continuing appropriations by Parliament.

4 Changes in Accounting Policies

Except for the amendments to AASB 101 *Presentation of Financial Statements*, which the Board has early-adopted, the Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the reporting period ending 30 June 2007. The Board has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial report of the Board.

5 Employee Benefits Expenses

	2007 \$'000	2006 \$'000
Board fees	40	41
Employment on-costs - superannuation	5	-
Employment on costs - payroll tax	2	-
Total Employee Benefits Expense	47	41

6 Remuneration of Board Members

Members that were entitled to receive remuneration for membership during the 2006-07 financial year were:

State Procurement Board

- Mr Gino DeGennaro (Chair) *
- Dr Patricia Crook AO
- Mr Roy Arnold
- Ms Leanne Burch*
- Ms Judith Carr* (appointed as member on 10 May 2007)
- Ms Virginia Deegan*
- Mr John Gresty
- Mr Tim O'Loughlin (ceased as member in August 2006)
- Ms Catherine Schultz
- Dr Tom Stubbs* (appointed as member on 10 May 2007)

* In accordance with the Department of Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board duties during the financial year.

Notes

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

	2007	2006
\$1 - \$9,999	1	-
\$10,000 - \$19,999	3	4
\$20,000 - \$29,999	-	-
\$30,000 - \$39,999	-	-
Total Number of Board Members	4	4

Remuneration of members reflects all costs of performing board member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$43,000.

Amounts paid to a superannuation plan for board members was \$2,163.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

7 Supplies and Services

	2007 \$'000	2006 \$'000
Supplies and Services provided by entities within the SA Government		
Administration services (1)	2	181
Management services (2)	261	72
Professional fees		20
Information technology	-	1
Other	1	13
Total Supplies and Services - SA Government entities	264	287

Supplies and Services provided by entities external to the SA Government

Professional fees	139	83
Information technology	1	9
Advertising/marketing and promotions	9	10
Training and development	87	184
Consultants	-	4
General administration and consumables	41	42
Other	25	30
Total Supplies and Services - Non SA Government entities	302	362
Total Supplies and Services	566	649

(1) Administration services represent clerical, record keeping, financial and payroll services provided by the Department of Treasury and Finance.

(2) Management Services represent managerial support (delegated by the Board) and strategic advice and planning provided by Department of Treasury and Finance.

The number and dollar amount of Consultancies paid/payable that fell within the following bands:

	2007 Number of Consultants	2007 \$'000	2006 Number of Consultants	2006 \$'000
Below \$10,000	-	-	1	4
Between \$10,000 and \$50,000	-	-	-	-
Above \$50,000	-	-	-	-
	-	-	1	4

8 Auditor's Remuneration

	2007 \$'000	2006 \$'000
Audit fees paid / payable to the Auditor-General's Department	6	6
Total Audit Fees	6	6

Other Services

No other services were provided by the Auditor-General's Department.

9 Revenues from Fees and Charges

	2007 \$'000	2006 \$'000
Fees and charges received/receivable from entities within the SA Government		
Other fees and charges	110	127
Total Fees and Charges - SA Government entities	110	127
Fees and charges received/receivable from entities external to the SA Government		
Other fees and charges	168	-
Total Fees and Charges - Non SA Government entities	168	-
Total Fees and Charges	278	127

10 Revenues from the SA Government

	2007 \$'000	2006 \$'000
Grants, subsidies and transfers	458	447
Total Revenues from SA Government	458	447

Notes

11 Cash and Cash Equivalents

	2007 \$'000	2006 \$'000
Deposits with the Treasurer	398	243
Total Cash and Cash Equivalents	398	243

Interest Rate Risk

Deposits with the Treasurer are non-interest bearing.
The carrying amount of cash and cash equivalents represents fair value.

12 Receivables

	2007 \$'000	2006 \$'000
<i>Current</i>		
Receivables from SA Government entities		
Receivables	-	15
Total Receivables from SA Government entities	-	15
 Receivables from Non SA Government entities		
Receivables	-	-
Total Receivables from Non SA Government entities	-	-
 Total Receivables	-	15

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables and accrued revenues are non-interest bearing. Other than recognised in the provision for doubtful debts, it is not anticipated that 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.

13 Payables

	2007 \$'000	2006 \$'000
Current		
Creditors	6	35
Accrued Expenses	6	11
Managed funds - warranty claims *	44	-
Employment on-costs	2	-
Total Current Payables	58	46

SA Government/Non SA Government Payables

Payables to SA Government entities

	2007 \$'000	2006 \$'000
Creditors	-	-
Accrued expenses	6	-
Employment on-costs	-	-
Total Payables to SA Government entities	6	-

Payables to Non SA Government entities

	2007 \$'000	2006 \$'000
Creditors	6	35
Accrued expenses	-	11
Managed funds - warranty claims *	44	-
Employment on-costs	2	-
Total Payables to SA Government entities	52	46
 Total Payables	58	46

* Represents balance of bank guarantee funds received for future contractor warranty claims upon liquidation.

Interest Rate and Credit Risk

Creditors are raised for all amounts billed but unpaid. Trade creditors are normally settled within 30 days of the invoice date provided the goods and services have been received. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand. There is no concentration of credit risk.

14 Employee Benefits

	2007 \$'000	2006 \$'000
Current		
Accrued salaries and wages	19	14
Total Current Employee Benefits	19	14

The total current employee benefits plus related on costs for 2007 is \$21,000.

15 Commitments

The Board has no commitments for expenditure.

16 Contingent Assets and Contingent Liabilities

The Board is not aware of any contingent assets or liabilities. In addition the Board has made no guarantees.

Notes

17 Cash Flow Reconciliation

	2007 \$'000	2006 \$'000
Reconciliation of Cash - Cash at year end as per:		
Cash Flow Statement	398	243
Balance Sheet	398	243
 Reconciliation of Net Cash provided by (used in) Operating Activities to Net Cost of providing services		
	2007 \$'000	2006 \$'000
Net cash provided by/(used in) operating activities	155	(89)
Add Revenue from SA Government	(458)	(447)
 Add Non cash items		
Change in Assets / Liabilities:		
Increase (Decrease) in Receivables	(15)	8
(Increase) Decrease in Payables	(12)	(35)
(Increase) decrease in Employee Benefits	(5)	-
(Increase) Decrease in Provision	-	-
Net Cost of Providing Services	(335)	563

18 Events after the Balance Sheet Date

The State Procurement Board is not aware of any after Balance Date events.

Appendices



Appendix A

State Procurement Board Member Attendance at Meetings

	Eligible Full Meetings	Meetings Attended	Eligible Special Meetings	Special Meetings Attended
Gino DeGennaro	11	11	2	2
Leanne Burch	11	10	2	2
Virginia Deegan	11	11	1	1
John Gresty	11	10	0	0
Catherine Schultz	11	11	1	1
Patricia Crook	11	10	1	1
Roy Arnold	11	9	2	2
Barry Miller (until 10 July 2007)	1	1	0	0
Tim OLoughlin (until 18 July 2007)	1	0	0	0
Tom Stubbs	1	1	0	0
Judith Carr	2	2	0	0

Procurement Approvals Committee Member Attendance at Meetings

	Scheduled PAC Meetings	Meetings Attended
Gino DeGennaro	2	2
Leanne Burch	0	0
Virginia Deegan	4	5
John Gresty	2	2
Catherine Schultz	2	1
Patricia Crook	3	3
Roy Arnold	4	4
Peter Psaroulis	9	7
Stephen Howson	9	8
Tom Stubbs	0	0
Judith Carr	0	0

Stakeholder Engagement Committee Members as at 30 June 2007

- John O'Malley, Manager, Business Operations Branch, Business Services, DEH
- Steve Moro, Director, Strategic Procurement, Health
- Angela Allison, Director, Corporate Services, DTED
- Isabel Tsakiri, Manager, Procurement, DFEEST
- John Scalzi, Assistant Director, Procurement and Contracting, DECS
- Andrew Richmond, Director, Procurement, DFC
- Mark O'Shea, A/Manager Business Services, PIRSA
- Neil Nosworthy, Manager, Prudential Management, DWLBC
- Phil Zubrinich, Senior Contract Manager, Justice
- Joe Kavanagh, Manager, Corporate Procurement Services, DTF
- Mark Pickford, Manager, Procurement and Communication, DTF
- Peter Swift, Chief Contract and Procurement Officer, DTEI
- Gino DeGennaro, Chair, State Procurement Board

Existing Board Policies as at time of printing

Procurement Authorities

- Procurement Authority Policy
- Base Level Procurement Authority Policy
- Base Level Procurement Reporting Guideline
- Agency Procurement Reporting

Planning and Compliance with Government Initiatives

- Approvals Process Policy
- Use of Established Government Facilities Policy
- International Obligations
- Common Identification Systems
- Supplier Communication and Complaints
- Environmental Impact
- InSkill SA

Procurement Process and Contracting

- Contract Management Guideline
- Declared Emergency Situation Procurement Policy
- Late Tenders Policy
- Risk Management Policy
- Risk Management Guideline
- Panel Contracts Guideline
- Strategic Across Government Contracts
- Purchases with Imported Content
- Salvage and Disposal

Appendix B

Procurement Authorities as at 30 June 2007

Name of Authority	Value (GST Inclusive)
Adelaide Cemeteries Authority	\$110,000
Adelaide Entertainments Corporation	\$110,000
Australian Energy Market Commission	\$110,000
Construction Industry Training Board	\$110,000
Dairy Authority of South Australia	\$110,000
Phylloxera and Grape Industry Board of South Australia	\$110,000
Port Adelaide Maritime Corporation	\$110,000
Senior Secondary Assessment Board of South Australia	\$110,000
South Australian Citrus Industry Development Board	\$110,000
Teachers Registration Board	\$110,000
Veterinary Surgeons Board of South Australia	\$110,000
West Beach Trust	\$110,000
Department for Environment and Heritage	\$385,000
<i>Public Authorities Aligned with DEHs Procurement Authority:</i>	
• Coast Protection Board	
• Environment Protection Authority	
• Zero Waste SA	
• Board of the Botanic Gardens and State Herbarium	
• Dog and Cat Management Board	
• General Reserves Trust	
• Maralinga Lands Mamungari Conservation Park Board of Management	
Department of the Premier and Cabinet	\$1,100,000
Department of Primary Industries and Resources SA	\$1,100,000
South Australian Tourism Commission	\$1,100,000
<i>Public Authorities Aligned with SATCs Procurement Authority:</i>	
• 2007 World Police and Fire Games Corporation	
• Office of Venue Management	
Department of Trade and Economic Development	\$1,100,000
Department of Treasury and Finance	\$1,100,000

Name of Authority	Value (GST Inclusive)
Department of Water, Land and Biodiversity Conservation	\$1,100,000
<i>Public Authorities Aligned with DWLBCs Procurement Authority:</i>	
• South Eastern Water Conservation and Drainage Board	
• Adelaide and Mount Lofty Ranges Natural Resources Management Board	
• Alinytjara Wilunrara Natural Resources Management Board	
• Eyre Peninsula Natural Resources Management Board	
• Kangaroo Island Natural Resources Management Board	
• Northern and Yorke Natural Resources Management Board	
• SA Arid Lands Natural Resource Management Board	
• SA Murray Darling Basin Natural Resources Management Board	
• South East Natural Resources Management Board	
Lotteries Commission of South Australia	\$1,100,000
South Australian Motor Sport Board	\$1,100,000
Department of Education and Childrens Services	\$4,400,000
Department for Families and Communities	\$4,400,000
<i>Public Authorities Aligned with DFCs Procurement Authority:</i>	
• Aboriginal Housing Authority	
• Charitable and Social Welfare Fund Board	
• Child Death and Serious Injury Review Committee	
• Council for the Care of Children	
• Dame Roma Mitchell Trust Fund Board	
• Disability Advisory Council of SA	
• Grants for Seniors Advisory Committee	
• Homestart Finance	
• Housing and Urban Development Advisory Council	
• Ministerial Advisory Board on Ageing	
• Public Housing Appeal Panel	
• Retirement Villages Advisory Committee	
• South Australian Community Housing Authority	
• Supported Residential Facilities Advisory Committee	

Appendix B

Procurement Authorities as at 30 June 2007 (continued)

Name of Authority	Value (GST Inclusive)
Department of Further Education, Employment, Science and Technology	\$4,400,000
<i>Public Authorities Aligned with DFEESTs Procurement Authority:</i>	
<ul style="list-style-type: none"> • TAFE SA Adelaide South • TAFE SA Adelaide North • TAFE SA Regional Playford Centre • Education Adelaide • TAFE SA North Council • TAFE SA South Council • TAFE SA Regional Council 	
Department of Health	\$11,000,000
Department of Justice	\$11,000,000
<i>Public Authorities Aligned with Justices Procurement Authority:</i>	
<ul style="list-style-type: none"> • Attorney General's Department • Courts Administration Authority • Department for Correctional Services • South Australian Fire and Emergency Services Commission • South Australian Police 	
Department for Transport, Energy and Infrastructure	\$11,000,000

Appendix C

Details of Across Government Contracts

Name of Contract	Managed by
State and Local Government Retail Electricity – Un-metered Supplies	SPB
State and Local Government Retail Electricity >160MWh	SPB
State and Local Government Retail Electricity – General Sites	SPB
Fuels and Lubricants (Fuel Card)	SPB
Fuels and Lubricants (Bulk Supply)	SPB
Industrial Gases	SPB
LPG and Associated Services	SPB
Bulk and Compressed Medical Gases and Associated Services	SPB
Natural Gas > 10TJ	SPB
Temporary Staff Placement Services	SPB
Managed Travel Services	SPB
Master Media Services Contract	SPB
Auction Services for Disposal of General Equipment and Furniture	SPB
Supply and Installation of Photovoltaic Equipment – Solar Schools	SPB
Electronic Document and Records Management System	DPC
SA Government Salary Sacrifice	DPC
Storage, Retrieval and Destruction of Temporary Value Records	DPC
Microsoft Select Agreement	DTEI
Microsoft Enterprise Agreement	DTEI
Microsoft Strategic Services Agreement	DTEI
SAGEMS New Services Agreement	DTEI
Telephony Services	DTEI
Photocopiers	DTEI
Managed Network Services	DTEI
Distributed Computing Support Services	DTEI
Server Equipment	DTEI
Novell Software	DTEI

Name of Contract	Managed by
Printer Equipment	DTEI
Notebook Computers	DTEI
Telecommunications Services Agreement	DTEI
Supply of Mobile Telephone Services	DTEI
Underground Fuel Tanks Programme	DTF
Merchant Transaction	DTF
Transaction Banking Services	DTF
VISA Purchasing Cards	DTF
Desktop Computers	CTO
Masterpiece Contract	CTO
Meat, Poultry and Smallgoods	DH
General Foods Provision	DH
SA Government access to Queensland Purchasing Car Hire Contract	QP

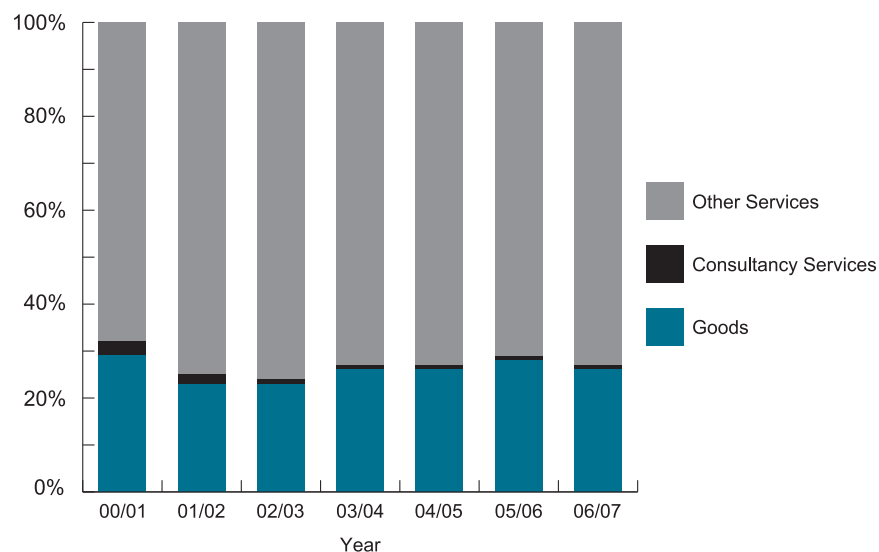
Appendix D

Percentage Breakdown of Total Spend

Figure 1 displays the total expenditure by purchase type for the last 7 financial years.

Figure 1

**Percentage of Total Spend by Purchase Type
from 2000-01 to 2006-07**

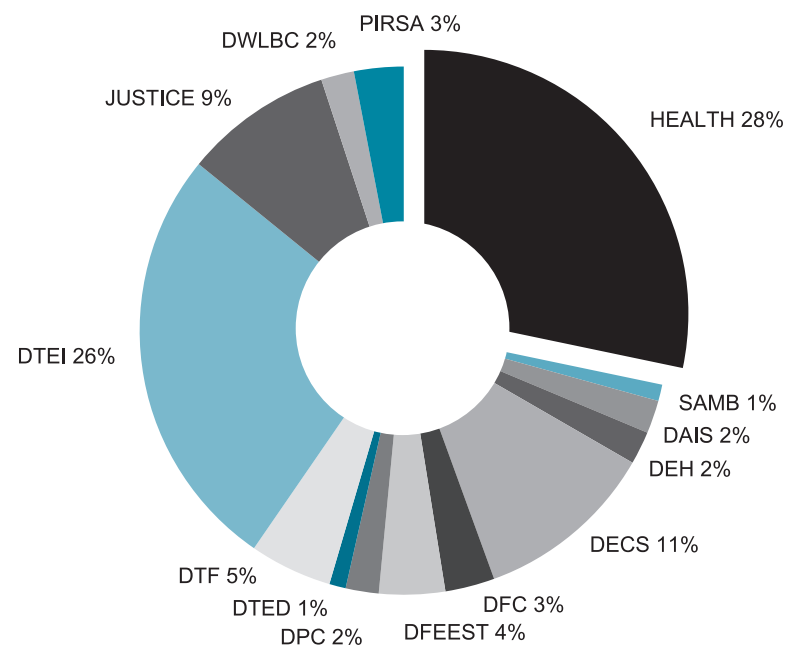


Percentage Breakdown of Spend by Government Agency

Figure 2 reflects government agencies' expenditure as a percentage of total expenditure. Health and DTEI incurred the highest level of expenditure with each having almost one third of the total spend. DTEI experienced a 6% increase from 2005-6 this could primarily be due to the increase in business unit responsibility since DAIS was dissolved.

Figure 2

Public Authority Spend as Percentage of Total for 2006-07



Appendix D

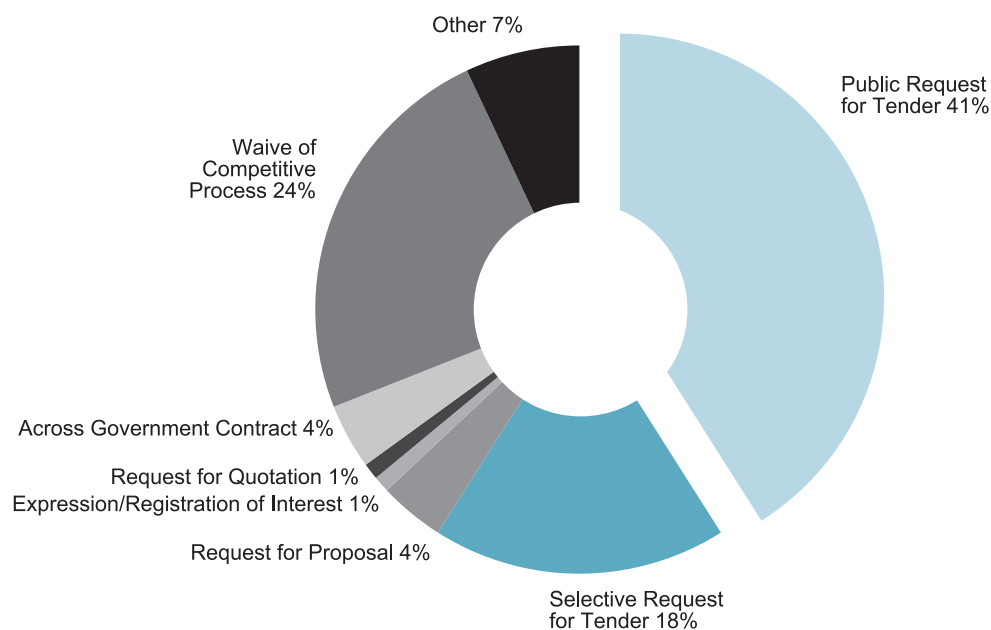
Supply Market Approach

A diverse range of market approaches was utilised in undertaking procurements during 2006-07. Please refer to Figure 3, which displays the mix of supply market approaches used.

The breakdown of approaches used was relatively similar to that of 2005-06. Whilst the Public Request for Tender continues to be the most widely used market approach, there has been a 8% drop in using this approach since 2005-06. Worthy of note is the fact that a diverse range of market approaches was utilised during 2006-07, which demonstrates that agencies are applying appropriate market approaches, taking into account the maturity of the market.

Figure 3

Market Approach 2006-07



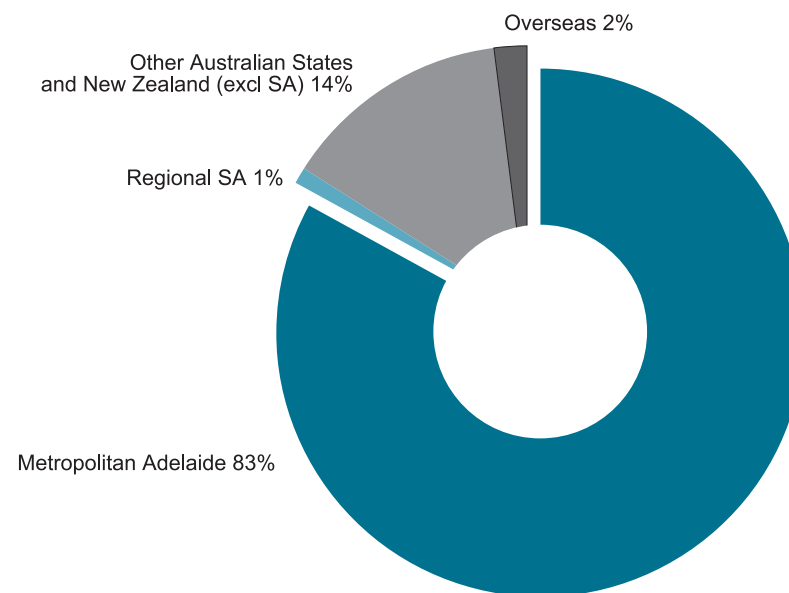
Source of Supply

Figure 4 displays agency expenditure by supplier location.

In 2006-07 the overwhelming majority of significant purchasing activity was committed to being undertaken through South Australian suppliers. Whilst this figure is down 10% from 2005-06 year it still demonstrates that there is a significant amount of government expenditure being invested in South Australia (during the life of the contracts entered into during 2006-07).

Figure 4

Contract Value by Supplier Location 2006-07



Appendix E

Agency Activity and Initiatives*

Agency	Initiative
DEH	Mr Rick Janssan is the APU Chair for DEH. Some of the activities and initiatives undertaken by DEH include: <ul style="list-style-type: none"> Implemented a strategic procurement planning framework Developed a strategic procurement plan Launched an on-line contracts register Developed and issued procurement policies Undertook procurement and contract management training
DPC	Ms Rachel Read is the APU Chair for DPC. Some of the activities and initiatives undertaken by DPC include: <ul style="list-style-type: none"> Approved the DPC Strategic Procurement Plan Undertook formal awareness training for 81 staff
PIRSA	Mr Steve Archer is the APU Chair for PIRSA. Some of the activities and initiatives undertaken by PIRSA include: <ul style="list-style-type: none"> Implemented new procurement authority framework
SATC	Mr WTS (Bill) Spurr is the APU Chair for SATC
DTED	Ms Angela Allison is the APU Chair for DTED. Some of the activities and initiatives undertaken by DTED include: <ul style="list-style-type: none"> Training of staff
DTF	Mr Tony Brumfield is the APU Chair for DTF. Some of the activities and initiatives undertaken by DTF include: <ul style="list-style-type: none"> Approved the DTF Strategic Procurement Plan Undertook formal awareness training for 50 staff
DWLBC	Mr Adrian Gargett is the APU Chair for DWLBC. Some of the activities and initiatives undertaken by DWLBC include: <ul style="list-style-type: none"> Reformed procurement processes to increase efficiency and reduce red tape Undertook training for managers and supervisors
SA Lotteries	The Chief Executive and Commission perform the function of the APU for the South Australian Lotteries Commission.
SAMSB	The Chief Executive and senior management team perform the function of the APU for the SAMSB.

Agency	Initiative
DECS	Ms Julieann Riedstra is the APU Chair for DECS. Some of the activities and initiatives undertaken by DECS include: <ul style="list-style-type: none"> DECS APU has focused on strategic initiatives Reviewed delegations and devolved greater accountability to business units Simplified Acquisition Plan templates for purchases up to \$110,000 Reviewed and updated DECS APU Handbook Reviewed and developed new policies and procedures Procurement Action Plan implemented Implemented KPIs for Procurement Activity Published DECS forward procurement plans
DFC	Mr Peter Bull is the APU Chair for DFC. Some of the activities and initiatives undertaken by DFC include: <ul style="list-style-type: none"> Developed and promulgated three new policies Updated procurement intranet site
DFEEST	Ms Elaine Bensted is the APU Chair for DFEEST. Some of the activities and initiatives undertaken by DFEEST include: <ul style="list-style-type: none"> Updated procurement policies
Health	Mr John Damin is the APU Chair for Health. Some of the activities and initiatives undertaken by Health include: <ul style="list-style-type: none"> Development of a strategic plan for the strategic procurement unit Training of staff
Justice	Mr Peter Severin is the APU Chair for Justice. Some of the activities and initiatives undertaken by Justice include: <ul style="list-style-type: none"> Completed three year whole of Justice expenditure review and strategic recommendations are being formulated Reviewed and updated procurement document templates Published guidelines for limits of liability Work undertaken to introduce better contract management
DTEI	Mr Chris Oerman is the APU Chair for DTEI. Some of the activities and initiatives undertaken by DTEI include: <ul style="list-style-type: none"> Prepared and presented a seminar for DTEI staff Established the administrative framework and secretariat for the Liability Limit Review Committee which approves submissions from across government for limitation of liability under contracts

* Agencies with a procurement authority of \$385,000 or greater



Government of South Australia

State Procurement Board