



Office Address

Level 1
12 Victoria Place
Adelaide SA 5000

Telephone

08 8226 5001

Fax

08 8226 5667

Email

Website: www.spb.sa.gov.au

Email: stateprocurementboard@sa.gov.au

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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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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 2010.

This year has seen the State Procurement Board (Board) complete its procurement reform program, having achieved its aims to increase public authority accountability for procurement, to simplify procurement processes for low risk, low value procurements, and to establish a policy framework that gives public authorities more flexibility in developing their procurement strategies and processes.

In 2009-10, the Board focussed on developing programs that aim to improve procurement practices and skills across government. This has resulted in the establishment of new career and qualification pathways for public sector procurement officers, including the development of a new suite of vocational qualifications which will be available across government in 2011.

In April 2010, the Board commenced the development of its 2011-13 strategic plan. This plan will build on the Board's achievements to date, with strategies aimed at continuing to improve the effectiveness of procurement across government, and to encourage public authorities to utilise procurement as a strategic business tool that assists in the delivery of government objectives.

On behalf of the Board, I would like to thank the Hon Kevin Foley MP, Deputy Premier and Treasurer, the Minister responsible for the Board, for his support

during the year. I also acknowledge the commitment and contribution of my fellow Board members over the past twelve months.

The Board expresses its gratitude to the management and staff of Procurement Policy and Governance, Department of Treasury and Finance, who provide secretariat support to the Board and whose hard work and input has greatly assisted the Board in achieving its objectives this year.

Gino DeGennaro

Chair



The State Procurement Board

The *State Procurement Act 2004* (the Act) establishes the Board. Under the Act, the Board must have regard for, 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 on goods and services;
- 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 to 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 service; and
- social inclusion.

Apart from the Chair, who is appointed in accordance with the Act, the Governor in Executive Council appoints Board members for a period of up to two years. Members can be re-appointed.

The Act also requires that at least one female and one male be appointed as members.

Board Members

Current Board Members / Appointed



Mr Gino DeGennaro,
Chair
10 July 2006



Mr Steven Archer
5 June 2008



Mr Roy Arnold
4 October 2005



Ms Katrina Ball
10 June 2010



Ms Debbie Black
4 October 2007



Mrs Judith Carr
10 May 2007



Ms Virginia Deegan
5 June 2008



Mr Christopher Oerman
11 November 2009



Ms Catherine Schultz
4 October 2005

Former Board Members during 2009 - 2010

Ms Nicolle Rantanen was a member from 25 September 2008 until 8 January 2010.

Appendix A outlines the Board members' attendance at Board meetings for 2009-10.

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



State Procurement Board Annual Report

Role and Functions of the Board

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

- to facilitate strategic procurement by public authorities 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 public authorities;
- to develop, issue and keep under review standards for procurement by public authorities 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 public authorities.

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 the *Gaming Machines Act 1992* 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 2009-10, the Board approved:

849	New machines
1,593	Game/denomination changes to installed machines
234	Second hand machines sold from dealers
1,083	Second hand machines sold to or traded-into dealers
127	Second hand machines sold from venue to venue
669	Machines sold through sale of venues

Governance Arrangements

The Board has a members' handbook which provides Board members with a framework to guide their activities. The handbook 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 policy direction;

- 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 public authorities.

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 undertaking its functions.

Procurement Approvals Committee

The Board has delegated to the Procurement Approvals Committee (PAC) consideration and approval of acquisition plans and purchase recommendations above the procurement authority of public authorities.

This delegation does not extend to high-risk procurement transactions greater than \$11 million (GST inclusive) or contracts in the name of the Board, unless such transactions are referred by the Chair of the Board. The PAC can refer a transaction to the Board if it considers it to be sensitive or high risk.

In September 2009, the Terms of Reference changed to reflect revised Board delegations and to vary the membership. The Terms of Reference requires the scheduling of twice

monthly meetings with three Board members attending on a two month rotational basis. A balance of both private and public sector members attend, and the Chair is decided at the commencement of each meeting. Staff from Procurement Policy and Governance within the Department of Treasury and Finance also attend the meetings in an advisory capacity.

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

Stakeholder Engagement Committee

The Stakeholder Engagement Committee (SEC) was established to facilitate public authority collaboration, consultation and the advancement of procurement.

The SEC provides a direct communication link between the Board and public authorities 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 large public authorities, nominated by their chief executives. The Chair of the Board chairs the SEC.



Background

The Board provides the South Australian Government with independent oversight of the objects of the Act.

The Board has established a number of policies, strategies and initiatives to address and further the objects under the Act. These support the achievement of South Australia's Strategic Plan initiatives relating to the performance of the public sector, specifically the area of government decision-making (T1.8).

Strategic Plan

The Board's Strategic Plan 2008-2010 focused on two key result areas, namely:

- the Board becoming less regulatory and more strategic; and
- recognising procurement as a profession of value.

This year, the Board completed activities under its Strategic Plan 2008-2010.

This plan laid important foundations for:

- developing and implementing a procurement development framework to ensure that procurement staff have sufficient capability to undertake and manage procurements;
- strengthening the recognition of procurement as a profession of value; and
- developing a detailed review framework to assist in objectively assessing the effectiveness of key procurement activities within public authorities.

The Board has commenced planning its next two-year Strategic Plan, which will continue to focus on further developing the capability of procurement officers. A primary focus will be on building the understanding of those not involved in procurement, particularly those at the executive levels of government, so that there is greater knowledge of how procurement can assist in achieving public authority objectives. In addition, there will be a commitment to ongoing business such as the agency review program and the development (where required) and maintenance of the policy framework.

Training and Capability Development

To strengthen recognition of procurement as a profession of importance, the Board has partnered with the University of South Australia to establish a Masters in Management (Strategic Procurement) that will be offered in 2011.

This partnership aligns with the Australasian Procurement and Construction Council's (APCC) *'National Professionalisation of Procurement'* initiative, aimed at developing academic qualifications for strategic procurement in each state.

The University of South Australia will seek accreditation of the Masters to the Membership of the Chartered Institute of Purchasing and Supply (MCIPS), the recognised procurement professional award.

In 2010, the Board engaged a new training partner, TAFE SA, to deliver training

to progress the professionalisation of procurement officers. TAFE SA has, to date, delivered four Certificate IV competency units to 64 officers. From 2011, TAFE SA will deliver full qualifications in Certificate IV, Diploma and Advanced Diploma in Government (Procurement and Contracting).

The Board, in partnership with TAFE SA, successfully applied for funding to pilot an e-Learning program for delivering procurement training. A trial to test the methodology and provide feedback toward an eventual national rollout has commenced. A variety of organisations from State and Local Government and Non Government Organisations are participating in the trial. These include the Department for Transport, Energy and Infrastructure, the Department for Families and Communities, the Department of Education and Children's Services, SA Water, the City of Salisbury, Minda Incorporated and Phoenix Society Incorporated. The active participation in the pilot demonstrates the strategic significance of procurement in the provision of community based services.

The Board's officers assisted Government Skills Australia to undertake a review and subsequent enhancement of the vocational qualifications for public sector procurement, including the Certificate IV, Diploma and Advanced Diploma in Government (Procurement and Contracting). Officers also contributed to the development of the Graduate Certificate in Strategic Procurement. Upon endorsement by the Federal Department of Education, Employment and Workplace Relations, the qualification will be accessible in 2011.

In 2009, the Board approved the Generic Procurement Recruitment and Selection system (GPRS System), which provides guidance to SA Government public authorities in identifying and developing appropriate position descriptions, recruitment and selection processes, and criteria.

To further assist public authorities to build procurement capacity and capability, the Procurement Graduate Development Program has been developed. Board officers attended two University open days to represent public sector procurement to encourage potential applicants to register their interest. Over 70 students registered their interest.

Public Authority Review Program

The review function is an important element of the Board's operations as it:

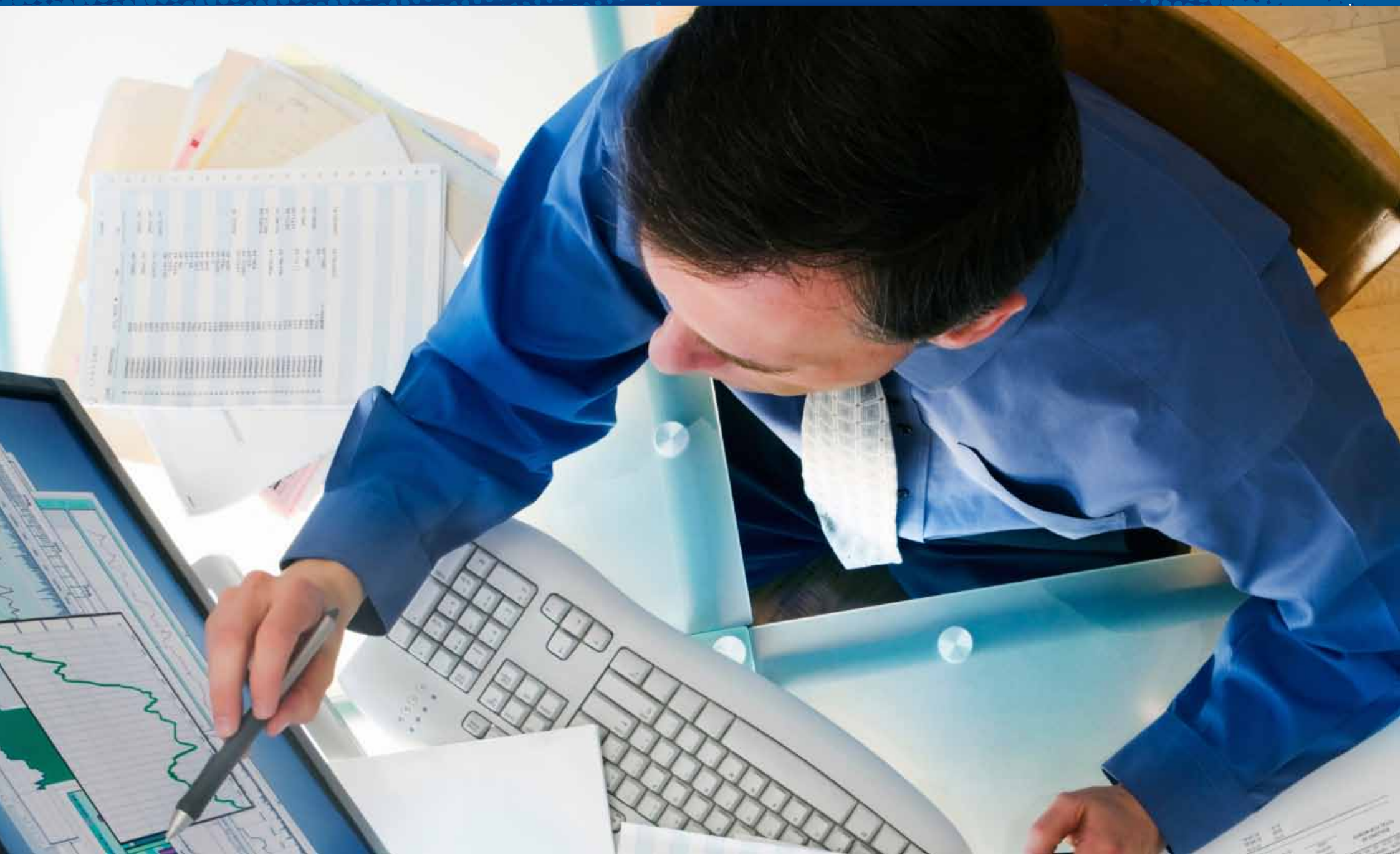
- enables the Board to meet its statutory obligations in the context of increased levels of procurement authority;
 - provides a mechanism to oversee procurement operations in public authorities and potential improvement opportunities;
 - assists in identifying trends over time and informs policy and training program development; and
 - provides an opportunity for shared learning across government where areas of excellence are identified.
- that internal procurement policies, procedures and delegations comply with the Board's policies and guidelines, and processes exist which facilitate timely approval, updating and promulgation;
 - compliance to the Board's policies and guidelines through a review of transactions approved in the public authority; and
 - public authorities continue to meet the conditions applied to their procurement authority approval, in particular their progress against action plans.

Reviews of the procurement operations of the following public authorities were either completed or commenced during the reporting year:

- Department of Treasury and Finance;
- South Australian Tourism Commission;
- Department for Transport, Energy and Infrastructure;
- SA Health;
- Department for Environment and Heritage; and
- Department of Justice.

The current review program involves assessments in the following areas:

- the achievement against procurement objectives identified in approved acquisition plans;



Board Procurement Policy Framework

In 2009-10, the Board released its Procurement Policy Framework, which consolidates the Board's existing policies and guidelines under an overarching framework, within the requirements of the Act.

The policy framework reinforces the principles adopted throughout the Board's current policies and guidelines and underlines the need to ensure that the time, effort and resources utilised by public authorities are commensurate with the risk, value and complexity of the procurement.

Policy Development and Review

In 2009-10, the Board released a Market Approaches Guideline that provides information and practical advice to public authorities in relation to the common market approaches that can be undertaken when procuring goods or services.

Following a 12 month trial by major public authorities, the Board released updated versions of its Standard Tender and Contract Documents policy, guideline and associated documents. These documents provide greater consistency in contract documentation, simplify the contracting process and reduces government red tape for both suppliers and public authorities in the procurement of goods and services. The Board mandated the use by public authorities of the bid rules and the standard contract terms and conditions from 1 July 2009.

The Board also released revised versions of the following policies and guidelines:

- Base Level Procurement Authority Policy and Base Level Procurement Reporting Guideline;
- Supplier Complaints Policy;
- Late Tenders Policy;
- International Obligations Policy; and
- Panel Contracts Guideline.

Future Policy Development

In 2010-11, the Board will further progress the policy framework by providing guidance to public authorities on supplier selection practices, procurement management planning and sustainable procurement.

All policies and guidelines are reviewed biennially to ensure they are relevant and effective. Scheduled reviews will continue throughout 2010-11, in consultation with public authorities.

A copy of the Board's policies can be found at: www.spb.sa.gov.au and listed in Appendix A of this report.

Across Government Contracts

The Board is responsible for overseeing strategic across-government contracts for the supply of certain goods and services. Shared Services SA, Department for Treasury and Finance (DTF), is responsible for the establishment and management of these across government contracts on behalf of the Board.

During 2009-2010 Shared Services SA was responsible for the management of the following 11 across-government contracts comprising 67 individual suppliers at a total estimated value of \$228.8 million per annum:

- State Government Large Market Electricity (sites consuming greater than 160 MWh per annum);
- State Government Unmetered Electricity (Street and Traffic Lighting);
- State Government Small Market Electricity (sites consuming less than 160 MWh per annum);
- Temporary Staff Placement Services;
- Large Market Natural Gas (sites consuming greater than 10 TJ per annum);
- Travel Management Services;
- Audit and Related Services;
- Auction Services - General Equipment and Furniture;
- Fuel Supplies (Fuel Card);
- Fuel Supplies (Bulk); and
- Printing Services.

During this period, Shared Services SA undertook procurement activities to establish new arrangements for the following across-government contracts:

- Fuels and Lubricants (Card and Bulk requirements);
- Travel Management Services;
- Natural Gas (Large and Small Market sites);
- Electricity (Small Market sites consuming less than 160 MWh per annum and Unmetered Lighting assets); and
- DTF Lead Agency Stationery and Related Products (due to commence operation at the beginning of the 2010-2011 period).

Shared Services SA is investigating the feasibility of establishing an across government postal services contract. In addition, contract extension options were exercised for the following across government contracts during 2009-10:

- Auction Services (General Equipment and Office Furniture) for a further 12 months;
- Audit and Related Services for a further 12 months; and
- Temporary Staff Placement Services for a further 12 months.

The Board continues to pursue improved government efficiencies by collaborating with other jurisdictions and the APCC, and is actively participating in the following cross-jurisdictional initiatives:

- the extension of the Queensland Government contract for car hire

arrangements (complementing the Board's own contract for Travel Management Services);

- the extension of the New South Wales Government contract for international airfare arrangements (complementing the Board's own contract for Travel Management Services);
- APCC Travel Management Working Group - investigating opportunities in the procurement of travel services and related commodities; and
- APCC Strategic Fuel Working Group - examining opportunities to improve and leverage procurement capability in the fuel market.

Seminars and Workshops

Two executive seminars were held this year. Key note speakers were invited to address executive management on procurement topics of interest. Ms Brenda Gradwell, Executive Advisor, Procurement Strategy Council, spoke on *'How Procurement Delivers Beyond Value for Money'* and Ms Jane Montgomery-Hribar, Executive Director, APCC, addressed executive managers on *'National Trends - Capturing the opportunities of inter jurisdictional cooperation'*. Both sessions were well attended and received.

Ms Gradwell also provided an advanced workshop to government officers on *'Strategic Supply Management and Becoming a Customer of Choice'*.

Seven procurement workshops were held in 2009 attended by 67 officers.



Public Authorities

DECS	Department of Education and Children's 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
SA Health	Department of Health
Justice	Department of Justice
PIRSA	Department of Primary Industries and Resources SA
SA Lotteries	Lotteries Commission of South Australia
SAMSB	South Australian Motor Sport Board

Certificate of Compliance

As part of the Board's review and compliance approach, public authority principal officers with a procurement authority, complete a Certificate of Compliance annually. The Certificate indicates the extent to which the Board's policies and guidelines have been adhered to by the public authority during the course of the reporting period.

The information obtained from public authorities through the annual reporting process is used by the Board to improve its policies, to feed into its review and compliance program, and to promote dialogue with public authorities on matters of importance.

Across Government Procurement Timeline Measurement

The Board has established an ongoing timeline measurement program to quantify the average process duration for procurements valued in excess of \$110,000 (GST inclusive). This year, the methodology for measuring timeline data has been revised, with the median time for completion being reported, rather than the average (which is likely to be misleading where there are contract completion times which are extremely large or small). In future, timeline performance will be published against this year's baseline to allow a consistent comparison between the years.

For contracts over \$110,000, that were completed during the 2009-10 financial year, selective procurement processes

are more expedient than public tender processes (with the exception of high risk projects) on the basis of the median statistics calculated. For example, when all contracts undertaken by selective procurement were ranked from lowest to highest, the middle contract (median) took 75 days to complete while the middle contract for all contracts undertaken by public tender took 226 days to complete—see Tables 1 and 2 and Figure 1.

This is consistent with the assumption that the tender call period is absent from most selective tendering processes, and public tender processes may involve longer evaluation periods as a greater number of

bids are received. Conventional wisdom also suggests that higher risk projects involve greater complexity, which may increase the duration of the process.

There is considerable variation in process completion times across contracts. For contracts undertaken by public tender processes, 50 percent of the contracts took between 155 and 260 days to complete. For selective tender processes, 50 percent took between 30 and 173 days to complete. In future periods, the Board will continue to monitor the variation in process completion times, and where necessary, work with public authorities to improve process timeframes.

Table 1: Median number of days to complete the procurement process^(a) via public tendering (contracts completed during the 2009-10 financial year)

Public Tendering	Quadrant 1 Low Value/ Low Risk	Quadrant 2 Low Value/ High Risk	Quadrant 3 High Value/ Low Risk	Quadrant 4 High Value/ High Risk	Overall
Median number of days	224	203 ^(b)	272	330 ^(b)	226
Number of contracts	187	8	45	15	255

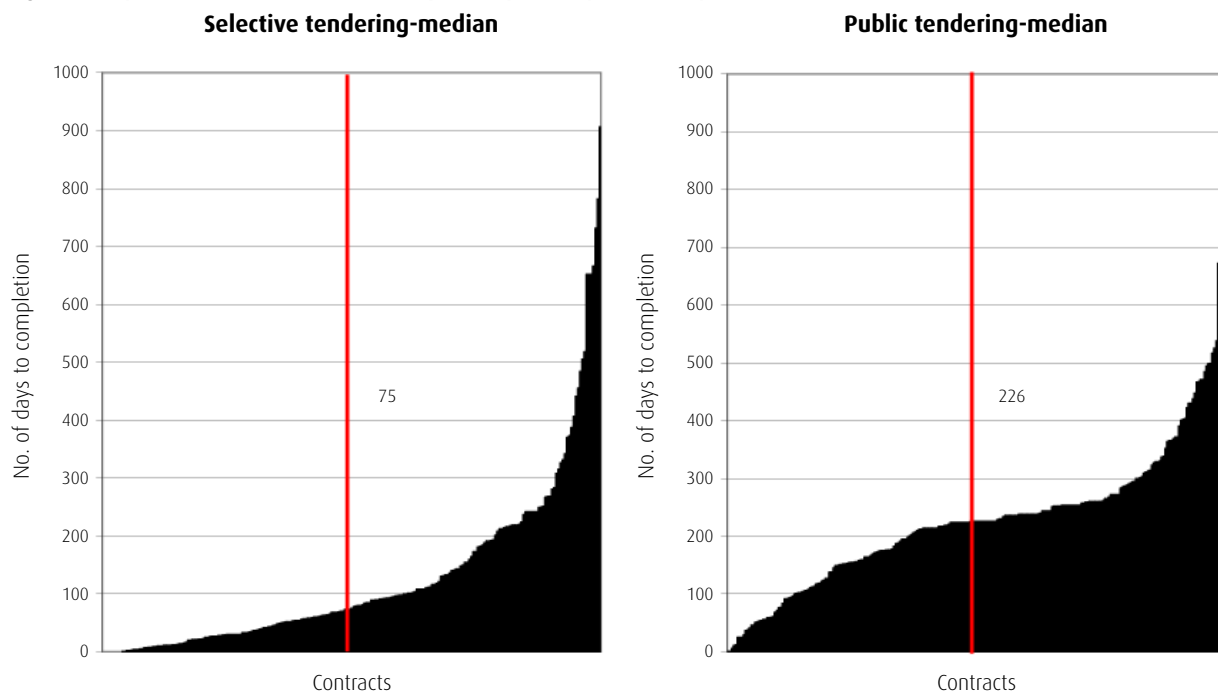
Note: (a) The number of days taken to complete a procurement process is measured from commencement of acquisition planning to contract execution.
(b) Due to the number of contracts being very small, the reported median may not provide a reliable basis for comparing against subsequent years.

Table 2: Median number of days to complete the procurement process^(a) via selective tendering, including direct negotiations (contracts completed during the 2009-10 financial year)

Selective Tendering	Quadrant 1 Low Value/ Low Risk	Quadrant 2 Low Value/ High Risk	Quadrant 3 High Value/ Low Risk	Quadrant 4 High Value/ High Risk	Overall
Median number of days	65	455 ^(b)	212 ^(b)	585 ^(b)	75
Number of contracts	203	3	17	6	229

Note: (a) The number of days taken to complete a procurement process is measured from commencement of acquisition planning to contract execution.
(b) Due to the number of contracts being very small, the reported median may not provide a reliable basis for comparing against subsequent years.

Figure 1: Comparison of the median number of days to complete the procurement process



Procurement Spend

In 2009-10 the total spend reported by public authorities on goods and services was approximately \$3.8 billion.

Table 3 displays total spend from 2005-06 to 2009-10. Total spend in 2009-10 increased by approximately \$376 million (i.e. approximately 11% from 2008-09).

Table 3 – Procurement Spend Summary

Purchase Type	2009-10	2008-09	2007-08	2006-07	2005-06
Goods	\$1,070,837,356	\$938,308,691	\$881,007,367	\$967,705,355	\$985,763,392
Services	\$2,713,798,753	\$2,470,264,982	\$2,708,725,124	\$2,354,687,303	\$2,104,915,570
Total	\$3,784,636,109	\$3,408,573,673	\$3,589,732,491	\$3,322,392,658	\$3,090,678,962

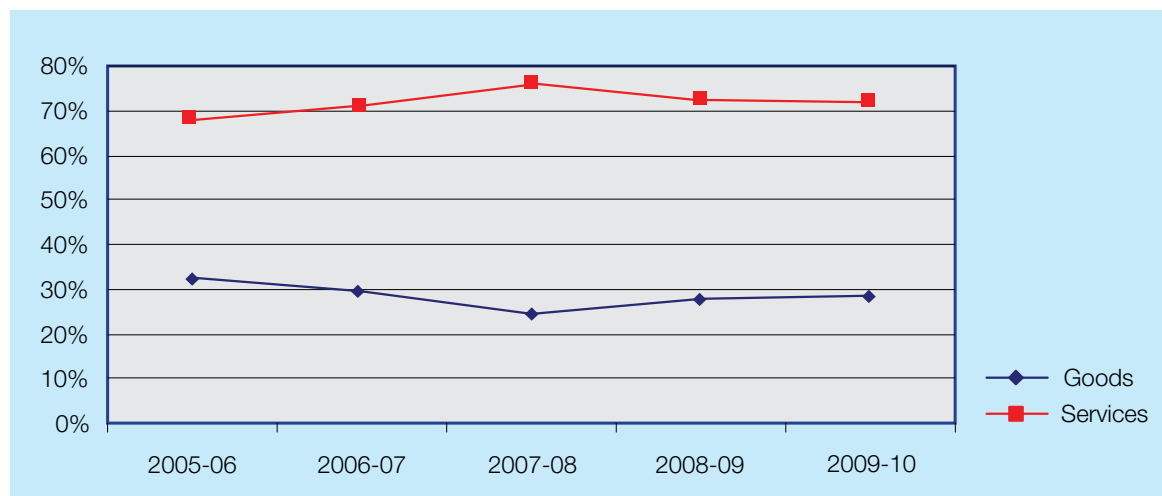
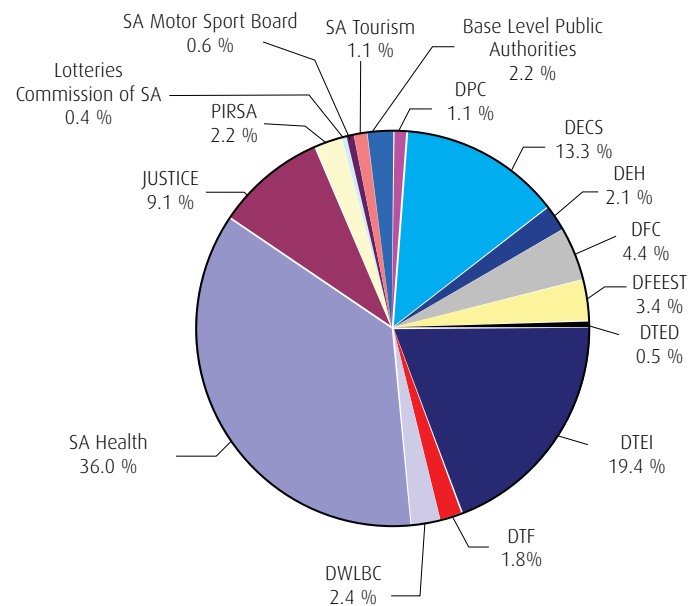


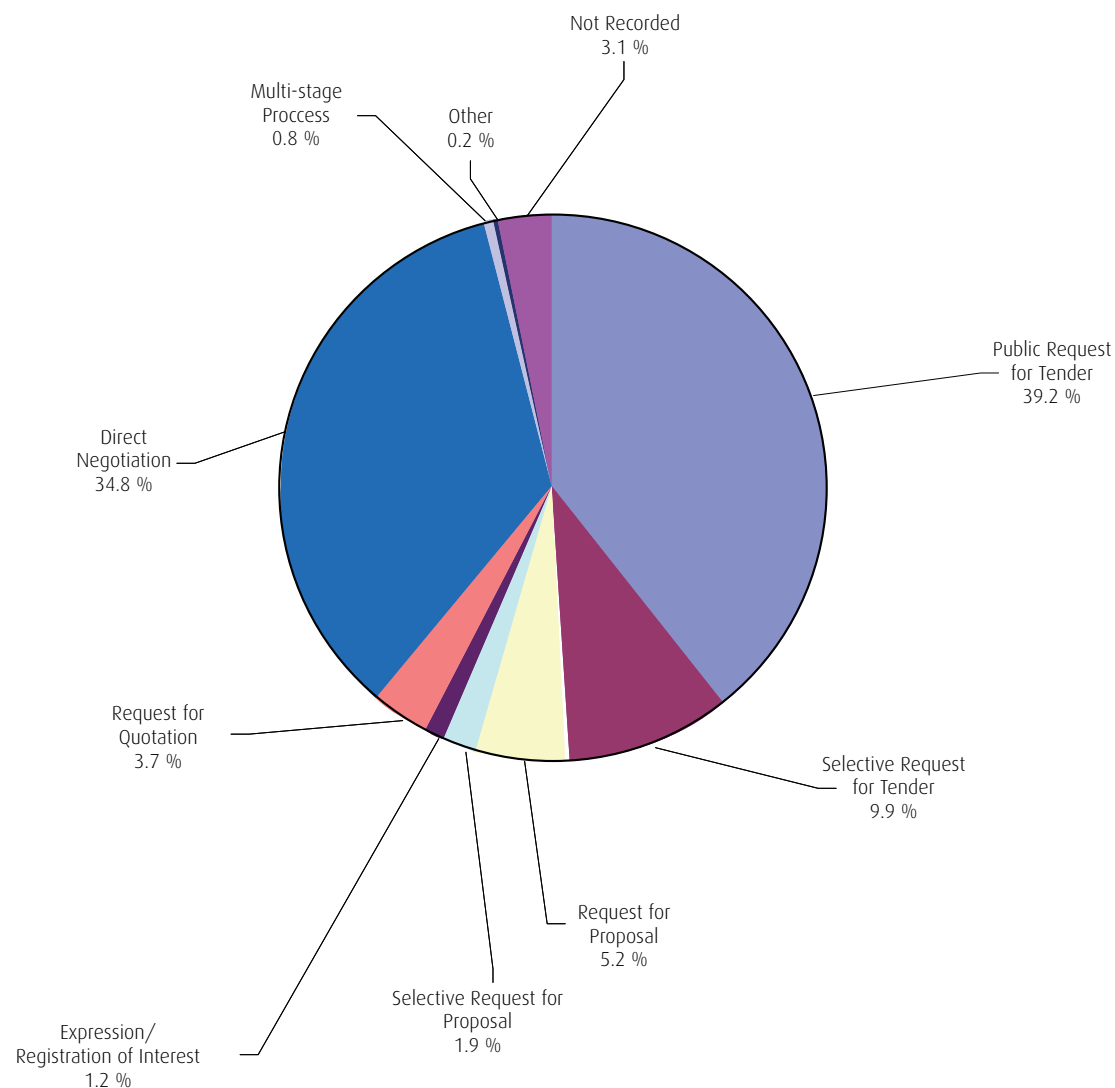
Figure 2 displays the percentage of total spend by purchase type for the last five financial years. The breakdown of total spend between goods and services has remained relatively stable during the period displayed.

◀ **Figure 2 - Spend by Purchase Type from 2005-06 to 2009-10**

Figure 3 reflects each public authority's spend as a percentage of total spend. In 2009-10 SA Health incurred the highest spend (over one third of the total), followed by DTEI (approximately one-fifth of the total).

Figure 3 - Percentage Spend by Public Authority 2009-10 ▶





Contracting Activity

Each year public authorities disclose to the Board details of all contracts entered into over \$110,000 (GST inclusive). The information below refers to this data.

Supply Market Approach (by number of procurements)

In 2009-10 public authorities undertook procurements using various market approaches, as displayed in Figure 4. The Public Request for Tender remains the most widely used market approach, with 39% of the number of contracts entered into sourced through this market approach.

Figure 4 – Market Approach 2009-10

Source of Supply

Figure 5 displays the percentage of contracts public authorities entered into during 2009-10, categorised by supplier location.

The overwhelming majority (95%) of all contracts were entered into with Australian and New Zealand suppliers (including South Australian suppliers), and this has remained stable when compared with 2008-09 results (95%). 78% of all contracts were entered into with South Australian suppliers, an increase when compared with 2008-09 (73%). The results continue to indicate the high participation of suppliers located in South Australia.

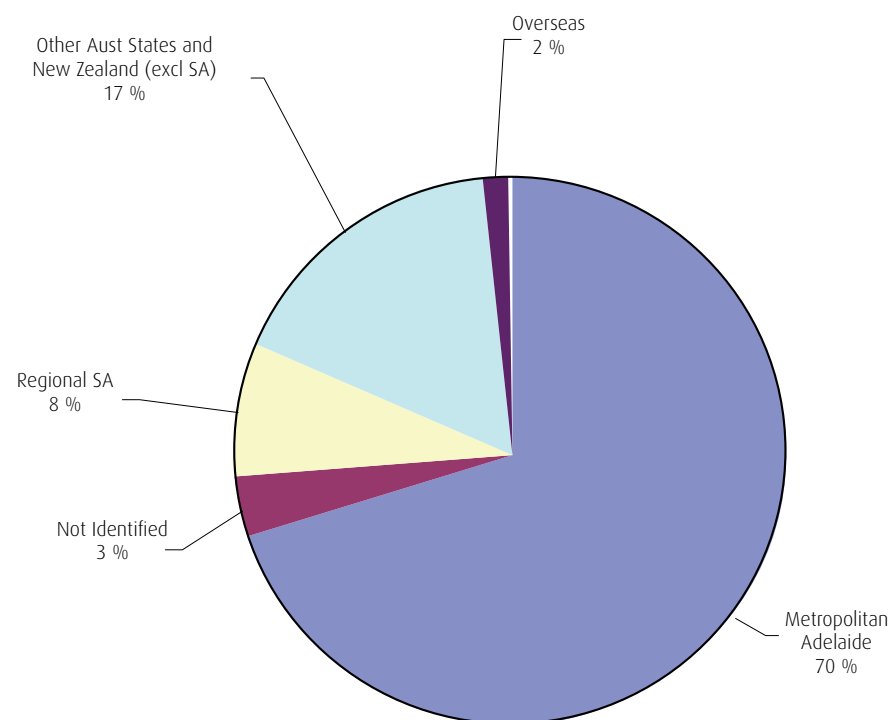


Figure 5 – Contract Number by Supplier Location 2009-10

Figure 6 displays the percentage of contracts (by value) that public authorities entered into in 2009-10, by supplier location.

Approximately 96% of the total value of contracts were with Australian and New Zealand suppliers (including South Australian suppliers), up from 84% in 2008-09. Approximately 4% of the total contract value was with overseas suppliers, down from 16% in 2008-09. The difference is largely attributed to the high value procurements of tramcars and a new lotteries system sourced from overseas suppliers in 2008-09, which inflated the results in the previous period. Fluctuations will occur in reporting periods where such significant procurements are undertaken.

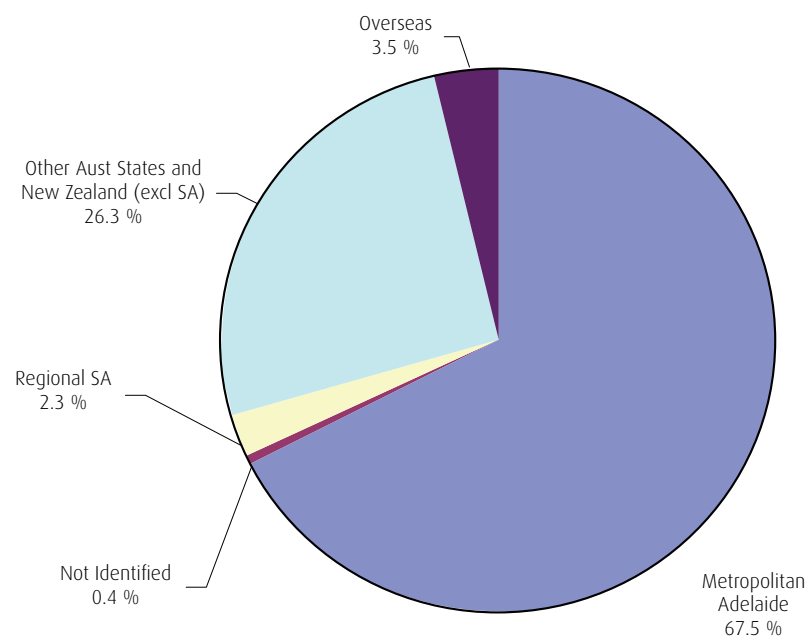


Figure 6 – Contract Value by Supplier Location 2009-10

Tables 4 and 5 below provide a summary of the total value and number of contracts entered into by public authorities in the last four financial years, by supplier location. Between 2005-06 and 2009-10:

- SA suppliers were awarded approximately 75% of contracts by value and approximately 77% of contracts by number;
- Australian and New Zealand suppliers (including South Australian suppliers) were awarded 96% of contracts by value and 97% of contracts by number; and
- Overseas suppliers were awarded approximately 4% of contracts by value and 3% of contracts by number.

Table 4 - Contract Value by Supplier Location

	2009-10	2008-09	2007-08	2006-07	2005-06	2005-06 to 2009-10	
						Total	%
Metropolitan Adelaide	\$858,203,047	\$607,476,346	\$533,686,749	\$1,172,398,309	\$1,412,252,198	\$4,584,016,649	73.2
Regional SA	\$28,529,814	\$14,201,776	\$18,668,879	\$12,787,573	\$20,094,103	\$94,282,145	1.5
Other Aust States and New Zealand (excl SA)	\$333,490,904	\$140,806,254	\$594,085,943	\$198,572,232	\$71,650,994	\$1,338,606,327	21.4
Overseas	\$45,080,607	\$147,639,221	\$3,633,504	\$28,696,041	\$16,253,233	\$241,302,606	3.8
Not Identified	\$5,311,151					\$5,311,151	0.1
	1,270,615,523	\$910,123,597	\$1,150,075,075	\$1,412,454,155	\$1,520,250,528	\$6,263,518,878	100

Table 5 - Contract Number by Supplier Location

	2009-10	2008-09	2007-08	2006-07	2005-06	2005-06 to 2009-10	
						Total	%
Metropolitan Adelaide	361	416	320	415	320	1832	70
Regional SA	42	33	34	32	41	182	6.9
Other Aust States and New Zealand (excl SA)	88	136	115	106	73	518	19.8
Overseas	8	30	9	11	13	71	2.7
Not Identified	16					16	0.6
	515	615	478	564	447	2619	100



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 for goods and services, the Board's objective is to oversee a system of procurement for public authorities 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 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 2010 can be found in Appendix A of 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 1045
ADELAIDE SA 5001

Telephone: (08) 8226 5001

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

Public Authorities

Apart from the major public authorities, 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.

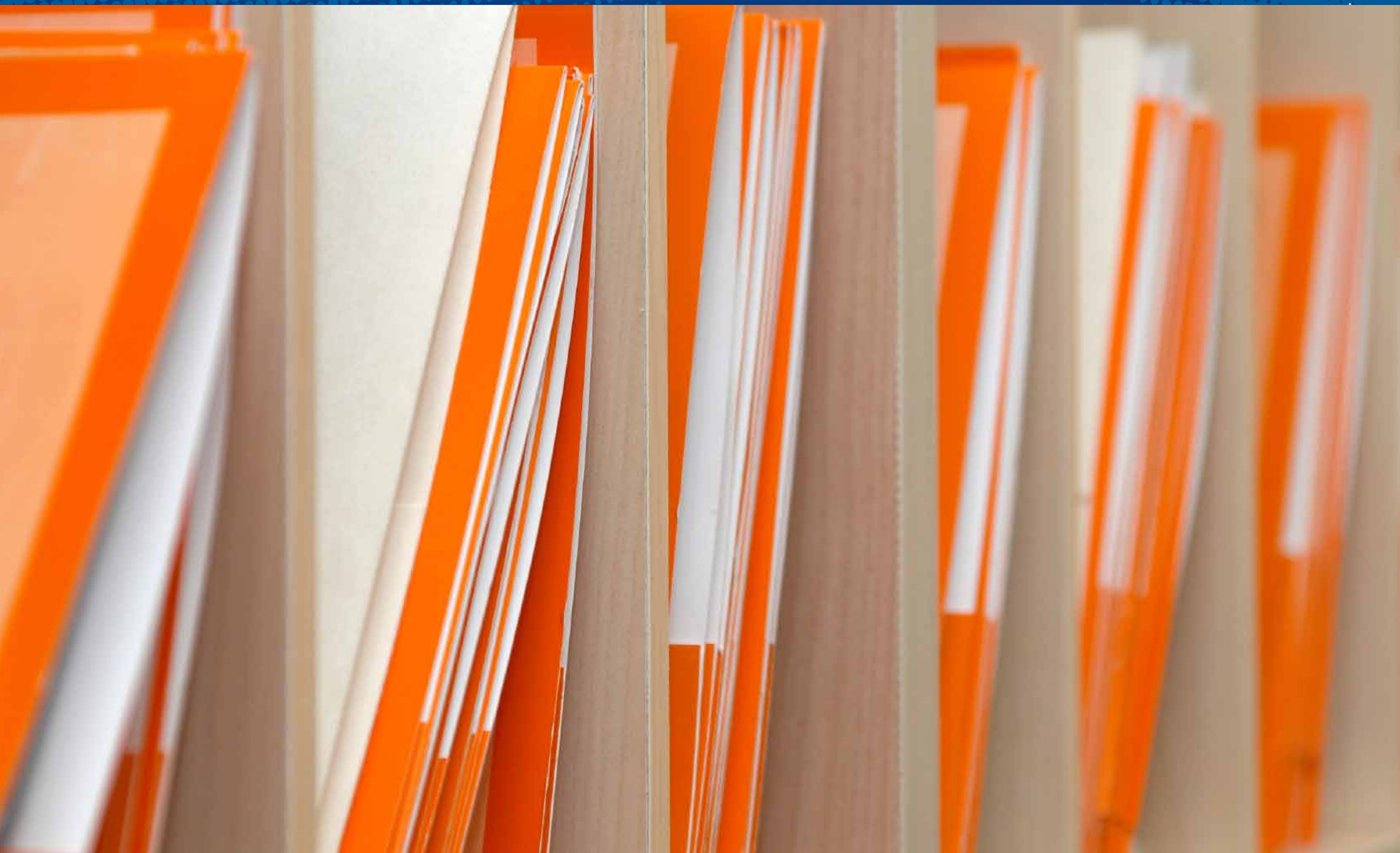
A full list of public authorities can be found in Appendix B.

Prescribed Public Authorities

Prescribed public authorities (as defined by section 4 of the Act and declared by regulation) are not required to comply with Board policies and guidelines. The following public authorities are prescribed for the purpose of the Act:

- Adelaide Convention Centre Corporation
- Adelaide Entertainments Corporation
- Chiropractic and Osteopathy Board of South Australia
- Commissioners of Charitable Funds
- Construction Industry Training Board
- Land Management Corporation
- Legal Practitioners Conduct Board
- Local Government Finance Authority of South Australia
- Local Government Superannuation Board

- Medical Board of South Australia
- Motor Accident Commission
- Occupational Therapy Board of South Australia
- Optometry Board of South Australia
- Physiotherapy Board of South Australia
- Podiatry Board of South Australia
- South Australian Centre for Trauma and Injury Recovery Incorporated
- South Australian Forestry Corporation
- South Australian Housing Trust
- South Australian Psychological Board
- South Australian Water Corporation
- Superannuation Funds Management Corporation of South Australia
- The Architects Board of South Australia
- TransAdelaide and
- WorkCover Corporation of South Australia.



State Procurement Board Annual Report

APPENDIX A

State Procurement Board Member Attendance at Meetings

	Eligible Full Meetings	Meetings Attended	Eligible Special Meetings	Special Meetings Attended
Current Board Members				
Gino DeGennaro	12	12	1	1
Steven Archer	12	11	1	1
Roy Arnold	12	10	1	1
Debbie Black	12	10	1	1
Judith Carr	12	7	1	0
Virginia Deegan	12	12	1	1
Catherine Schultz	12	10	1	1
Chris Oerman	7	6	1	1
Katrina Ball	1	1	0	0
Former Board Members				
Nicolle Rantanen	6	3	0	0

Two strategic planning sessions were held in March and May 2010.

Procurement Approvals Committee Member Attendance at Meetings

There were 15 Procurement Approvals Committee meetings held in 2009-10.

PAC Meetings Attended	
Current Board Members	
Gino DeGennaro	7
Steven Archer	3
Roy Arnold	4
Debbie Black	6
Judith Carr	4
Virginia Deegan	5
Catherine Schultz	4
Chris Oerman	4
Katrina Ball	0
Contract Services Members*	
Rosemary Ince	3
Peter Psaroulis	1
Former Board Members	
Nicolle Rantanen	1

* Voting members until September 2009

**Stakeholder Engagement
Committee Members as at
30 June 2010**

- Gino DeGennaro, Chair, State Procurement Board (Chair)
- Alix Rollond, Manager, Procurement and Records Management, DEH
- Steve Moro, Director Procurement, SA Health
- Angela Allison, Director, Corporate Services, DTED
- Isabel Tsakiri, Manager, Procurement, DFEEST
- John Scalzi, Assistant Director, Procurement/Contracts, DECS
- Kelly Tattersall, Acting Director, Procurement and Grants, DFC
- Mark O'Shea, Manager Business Services, PIRSA
- Oliver Beres, Principal Officer, Procurement, DWLBC
- Mark Pickford, Director Business Operations, Justice
- Peter Cirillo, Manager Procurement Services, DTF/DPC
- Wayne Buckerfield, Director, Contracting and Procurement, DTEI
- Sam Minervini, Director Procurement Policy and Governance, DTF

**Policy Framework as at
30 June 2010****Procurement Governance**

- Procurement Authority Policy
- Base Level Procurement Authority Policy

**Procurement Planning and
Reporting**

- Base Level Procurement Reporting Guideline
- Board Procurement Reporting Policy
- Common Identification Systems

Government Requirements

- Approvals Process Policy
- Procurement Approvals Guideline
- Emergency Situation Procurement Policy
- Environmental Impact Policy
- Use of Established Government Facilities Policy
- International Obligations Policy
- Purchases with Imported Content

Procurement Context

- Lifecycle Costing Guideline
- Risk Management Policy
- Risk Management Guideline
- Unsolicited Proposals Policy

Procurement Process

- Acquisition Planning Guideline
- Contract Management Guideline
- Disposal Policy
- Disposal Guideline
- Late Tenders Policy
- Market Approaches Guideline
- Panel Contracts Guideline
- Simple Procurement Guideline
- Standard Tender and Contract Document Policy
- Standard Tender and Contract Document Guideline
- Supplier Communication and Complaints Policy

Procurement Authorities as at 30 June 2010**Name of Public Authority****Procurement Authority Level
(GST Incl)****Department for Transport, Energy and Infrastructure (DTEI)**

Public authorities aligned under DTEI's procurement authority:

- Energy Consumer's Council
- Natural Gas Authority
- Office of the Technical Regulator

\$11,000,000

Department of Justice

Public authorities aligned under Justice's procurement authority:

- Attorney General's Department
- Community Protection Panel
- Courts Administration Authority
- Department of Correctional Services
- Forensic Science Advisory Committee
- Legal Services Commission
- Public Trustee
- South Australian Fire and Emergency Services Commission
- South Australian Multicultural and Ethnic Affairs Commission
- South Australian Police
- State Electoral Office

\$11,000,000

SA Health

Public authorities aligned under SA Health's procurement authority:

- Balaklava and Riverton Health Advisory Council Inc.
- Barossa and Districts Health Advisory Council Inc.
- Berri Barmera District Health Advisory Council Inc.
- Bordertown and District Health Advisory Council Inc.
- Ceduna District Health Services Health Advisory Council Inc.
- Ceduna Koonibba Aboriginal Health Advisory Council Inc.
- Central Northern Adelaide Health Service Inc.
- Children, Youth and Women's Health Service Inc.
- Coorong Health Service Health Advisory Council Inc.
- Country Health SA Board Health Advisory Council Inc.
- Country Health SA Hospital Inc.
- Eastern Eyre Health Advisory Council Inc.

- Eudunda Kapunda Health Advisory Council Inc.
- Far North Health Advisory Council
- Gawler District Health Advisory Council Inc.
- Hawker District Memorial Health Advisory Council
- Hills Area Health Advisory Council Inc.
- Kangaroo Island Health Advisory Council Inc.
- Kingston/Robe Health Advisory Council Inc.
- Leigh Creek Health Services Health Advisory Council
- Lower Eyre Health Advisory Council Inc.
- Lower North Health Advisory Council Inc.
- Loxton and Districts Health Advisory Council Inc.
- Mallee Health Service Health Advisory Council Inc.
- Mannum District Hospital Health Advisory Council Inc.
- Mid North Health Advisory Council Inc.
- Mid-West Health Advisory Council Inc.
- Millicent and Districts Health Advisory Council Inc.
- Mount Gambier and Districts Health Advisory Council Inc.
- Naracoorte Area Health Advisory Council Inc.
- Northern Yorke Peninsula Health Advisory Council Inc.
- Penola and Districts Health Advisory Council Inc.
- Pika Wiya Health Advisory Council Inc.
- Port Augusta, Roxby Downs, Woomera Health Advisory Council
- Port Broughton District Hospital and Health Services Health Advisory Council Inc.
- Port Lincoln Health Advisory Council
- Port Pirie Health Service Advisory Council
- Quorn Health Services Health Advisory Council
- Renmark Paringa District Health Advisory Council Inc.
- SA Ambulance Service Volunteer Health Advisory Council
- South Australian Ambulance Service
- South Coast Health Advisory Council Inc.
- Southern Adelaide Health Service Inc.
- Southern Flinders Health Advisory Council
- The Murray Bridge Soldiers' Memorial Hospital Health Advisory Council Inc.
- Waikerie and Districts Health Advisory Council Inc.
- Whyalla Hospital and Health Services Advisory Council
- Yorke Peninsula Health Advisory Council Inc.

\$11,000,000

Department for Families and Communities (DFC)

Public authorities aligned under DFC's procurement authority:

- Charitable and Social Welfare Fund Board
- Child Death and Serious Injury Review Committee
- Council for the Care of Children

State Procurement Board Annual Report

APPENDIX B

- Dame Roma Mitchell Trust Fund Board
- Disability Advisory Council of SA
- Homestart Finance
- Housing and Urban Development Advisory Committee
- Housing Appeal Panel
- Ministerial Advisory Board on Ageing
- Minister's Strategic Housing Advisory Committee
- State Emergency Relief Fund Committee
- Supported Residential Facilities Advisory Committee

\$4,400,000

Department of Education and Children's Services (DECS)

Public authorities aligned under DECS's procurement authority:

- Advisory Committee on Non-Government Schools
- Children's Services Consultative Committee
- Ethnic Schools Board
- Ministerial Advisory Committee: Students with Disabilities
- Multicultural Education Committee
- Non-Government Schools Registration Board
- Planning Committee for Non-Government Schools
- Scaling and Tertiary Selection Monitoring Committee
- School Loans Advisory Committee
- Teachers Appeal Board
- School Governing Councils (571 in total)
- Preschool Management Committees (447 in total)

\$4,400,000

Department of Further Education, Employment, Science and Technology (DFEEST)

Public authorities aligned under DFEEST's procurement authority:

- Education Adelaide
- Playford Centre
- TAFE SA Adelaide North
- TAFE SA Adelaide South
- TAFE SA North Council
- TAFE SA Regional
- TAFE SA Regional Council
- TAFE SA South Council

\$4,400,000

Department for Environment and Heritage (DEH)

Public authorities aligned under DEH's procurement authority:

- Board of the Botanic Gardens and State Herbarium
- Coast Protection Board
- Dog and Cat Management Board

- Environment Protection Authority
- General Reserves Trust
- Maralinga Lands Mamungari Conservation Park Board of Management
- Vulkathuna-Gammon Ranges National Park Co-management Board
- Zero Waste SA

\$1,100,000

Department of Primary Industries and Resources SA (PIRSA)

Public authorities aligned under PIRSA's procurement authority:

- Abalone Fishery Management Committee
- Advisory Board of Agriculture
- Angas Mine Community Consultative Committee
- Aquaculture Advisory Committee
- Aquaculture Tenure Allocation Board
- Barley Exporting Advisory Committee
- Beef Industry Development Board
- Blue Crab Fishery Management Committee
- Board of Examiners for Mine Managers
- Brukung Minesite Remediation Board
- Dairy Industry Development Board
- Extractive Areas Rehabilitation Fund Project Assessment Panel
- FARMBIS State Planning Group III
- Fisheries Council of South Australia
- Genetically Modified Crop Advisory Committee
- Horticulture Industry Development Board
- Industry Development Boards - Resources
- Inland Fisheries Management Committee
- Marine Scalefish Fishery Management Committee
- Meat Food Safety Advisory Committee
- Mining Act Review Steering Committee
- Mintabie Consultative Committee
- Northern Zone Rock Lobster Fishery Management Committee
- Olympic Dam Community Consultative Forum
- Olympic Dam Environmental Consultative Committee
- Pig and Poultry Institute Advisory Board
- Pilchard Fishery Working Group
- Pork Industry Development Board
- Rural Assistance Appeals Committee
- Rural Solutions SA
- Sheep Industry Development Board
- South Australian Alpaca Advisory Group
- South Australian Apiary Industry Advisory Group
- South Australian Cattle Advisory Group

<ul style="list-style-type: none"> • South Australian Deer Advisory Group • South Australian Goat Advisory Group • South Australian Horse Industry Advisory Group • South Australian Pig Industry Advisory Group • South Australian Sheep Advisory Group • Southern Zone Rock Lobster Fishery Management Committee • Spencer Gulf, West Coast & Gulf St Vincent Prawn Fishery Management Committee 	\$1,100,000
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Department of the Premier and Cabinet (DPC)

Public authorities aligned under DPC's procurement authority:

<ul style="list-style-type: none"> • Agent General • Anzac Day Commemoration Council • Art Gallery of South Australia • Asbestos Advisory Committee • Boxing and Martial Arts Advisory Committee • Carrick Hill Trust • Construction Industry Long Service Leave Board • Industrial Relations Advisory Committee • Libraries Board of South Australia (State Library of South Australia) • Mining and Quarrying Occupational Health and Safety Committee • Occupational Health, Safety & Welfare Act - Review Committees • Premier's Climate Change Council • Privacy Committee of South Australia • Silicosis Committee • Social Inclusion Board • South Australian Museum • South Australia's Strategic Plan Community Engagement Board • State Aboriginal Heritage Committee • State Emergency Management Committee • State Records Council • Workers Rehabilitation and Compensation Advisory Committee 	\$1,100,000
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Department of Treasury and Finance (DTF)

Public authorities aligned under DTF's procurement authority:

- Distribution Lessor Corporation
- Generation Lessor Corporation
- RESI Corporation
- South Australian Asset Management Corporation
- South Australian Financing Authority
- South Australian Parliamentary Superannuation Board
- South Australian Superannuation Board

• Transmission Lessor Corporation	\$1,100,000
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Department of Water, Land and Biodiversity Conservation (DWLBC)

Public authorities aligned under DWLBC's procurement authority:

- Adelaide and Mount Lofty Ranges Natural Resource Management Board
- Alinytjara Wilurara Natural Resource Management Board
- Central Local Dog Fence Board
- Centre for Natural Resources Management Board
- Dog Fence Board
- Eyre Peninsula Natural Resource Management Board
- Fowlers Bay Local Dog Fence Board
- Frome Local Dog Fence Board
- Kangaroo Island Natural Resource Management Board
- Marree Local Dog Fence Board
- Native Vegetation Council
- Natural Resource Management Council
- Northern and Yorke Natural Resource Management Board
- Pastoral Board
- Penong Local Dog Fence Board
- Pureba Local Dog Fence Board
- SA Arid Lands Natural Resource Management Board
- SA Murray Darling Basin Natural Resource Management Board
- South East Natural Resource Management Board
- South Eastern Water Conservation and Drainage Board

\$1,100,000

Department of Trade and Economic Development (DTED)

\$1,100,000

Lotteries Commission of South Australia

\$1,100,000

South Australian Motor Sport Board

\$1,100,000

South Australian Tourism Commission (SATC)

Public authorities aligned under SATC's procurement authority:

- Office of Venue Management

\$1,100,000

Department of Planning and Local Government (DPLG)

Public authorities aligned under DPLG's procurement authority:

- Boundary Adjustment Facilitation Panel
- Building Advisory Committee
- City of Adelaide Development Plan Committee

<ul style="list-style-type: none"> • Development Assessment Commission • Development Policy Advisory Committee • Local Heritage Advisory Committee • Minister's State/Local Government Forum • Outback Areas Community Development Trust • Port Waterfront Redevelopment Committee • Public Space Advisory Committee • South Australian Local Government Grants Commission 	\$110,000
Aboriginal Lands Trust	\$110,000
Adelaide Cemeteries Authority	\$110,000
Adelaide Festival Centre Trust	\$110,000
Adelaide Festival Corporation	\$110,000
Adelaide Film Festival	\$110,000
Australian Children's Performing Arts Company (Windmill Performing Arts)	\$110,000
Bio Innovation SA	\$110,000
Dairy Authority of South Australia	\$110,000
Defence SA	\$110,000
Dental Board of South Australia	\$110,000
Essential Services Commission of South Australia	\$110,000
History Trust of South Australia	\$110,000
Independent Gambling Authority	\$110,000
Nursing and Midwifery Board of South Australia	\$110,000
Pharmacy Board of South Australia	\$110,000
Phylloxera and Grape Industry Board of South Australia	\$110,000

SACE Board of South Australia	\$110,000
South Australian Citrus Industry Development Board	\$110,000
South Australian Country Arts Trust (Country Arts SA)	\$110,000
South Australian Film Corporation	\$110,000
South Australian Police Superannuation Board	\$110,000
State Opera of South Australia	\$110,000
State Theatre Company of South Australia	\$110,000
Teacher's Registration Board	\$110,000
Veterinary Surgeons Board of South Australia	\$110,000
West Beach Trust	\$110,000

130 public authorities that do not undertake procurement operations have been issued a "nil" procurement authority.



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 statements of the State Procurement Board for the financial year ended 30 June 2010. The financial statements comprise:

- A Statement of Comprehensive Income
- A Statement of Financial Position
- A Statement of Changes in Equity
- A Statement of Cash Flows
- Notes, comprising a summary of significant accounting policies and other explanatory information and
- A Certificate from the Chair and the 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 statements in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are 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 statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 statements.

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

Auditor's Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the State Procurement Board as at 30 June 2010, 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.

9th Floor
State Administration Centre
200 Victoria Square
Adelaide SA 5000

DX 56208
Victoria Square

Tel +61 8 8226 9640
Fax +61 8 8226 9688
ABN 53 327 061 410

audgensa@audit.sa.gov.au
www.audit.sa.gov.au

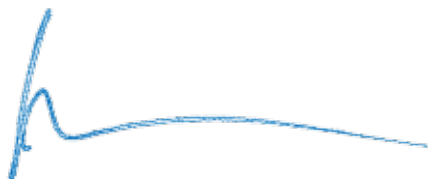


S. O'Neill
AUDITOR-GENERAL
28 September 2010

We certify that the attached general purpose financial statements for the State Procurement Board:

- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Board; and
- presents a true and fair view of the financial position of the State Procurement Board as at 30 June 2010 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the State Procurement Board for the financial year over its financial reporting and its preparation of the general purpose financial report have been effective throughout the reporting period.



Gino DeGennaro

CHAIR

STATE PROCUREMENT BOARD

27 September 2010



Paul Williams

DIRECTOR, FINANCIAL SERVICES

DEPARTMENT OF TREASURY AND FINANCE

27 September 2010

Statement of Comprehensive Income

for the year ended 30 June 2010

	Note No.	2010 \$'000	2009 \$'000
EXPENSES			
Employee benefits expenses	4	67	69
Supplies and services	6	338	377
Total Expenses		405	446
INCOME			
Revenues from fees and charges	8	44	70
Total Income		44	70
NET COST OF PROVIDING SERVICES		(361)	(376)
REVENUES FROM/PAYMENTS TO SA GOVERNMENT			
Grants from SA Government	9	381	477
Total Revenues from SA Government		381	477
NET RESULT		20	101
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE RESULT		20	101

THE NET RESULT AND COMPREHENSIVE RESULT ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER

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

Statement of Financial Position

as at 30 June 2010

	Note No.	2010 \$'000	2009 \$'000
CURRENT ASSETS			
Cash and cash equivalents	10	863	892
Receivables	11	20	13
Total Current Assets		883	905
TOTAL ASSETS		883	905
CURRENT LIABILITIES			
Payables	12	120	49
Employee benefits	13	1	2
Other Current Liabilities	14	-	112
Total Current Liabilities		121	163
TOTAL LIABILITIES		121	163
NET ASSETS		762	742
EQUITY			
Retained Earnings		762	742
TOTAL EQUITY		762	742
THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER			
Unrecognised and Contractual Commitments	15		
Contingent Assets and Liabilities	16		

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

	Retained Earnings \$'000
Balance at 30 June 2008	641
Net Result for 2008-09	101
Total comprehensive result for 2008-09	101
Balance at 30 June 2009	742
Net result for 2009-10	20
Total comprehensive result for 2008-09	20
Balance at 30 June 2010	762

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

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

	Note No.	2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Outflows			
Employee benefit payments		(67)	(68)
Payments for supplies and services		(266)	(342)
Cash used in operations		(333)	(410)
Cash Inflows			
Fees and charges		(77)	183
Cash generated from operations		(77)	183
CASH FLOWS FROM SA GOVERNMENT			
Receipts from SA Government		381	477
Cash generated from SA Government		381	477
NET CASH (USED IN)/PROVIDED OPERATING ACTIVITIES		(29)	250
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(29)	250
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		892	642
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		863	892

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

Note 1	Objectives of the State Procurement Board
Note 2	Summary of Significant Accounting Policies
Note 3	New and Revised Accounting Standards and Policies

Expense Notes

Note 4	Employee Benefits Expenses
Note 5	Remuneration of Board Members
Note 6	Supplies and Services
Note 7	Auditor's Remuneration

Income Notes

Note 8	Revenues from Fees and Charges
Note 9	Revenues from SA Government

Asset Notes

Note 10	Cash and Cash Equivalents
Note 11	Receivables

Liability Notes

Note 12	Payables
Note 13	Employee Benefits
Note 14	Other Liabilities

Other Notes

Note 15	Unrecognised Contractual Commitments
Note 16	Contingent Assets and Liabilities
Note 17	Cash Flow Reconciliation
Note 18	Financial Instruments/Financial Risk Management
Note 19	Events after the Reporting Period

State Procurement Board Annual Report

1 Objective of the State Procurement Board

The State Procurement Board (the 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, Government Accounting, Reporting and Procurement Branch and Shared Services SA.

2 Summary of Significant Accounting Policies

2.1 Statement of Compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and Treasurer's Instructions and accounting policy statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

Except for AASB 2009-12, which the Board has early adopted, 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 2010. These are outlined in Note 3.

2.2 Basis of Preparation

The preparation of the financial statements 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;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which 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 Statement of Comprehensive Income);
 - c. 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
 - d. 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 Board's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a twelve month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented.

2.3 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.

2.4 Comparative Information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific revised accounting standards and/or accounting policy statements has required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation in these financial statements unless impracticable.

Where the Board has applied an accounting policy retrospectively; retrospectively restated items in the financial statements; reclassified items in the financial statements it has provided three Statements of Financial Positions and related notes.

The restated comparatives amounts do not replace the original financial statements for the preceding period.

2.5 Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

2.6 Taxation

The Board is not subject to income tax. The Board is liable for payroll tax, fringe benefits tax, 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 Statement of Comprehensive Income and Statement of Financial Position of DTF.

2.7 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

State Procurement Board Annual Report

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the result of subsequent years.

2.8 Income

Income is 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 has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose income where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Contributions received

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.

2.9 Expenses

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

Expenses have been aggregated 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 transaction or other event.

The notes accompanying the financial statements disclose expenses where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Employee benefits expenses

Employee benefit expenses includes all costs related to employment including wages and salaries and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Board to the superannuation plan in respect of current services of current Board staff.

2.10 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.

2.11 Assets

Assets 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 transaction or other event.

The notes accompanying the financial statements disclose financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position 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*.

Receivables

Receivables include amounts receivable from goods and services, prepayments and other accruals.

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

Collectability 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.

2.12 Liabilities

Liabilities 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 transaction or other event.

The notes accompanying the financial statements disclose financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

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.

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2.13 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 New and Revised Accounting Standards and Policies

The Board did not voluntarily change any of its accounting policies during 2009-10.

Except for the amending Standard AASB 2009-12, 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 period ending 30 June 2010. 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 statements of the Board.

4 Employee Benefits Expenses

	2010 \$'000	2009 \$'000
Board fees	60	62
Employment on-costs - superannuation	4	4
Employment on costs - payroll tax	3	3
Total Employee Benefits Expense	67	69

5 Remuneration of Board Members

Members that were entitled to receive remuneration for membership during the 2009-10 financial year were:

- State Procurement Board
- Mr Gino DeGennaro (Chair)*
- Mr Steven Archer* (Re-appointed on 10/06/10)
- Mr Roy Arnold
- Ms Katrina Ball* (Appointed on 10/06/10)
- Ms Deborah Black
- Ms Judith Carr*
- Ms Virginia Deegan (Re-appointed on 10/06/10)
- Mr Christopher Oerman* (Appointed on 12/11/09)
- Ms Catherine Schultz
- Ms Nicolle Rantanen* (Resigned 8/1/10)

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

	2010 Number	2009 Number
\$0	6	5
\$1 - \$9,999	-	-
\$10,000 - \$19,999	4	4
Total Number of Board Members	10	9

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 \$64,162 (\$65,564).

Amounts paid to a superannuation plan for board members was \$4,031 (\$4,101).

*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.

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.

6 Supplies and services

	2010 \$'000	2009 \$'000
Supplies and services		
Management services	-	5
Professional fees	266	242
Information technology	8	18
Advertising/marketing and promotions	4	9
Training and development	52	84
General administration and consumables	5	4
Other	3	15
Total Supplies and services	338	377

Supplies and services provided by entities within the SA Government

Management services	-	5
Professional fees	5	26
Training and development	-	1
Total Supplies and services provided by entities within the SA Government	5	32

The total supplies and services amount includes GST amounts not recovered from the Australian Taxation Office due to the Board not holding a valid tax invoice.

7 Auditor's Remuneration

	2010 \$'000	2009 \$'000
Audit Fees	7	6
Total Audit Fees	7	6

Other Services

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

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8 Revenues from Fees and Charges

	2010 \$'000	2009 \$'000
Fees and charges received/receivable		
Other fees and charges	44	70
Total Fees and Charges	44	70

Fees and charges received/receivable from entities within the SA Government

Other fees and charges	44	70
Total Fees and Charges from entities within the SA Government	44	70

9 Revenues from SA Government

	2010 \$'000	2009 \$'000
Grants, subsidies and transfers	381	477
Total Revenues from SA Government	381	477

10 Cash and Cash Equivalents

	2010 \$'000	2009 \$'000
Deposits with the Treasurer	863	892
Total Cash and Cash Equivalents	863	892

Interest Rate Risk

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

11 Receivables

	2010 \$'000	2009 \$'000
Current Receivables		
Receivables	15	10
Accrued Revenue	-	1
Prepayments	5	2
Total Receivables	20	13
Receivables from entities within the SA Government		
Receivables	15	10
Accrued Revenue	-	1
Total Receivables from entities within the SA Government	15	11

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. Receivables and accrued revenues are non-interest bearing. Other than recognised in the allowance 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.

Maturity Analysis of Payables - refer to Table 18.3 in Note 18.

Categorisation of financial instruments and risk exposure information - refer to Note 18.

12 Payables

	2010 \$'000	2009 \$'000
Current		
Accrued expenses	120	49
Total Current Payables	120	49

Payables provided by entities within the SA Government

Accrued expenses	7	15
Total Payables provided by entities within the SA Government	7	15

Interest Rate and Credit Risk

Creditors are raised for all amounts billed but unpaid. 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.

Maturity Analysis of Payables - refer to Table 18.3 in Note 18.

Categorisation of financial instruments and risk exposure information - refer to Note 18.

13 Employee Benefits

	2010 \$'000	2009 \$'000
Current		
Accrued salaries and wages	1	2
Total Current Employee Benefits	1	2

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14 Other Current Liabilities

	2010	2009
	\$'000	\$'000
Current		
Unearned Revenue	-	112
Total Current Other Liabilities	-	112

15 Unrecognised Contractual 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.

17 Cash Flow Reconciliation

	2010	2009
	\$'000	\$'000
Reconciliation of Cash - Cash at year end as per:		
Cash Flow Statement	863	892
Balance Sheet	863	892
Reconciliation of Net Cash (used in)/provided by Operating Activities to Net Cost of providing services		
	2010	2009
	\$'000	\$'000
Net cash (used in)/provided by operating activities	(29)	250
Add Revenue from SA Government	(381)	(477)
Movements in Assets and Liabilities		
Increase (Decrease) in Receivables	7	1
(Increase) Decrease in Payables	(70)	(37)
(Increase) Decrease in Employee Benefits	-	(1)
(Increase) Decrease in Other Liabilities	112	(112)
Net Cost of Providing Services	(361)	(376)

18 Financial instruments/Financial risk management**Table 18.1 Categorisation of financial instruments**

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 Summary of Significant Accounting Policies.

Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount	Fair value	Carrying amount	Fair value
			2010	2010	2009	2009
			\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	Cash and cash equivalents	10	863	863	892	892
Receivables	Receivables ⁽¹⁾	11	20	20	13	13
	Total financial assets at cost		883	883	905	905
Financial liabilities						
Financial liabilities at cost	Payables ⁽¹⁾	12	120	120	49	49
Other Financial Liabilities	Unearned Revenue	14	-	-	112	112
	Total financial liabilities at cost		120	120	161	161

(1) Receivable and payment amounts disclosed here exclude amounts relating to statutory receivables and payables. In Government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax, audit receivables/payables etc they would be excluded from the disclosure. The standard defines contract as an enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost) except for employee on cost which are determined via reference to the employee benefit liability to which they relate.

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Credit risk

Credit risk arises when there is the possibility of the Board's debtors defaulting on their contractual obligations resulting in financial loss to the Board. The Board measures credit risk on a fair value basis and monitors risk on a regular basis.

The Board has minimal concentration of credit risk. The Board does not engage in high risk hedging for its financial assets.

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

Table 18.2 Ageing analysis of financial assets

	Past due by			Total
	Overdue for < 30 days	Overdue for 30 – 60 days	Overdue for > 60 days	
	\$'000	\$'000	\$'000	\$'000
2010 Not impaired Receivables	5	14	1	20
2009 Not impaired Receivables	8	4	1	13

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In Government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax, audit receivables/payables etc they would be excluded from the disclosure. The standard defines contract as an enforceable by law. They are carried at cost.

The following table discloses the maturity analysis of financial assets and financial liabilities.

Table 18.3: Maturity analysis of financial assets and liabilities

Carrying amount	Contractual Maturities		
	< 1 year	1-5 years	> 5 years
\$'000	\$'000	\$'000	\$'000

2010**Financial assets**

Cash and cash equivalent	863	863	-	-
Receivables	20	20	-	-
Total financial assets	883	883	-	-

Financial liabilities

Payables	120	120	-	-
Other Financial Liabilities	-	-	-	-
Total financial liabilities	120	120	-	-

Carrying amount	Contractual Maturities		
	< 1 year	1-5 years	> 5 years
\$'000	\$'000	\$'000	\$'000

2009**Financial assets**

Cash and cash equivalent	892	892	-	-
Receivables	13	13	-	-
Total financial assets	905	905	-	-

Financial liabilities

Payables	49	49	-	-
Other Financial Liabilities	112	112	-	-
Total financial liabilities	161	161	-	-

Liquidity risk

Liquidity risk arises where the Board is unable to meet its financial obligations as they fall due. The continued existence of the Board is dependent on State Government policy and on continuing appropriations by Parliament for the Board's administration and programs. The Board settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The State Procurement Board's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in Table 18.1 represent the Board's maximum exposure to financial liabilities.

Market risk

The Board does not have exposure to interest rate risk. There is no exposure to foreign currency or other price risks.

19 Events after the reporting period

The State Procurement Board is not aware of any after the reporting period events.



Government of South Australia

State Procurement Board