



ANNUAL REPORT 2010-11

State Procurement Board Annual Report



Government of South Australia
State Procurement Board



ANNUAL REPORT 2010-11

State Procurement Board Annual Report



Office Address

Level 7 State Administration Centre
200 Victoria Square
ADELAIDE SA 5000

Telephone

08 8226 5001

Email

Website: www.spb.sa.gov.au

Email: spb@sa.gov.au

© Government of South Australia, December 2010

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.

CHAIR'S REPORT	3
ABOUT THE BOARD.....	4
THE STATE PROCUREMENT BOARD	5
BOARD MEMBERSHIP	5
BOARD MEMBERS.....	5
GOVERNANCE.....	6
ROLE AND FUNCTIONS OF THE BOARD.....	7
FUNCTIONS UNDER THE <i>GAMING MACHINES ACT 1992</i>	7
GOVERNANCE ARRANGEMENTS.....	7
SUB-COMMITTEES OF THE BOARD.....	8
STRATEGIC PRIORITIES	9
BACKGROUND.....	10
STRATEGIC PLAN 2011-2013	10
TRAINING AND CAPABILITY DEVELOPMENT.....	10
PUBLIC AUTHORITY REVIEW PROGRAM	11
OPERATIONAL PRIORITIES	13
POLICY DEVELOPMENT AND REVIEW.....	14
FUTURE POLICY DEVELOPMENT	14
ACROSS GOVERNMENT CONTRACTS.....	14
SEMINARS AND WORKSHOPS	15
PUBLIC AUTHORITY PROCUREMENT ACTIVITY	17
PUBLIC AUTHORITIES	18
CERTIFICATE OF COMPLIANCE.....	18
ACROSS GOVERNMENT PROCUREMENT TIMELINE MEASUREMENT	18
PROCUREMENT SPEND.....	20
CONTRACTING ACTIVITY	22
OTHER INFORMATION	26
FREEDOM OF INFORMATION.....	27
PUBLIC AUTHORITIES	28
PRESCRIBED PUBLIC AUTHORITIES	28
APPENDICES	29
CHAIR'S REPORT	



CHAIR'S REPORT

State Procurement Board Annual 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 2011.

Following the major reforms driven by the introduction of the *State Procurement Act 2004*, the Board has focused on activities that build on those achievements and continue to improve the procurement function across the South Australian Government.

The Board has developed its 2011 – 13 strategic plan, with the focus and activities directed toward supporting an effective and efficient system of public procurement.

In 2010-11, the Board completed its inaugural program of procurement compliance reviews. At the time of writing this report, Price Waterhouse Coopers completed an independent review of the compliance program, to assess the program's effectiveness and to recommend potential improvements and identify alternative delivery models. The Board will consider the findings of the review as part of its planning for the review program in the next 12 months.

The implementation of a "Reviewer's Guide" has been a key initiative in 2010-11. This Guide establishes a set of requirements for reviewers and public authorities to consider when developing and reviewing acquisition plans. It is envisaged that the wide promulgation and acceptance of the Reviewer's Guide will lead to greater consistency, objectivity and transparency in the review process across-government.

The Board continues to recognise the importance of capability building in supporting effective procurement operations. This year, the Board successfully applied for funding through the Federal Government's Productivity Places Program for Existing Workers (PPPEW). The

funding is being used to qualify 101 Government procurement officers in Certificate IV and Diploma in Government (Procurement and Contracting) delivered through TAFE SA.

The Board has also partnered with the University of South Australia to establish the Masters in Management (Strategic Procurement) qualification. This year, the Board and agencies have funded 4 employees, who commenced the course in April 2011. A further 6 places will be funded over the next two years.

On behalf of the Board, I would like to thank the Hon Jack Snelling MP, Treasurer, the Minister responsible for the Board, and his predecessor, the Hon Kevin Foley MP, for their 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



ABOUT THE BOARD

State Procurement Board Annual Report



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.

ABOUT THE BOARD

State Procurement Board Annual Report

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

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



GOVERNANCE

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 2010-11, the Board approved:

759	New machines
1,163	Game/denomination changes to installed machines
233	Second hand machines sold from dealers
1,109	Second hand machines sold to or traded-into dealers
117	Second hand machines sold from venue to venue
480	Machines sold through sale of venues

The Board's role in administering the Gaming Machine Supplier's Licence ceased as of 30 June 2011.

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, including deviations/variations to procurements/contracts resulting from a PAC approval.

This delegation does not extend to procurements that are high in complexity 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 or of strategic interest to the Board.

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.



STRATEGIC PRIORITIES

State Procurement Board Annual Report



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 2011-2013

The Board's Strategic Plan 2011-2013 focuses on supporting public authorities in four key result areas, namely:

- providing support to public authorities, in the form of improved policies and guidelines, tools and information, to assist them to improve their procurement operations;
- establishing a capability development program, from basic procurement induction, through to specific policy and technical training sessions for practitioners, and educational opportunities for those seeking formal qualifications. The plan also focuses on non-procurement participants and decision makers at the executive levels of government;
- ensuring the most effective governance model is in place that best facilitates the Board's future direction in line with the Board's obligations under the State Procurement Act 2004; and
- continuing the Board's ongoing business activities including reviews of public authority submissions to the Board and complaint

investigation and resolution processes. These processes also inform the Board's capability development and policy review program.

Training and Capability Development

The Board has acknowledged the importance of capability building as a key result area in its previous strategic plan (2008-10) and in its latest strategic plan (2011-13). This supports its efforts in achieving the Board's obligations under the *State Procurement Act 2004*, in particular, the requirement "to assist in the development and delivery of training and development courses and activities relevant to the procurement operations of public authorities".

A key initiative has seen the Board partner with the University of South Australia to establish the Masters in Management (Strategic Procurement) qualification. The Board and agencies have provided funding support to up to ten government employees who will have the opportunity to obtain the masters qualification following a staggered intake over the next two years. The first four employees commenced the course in April 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 and Territory jurisdiction.

The University of South Australia has applied for 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 TAFE SA (Adelaide North Institute) to deliver vocational training to progress the professionalisation of procurement officers.

This continuing partnership has successfully developed and delivered four professional development projects.

- TAFE SA is now delivering the full qualifications in Certificate IV and Diploma in Government (Procurement and Contracting).
- Two E-learning projects have been developed and implemented to pilot flexible and distant learning options for procurement. The 2 projects "Personalising Procurement Electronically" and the "Introduction to Contracting & Procurement in an On-Line Environment" have been established as toolbox guides under the Australian Flexible Learning Network.
- The Board has been successful in applying for \$304,200 of Productivity Places Program for Existing Workers (PPPEW) Government funding, which is being used to train and qualify 101 Government procurement officers in Certificate IV and Diploma in Government (Procurement and Contracting). There are currently 70 participants enrolled in the Diploma and 31 participants in the Certificate IV from various agencies across Government. This project commenced in February 2011 and will be undertaken over a two year period.

This partnership between the Board and TAFE SA resulted in nomination as a finalist for the WorkCover SA Industry Collaboration Award in the 2011 South Australian Training Awards, providing recognition of the value of the programs being delivered.

In 2010, agencies were consulted regarding procurement skills gaps and training needs of staff. The Board subsequently initiated a "Targeted Training Program" aimed at addressing the identified skills gaps. Since then, over 400 attendees have attended 20 procurement courses covering a range of procurement-related topics including Acquisition Planning, Market Intelligence Research, Probity, Supplier Selection, and the Board's Contract Management and Sustainable Procurement Guidelines. Feedback has indicated that this program has been very successful with strong demand and high participation rates.

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 under section 12, (1) (e) of the Act, namely *"to investigate and keep under review levels of compliance with the Board's procurement policies, principles, guidelines, standards and directions"*;
- 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.

The review program involves assessments in the following areas including:

- the achievement against procurement objectives identified in approved acquisition plans;
- 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
- that public authorities continue to meet the conditions applied to their procurement authority approval, in particular their progress against action plans.

A total of six major public authorities and four base level authorities were reviewed by the Board during the 2010-11 financial year. The majority of the reviews were conducted by external contractors, which has ensured a level of independence in the review program. The program has been well received by public authorities who have appreciated the opportunity for an independent body to validate and improve their procurement operations.

The 2010-11 reviews undertaken complete the initial two-year program, in which 18 public authorities have been reviewed (including all agencies with a procurement authority of \$1.1million and above, and three public authorities with a base level procurement authority).

The Board has engaged an external consultant to review the effectiveness of the Board's review program and to identify opportunities to improve the methodology.



OPERATIONAL PRIORITIES

State Procurement Board Annual Report



Policy Development and Review

In 2010-11, the Board released a new:

- Sustainable Procurement Guideline, which provides information and practical advice on the procurement of sustainable goods and services; and
- Reviewer's Guide, which describes the requirements for all elements of the Board's Acquisition Planning Guideline and clarifies the roles and responsibilities of all stakeholders.

To further improve efficiency in procurement processes, the Board increased the simple procurement threshold and the base level procurement authority to \$220,000. This will improve procurement responsiveness, minimise the administrative burden on suppliers and further reduce red tape across government public authorities.

In 2010-11, the Board also released revised versions of the:

- Base Level Procurement Authority Policy;
- Board Procurement Reporting Policy;
- Emergency Situation Procurement Policy;
- Late Tenders Policy;
- Use of Established Government Policy;
- Contract Management Guideline;
- Disposal Policy and Guideline;
- Life Cycle Costing Guideline;
- Market Approaches Guideline; and
- Risk Management Guideline.

The Board rescinded the Purchases with Imported Content Policy.

Future Policy Development

In 2011-12, the Board will further progress the policy framework by providing guidance to public authorities on supplier selection practices and value for money.

In addition, all policies and guidelines are reviewed biennially to ensure they are relevant and effective. Scheduled reviews will continue throughout 2011-12, in consultation with public authorities. A copy of the Board's policies can be found at: <http://www.spb.sa.gov.au>. A listing of current policies (as at 30 June 2010) is provided in Appendix A of this report.

Across Government Contracts

The Board is a signatory to a number of 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 2010-11 Shared Services SA was responsible for the management of the following 11 across-government contracts comprising 40 individual suppliers at a total estimated value of \$240 million per annum:

- Auction Services - General Equipment and Furniture;
- Audit & Related Services;
- Fuel Supplies (Fuel Card);
- Fuel Supplies (Bulk);
- Large Market Natural Gas (sites consuming greater than 10 TJ 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);
- Stationery and Related Products;
- Temporary Staff Placement Services; and
- Travel Management Services.

Shared Services SA undertook procurement activities during 2010-11 to plan and/or establish new arrangements for the following across-government contracts:

- Stationery and Related Products (DTF Lead Agency Agreement);
- State Government Large Market Electricity (sites consuming greater than 160 MWh per annum);
- Temporary Staff Placement Services (due to commence operation at the beginning of the 2011/12 period); and
- Postal and Related Services (due to commence operation in the 2011-12 period).

During the period, Shared Services SA also initiated procurement activities for Fuel (Card and Bulk) and Auction Services. A twelve (12) month contract extension option was also exercised for Audit and Related Services.

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

- Cross Jurisdictional Procurement Collaborative Arrangements Project - investigating opportunities for jurisdictions to deliver benefits through the establishment of cross jurisdictional arrangements for goods and services;
- Travel Management Working Group - investigating opportunities in the procurement of travel services and related commodities;
- Strategic Fuel Working Group - examining opportunities to improve and leverage procurement capability in the fuel market and establish a cross jurisdictional arrangement;
- Electricity Networking Group - sharing information relating to the electricity market and supply market strategies; and
- Paper Specifications - investigating opportunities to standardise the specification for paper across jurisdictions and undertake collaborative activities.

Seminars and Workshops

In November 2010, executive management attended a seminar on the topic of "Using sustainability thinking to support procurement outcomes". The key note speaker was Mr. Dan Atkins, Managing Director, of the Shaper Group.

This seminar was followed by a workshop on how to "Achieve procurement policy outcomes through sustainability thinking". 25 people attended the seminar and 84 attended the workshop.

A key initiative during the reporting year has been the development of the Board's "Reviewer's Guide", which was developed to improve the Board's processes for reviewing acquisition plans submitted to it by agencies.

It is a resource document that was developed for the Board's review team, with the primary aim of ensuring that the reviews of agency transactions requiring Board approval are undertaken in a consistent manner.

The Guide also provides a description of good practice for all of the elements of the Board's Acquisition Planning Guideline in each of the four complexity and value quadrants, and also clarifies the roles and responsibilities of all stakeholders.

In May and June 2011, a number of workshops and information sessions were held as part of implementing the Guide across government. 55 people involved in governance roles attended five workshops, and 82 procurement practitioners attended three seminar-style information sessions. The Board believes the guide will serve as a useful reference document to increase consistency in the planning process and ultimately raise the quality of procurements developed in agencies.



PUBLIC AUTHORITY PROCUREMENT ACTIVITY



State Procurement Board Annual Report



PUBLIC AUTHORITY PROCUREMENT ACTIVITY

State Procurement Board Annual Report

Public Authorities Required to Report Detailed Procurement Activity

DECS	Department of Education and Children's Services
DENR	Department of Environment and Natural Resources
DFC	Department for Families and Communities
DFW	Department for Water
DFEEST	Department for Further Education, Employment, Science and Technology
DPC	Department of the Premier and Cabinet
DTED	Department of Trade and Economic Development
DTEI	Department for Transport, Energy and Infrastructure
DTF	Department of Treasury and Finance
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 are required to 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).

In 2010-11, an overall reduction in the median time taken to complete both public and selective tendering processes is evident (Table 1). In 2010-11, when contracts undertaken by selective procurement were ranked from the lowest to the highest timeframe, the median contract took 67 days to complete (compared with 75 days in 2009-10). This compares to contracts undertaken by public tender where the median timeframe was 204 days to complete the procurement process (compared with 226 days in 2009-10) - see Tables 1 and 2 and Figure 1.

On the basis of the median statistics calculated, selective procurement processes appear to reduce the time taken to conduct procurement processes, compared to public tender processes. This is consistent with the assumption that the tender call period may generally be shorter in most selective tendering processes, whereas public tender processes may involve longer evaluation periods as a greater number of bids are received.

There is considerable variation in process completion times across contracts. For contracts

undertaken by public tender processes, fifty percent of the contracts took between 113 and 268 days to complete (compared with between 155 and 260 days in the previous year). For selective tender processes, fifty percent took between 27 and 135 days to complete (compared with between 30 and 173 days in 2009-10).

The Board will continue to monitor the variation in process completion times, and 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 2010-11 financial year)

Public Tendering	Quadrant 1 Low Complexity/ Low Value		Quadrant 2 High Complexity/ Low Value		Quadrant 3 Low Complexity/ High Value		Quadrant 4 High Complexity/ High Value		Overall	
	09-10	10-11	09-10	10-11	09-10	10-11	09-10	10-11	09-10	10-11
Median number of days	224	175	203 ^(b)	165 ^(b)	272	330	330 ^(b)	515 ^(b)	226	204
Number of contracts	187	188	8	11	45	56	15	8	255	24

Note: (a) The number of days 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 comparison.

Table 2: Median number of days to complete the procurement process^(a) via selective tendering (contracts completed during the 2010-11 financial year)

Public Tendering	Quadrant 1 Low Complexity/ Low Value		Quadrant 2 High Complexity/ Low Value		Quadrant 3 Low Complexity/ High Value		Quadrant 4 High Complexity/ High Value		Overall	
	09-10	10-11	09-10	10-11	09-10	10-11	09-10	10-11	09-10	10-11
Median number of days	65	59	455 ^(b)	86 ^(b)	212 ^(b)	121 ^(b)	585 ^(b)	70 ^(b)	75	67
Number of contracts	203	173	3	15	17	24	6	14	229	226

Note: (a) The number of days 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 comparison.

PUBLIC AUTHORITY PROCUREMENT ACTIVITY

State Procurement Board Annual Report

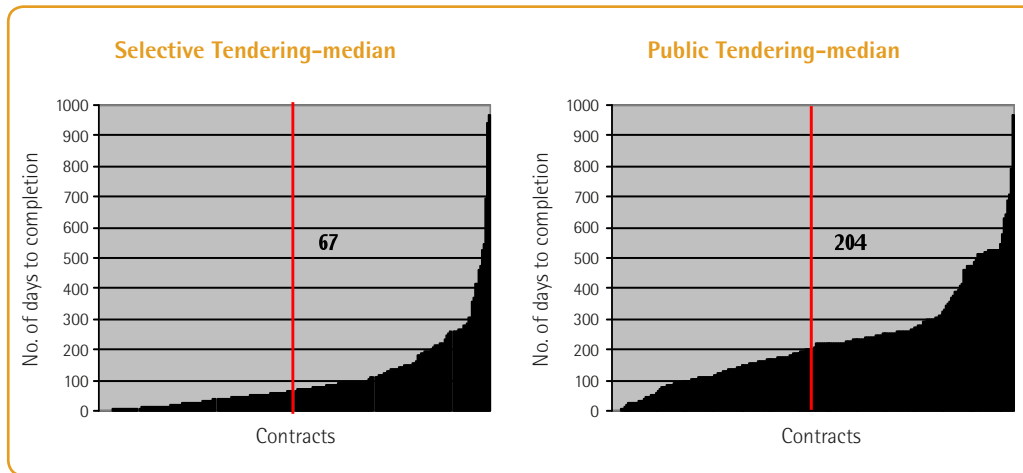


Figure 1: Comparison of the median number of days to complete the procurement process

Procurement Spend

In 2010-11, the total spend reported by public authorities on goods and services was approximately \$3.9 billion.

Table 3 displays total spend from 2006-07 to 2010-11. Total spend in 2010-11 increased by approximately \$88 million (i.e. approximately 2% from 2009-10).

Table 3 – Procurement Spend Summary

Purchase Type	2010-11	2009-10	2008-09	2007-08	2006-07
Goods	\$1,040,535,220	\$1,070,837,356	\$938,308,691	\$881,007,367	\$967,705,355
Services	\$2,832,035,016	\$2,713,798,753	\$2,470,264,982	\$2,708,725,124	\$2,354,687,303
Total	\$3,872,570,236	\$3,784,636,109	\$3,408,573,673	\$3,589,732,491	\$3,322,392,658

PUBLIC AUTHORITY PROCUREMENT ACTIVITY

State Procurement Board Annual Report

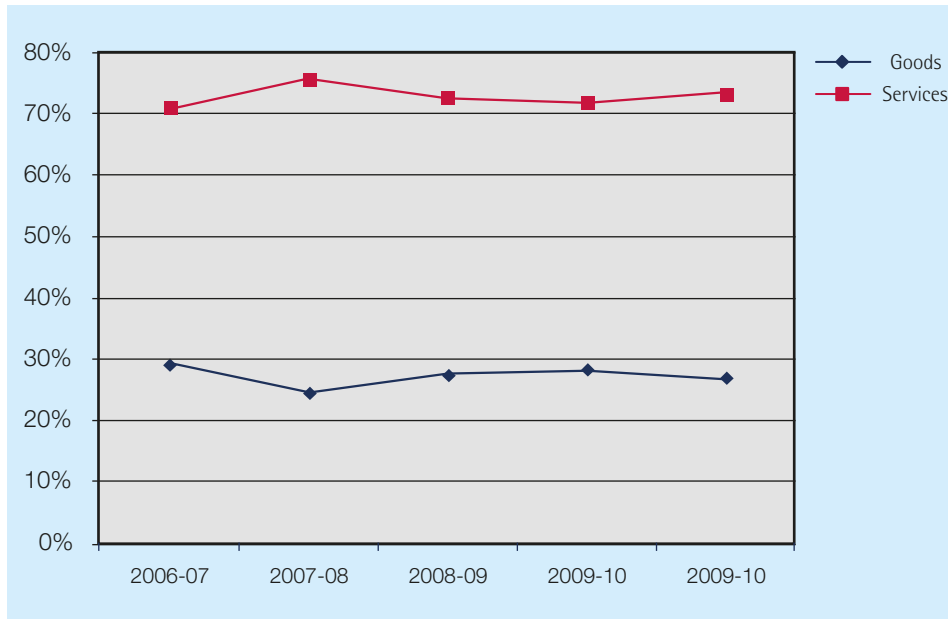


Figure 2 displays the percentage of total spend by purchase type for the last five financial years. The breakdown of total spend between goods and services has remained relatively stable during the period displayed.

◀ Figure 2 – Spend by Purchase Type from 2006-07 to 2010-11

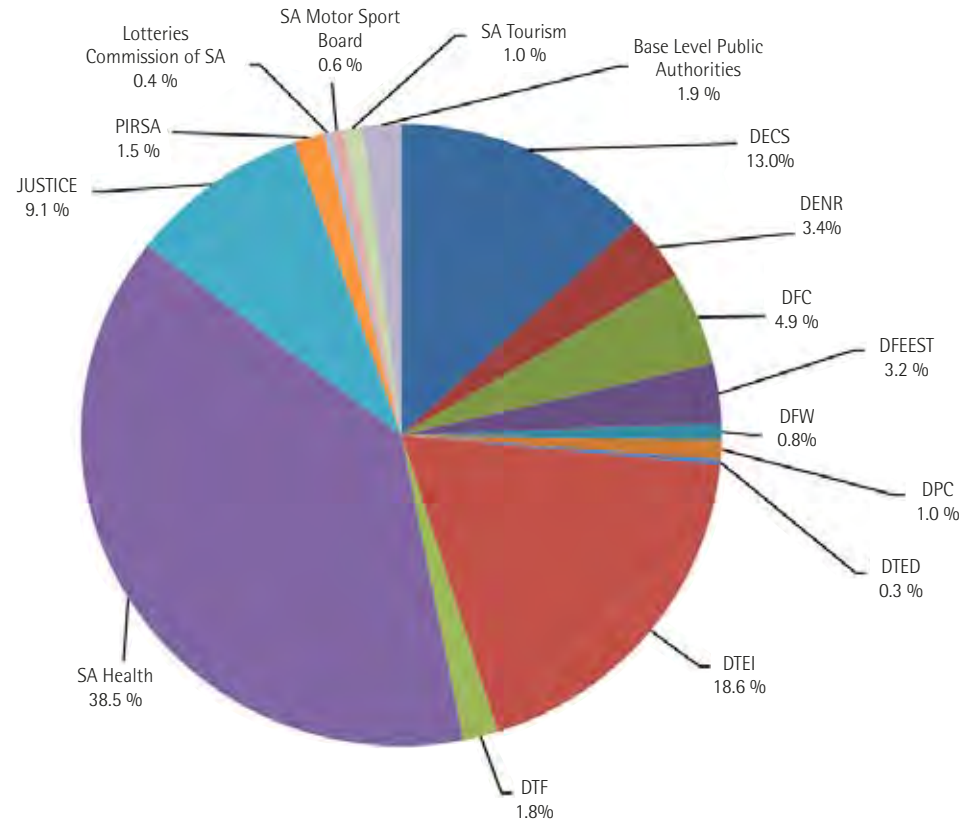
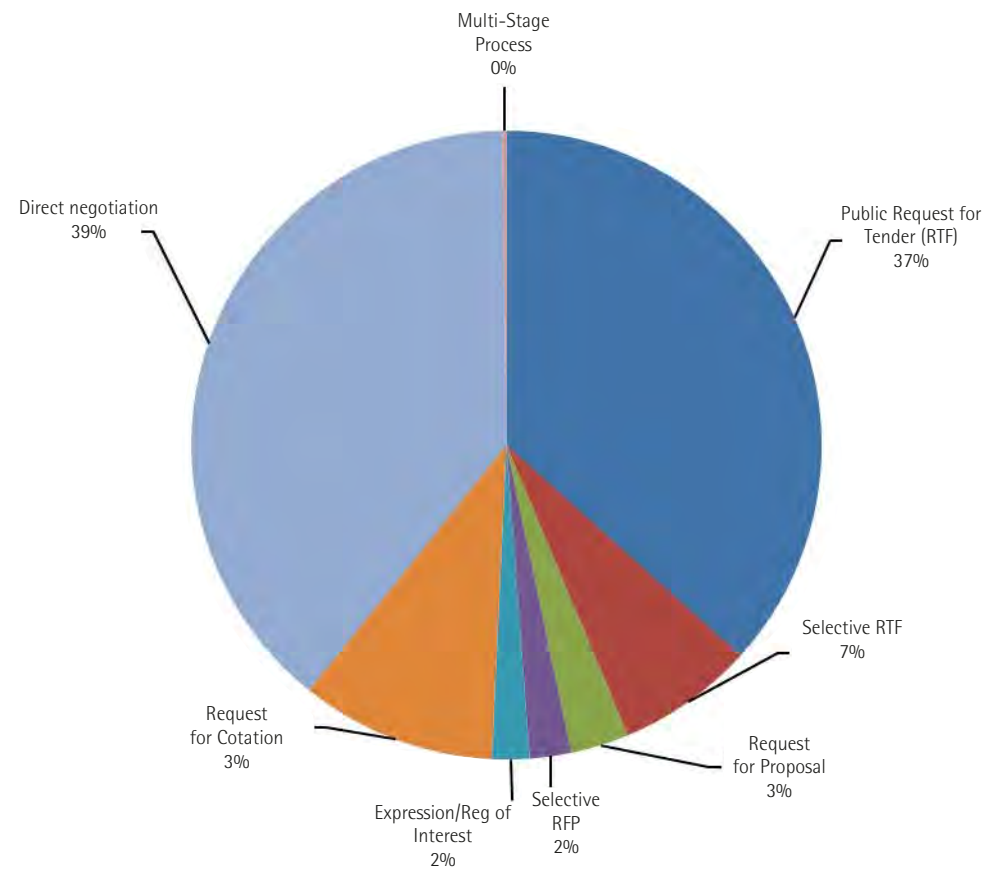


Figure 3 reflects each public authority's spend as a percentage of total spend. In 2010-11 SA Health incurred the highest spend (38.5% of the total spend), followed by DTEI (18.6% of the total spend).

Figure 3 – Percentage Spend by Public Authority 2010-11 ▶

PUBLIC AUTHORITY PROCUREMENT ACTIVITY

State Procurement Board Annual Report



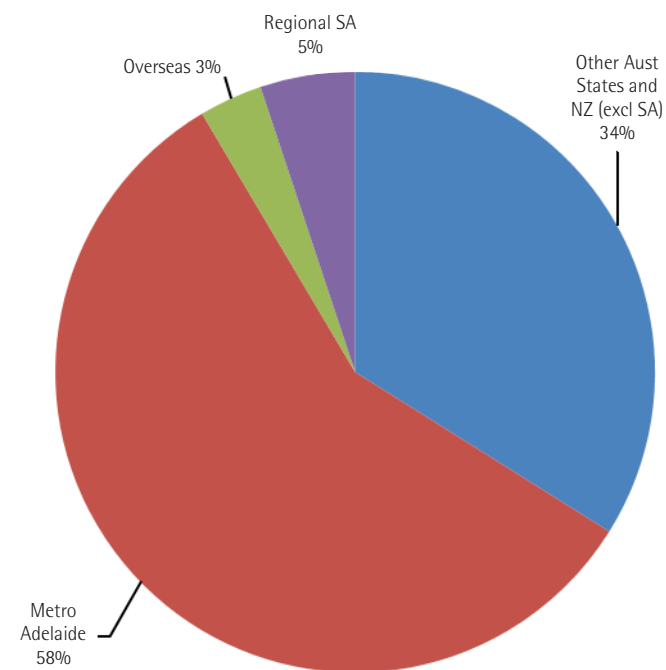
Contracting Activity

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 2010-11 public authorities undertook procurements using various market approaches, as displayed in Figure 4. Direct Negotiation and Public Request for Tender are the most widely used market approach, with approximately 76% of the number of contracts entered into sourced through these market approaches.

Figure 4 – Market Approach 2010-11



Source of Supply

Figure 5 displays the percentage of contracts public authorities entered into during 2010-11, categorised by supplier location.

The majority (97%) of all contracts were entered into with Australian and New Zealand suppliers (including South Australian suppliers), and this has increased marginally when compared with 2009-10 results (95%). 63% of all contracts were entered with South Australian suppliers, a decrease when compared with 2009-10 (78%).

Figure 5 – Contract Number by Supplier Location 2010-11

PUBLIC AUTHORITY PROCUREMENT ACTIVITY

State Procurement Board Annual Report

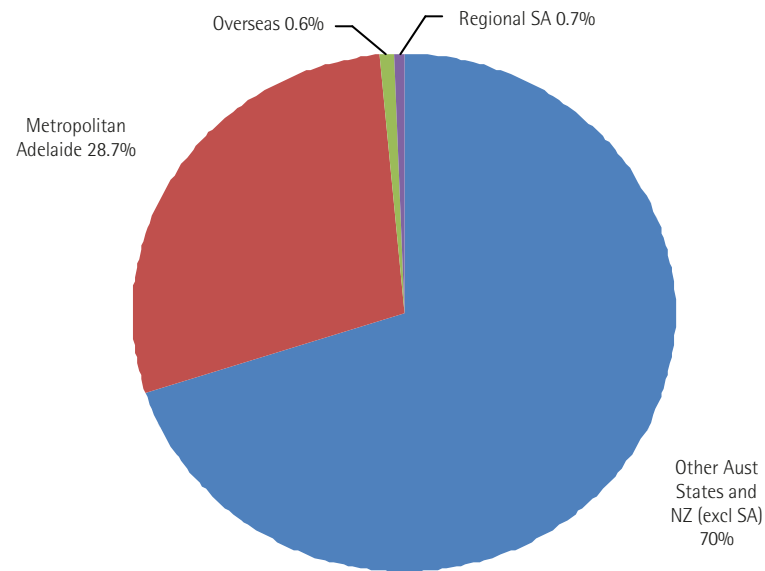


Figure 6 displays the percentage of contracts (by value) that public authorities entered into in 2010-11, by supplier location.

99% of the total value of contracts were entered with Australian and New Zealand suppliers (including South Australian suppliers), up from 96% in 2009-10. Approximately 0.6% of the total contract value was with overseas suppliers, down from 3.5% in 2009-10.

Figure 6 – Contract Value by Supplier Location 2010-11

PUBLIC AUTHORITY PROCUREMENT ACTIVITY

State Procurement Board Annual Report

Tables 4 & 5 below provide a summary of the total value and number of contracts entered into by public authorities in the last five financial years, by supplier location.

Between 2006-07 and 2010-11:

- SA suppliers were awarded approximately 58% of contracts by value and approximately 75% 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 2.5% of contracts by number.

Table 4 – Contract Value by Supplier Location

	2010-11	2009-10	2008-09	2007-08	2006-07	2006-07 to 2010-11	
						Total	%
Metropolitan Adelaide	\$465,837,847	\$858,203,047	\$607,476,346	\$533,686,749	\$1,172,398,309	\$3,637,602,298	57.1
Regional SA	\$11,188,110	\$28,529,814	\$14,201,776	\$18,668,879	\$12,787,573	\$85,376,152	1.3
Other Aust States and New Zealand (excl SA)	\$1,139,127,305	\$333,490,904	\$140,806,254	\$594,085,943	\$198,572,232	\$2,406,082,638	37.8
Overseas	\$9,740,047	\$45,080,607	\$147,639,221	\$3,633,504	\$28,696,041	\$234,789,420	3.7
Not Identified	\$0	\$5,311,151				\$5,311,151	0.1
	1,625,893,309	1,270,615,523	\$910,123,597	\$1,150,075,075	\$1,412,454,155	\$6,369,161,659	100

Table 5 – Contract Number by Supplier Location

	2010-11	2009-10	2008-09	2007-08	2006-07	2006-07 to 2010-11	
						Total	%
Metropolitan Adelaide	270	361	416	320	415	1782	67.4
Regional SA	24	42	33	34	32	165	7.9
Other Aust States and New Zealand (excl SA)	159	88	136	115	106	604	21.9
Overseas	16	8	30	9	11	74	2.5
Not Identified	0	16				16	0.3
	469	515	615	478	564	2641	100

It is important to note that from year to year, results of analysis of supplier location often vary significantly between reporting periods. Fluctuations can be attributed to significant procurements, which occur from time to time, that may heavily influence the results in a particular supplier region in the given period. Fluctuations could also be a consequence of the cyclical nature of contract establishment and contract renewals, rather than any trend that might indicate that local South Australian suppliers are less competitive. The data over many years demonstrates that local South Australian suppliers consistently participate in the vast majority of government contracts, both by number and by value. There continues to be a high participation of Australian based suppliers, notwithstanding the open nature of the Australian market to overseas suppliers.



OTHER INFORMATION

State Procurement Board Annual Report



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 2011 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
- WorkCover Corporation of South Australia



APPENDICES

State Procurement Board Annual Report



State Procurement Board Member Attendance at Meetings

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

Procurement Approvals Committee Member Attendance at Meetings

There were 12 Procurement Approvals Committee meetings held in 2010-11.

Current Board Members	PAC Meetings Attended
Gino DeGennaro	3
Steven Archer	2
Roy Arnold	4
Debbie Black	2
Judith Carr	5
Virginia Deegan	3
Catherine Schultz	2
Chris Oerman	4
Katrina Ball	5

Stakeholder Engagement Committee Members as at 30 June 2011

- Gino DeGennaro, Chair, State Procurement Board (Chair)
- Alix Taylor, Manager, Procurement and Records Management, DENR
- Steve Moro, Director/Chief Procurement Officer Procurement, SA Health
- Angela Allison, Director, Corporate Services, DTED
- Isabel Tsakiri, Manager, Procurement, DFEEST
- John Scalzi, Assistant Director, Procurement/Contracts, DECS
- Kelly Tattersall, Director, Procurement and Grants, DFC
- Mark O'Shea, Manager, Asset Management and Procurement, PIRSA
- Oliver Beres, Manager, Prudential Management, DFW
- 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 2011

Procurement Governance

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

Procurement Planning and Reporting

- Board Procurement Reporting Policy
- Common Identification Systems

Government Requirements

- Approvals Process Policy
- Procurement Approvals Guideline
- Emergency Situation Procurement Policy
- Sustainable Procurement Guideline
- Use of Established Government Facilities Policy
- International Obligations Policy

Procurement Context

- Lifecycle Costing Guideline
- 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 Complaints Policy

Procurement Authorities as at 30 June 2011

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
- Employee Ombudsman
- Forensic Science Advisory Committee
- Industrial Relations Commission
- Industrial Relations Court
- Legal Services Commission
- Medical Panels SA
- Public Trustee
- South Australian Fire and Emergency Services Commission
- South Australian Health Practitioners Tribunal
- South Australian Multicultural and Ethnic Affairs Commission
- South Australian Police
- State Electoral Office
- Workcover Ombudsman
- Workers Compensation Tribunal

\$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
- 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 Health

Public authorities aligned under 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 Incorporated
- Children, Youth and Women's Health Service Incorporated
- Coorong Health Service Health Advisory Council Inc.
- Country Health SA Board Health Advisory Council Inc.
- Country Health SA Hospital Incorporated
- 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

<ul style="list-style-type: none"> • 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 Incorporated • 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 of Education and Children's Services (DECS)

Public authorities aligned under DECS's procurement authority:

<ul style="list-style-type: none"> • 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:

<ul style="list-style-type: none"> • 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 Natural Resources (DENR)

Public authorities aligned under DENR's procurement authority:

- Adelaide and Mount Lofty Ranges natural Resource management Board
- Alinytjara Wilurara Natural Resource Management Board
- Board of the Botanic Gardens and State Herbarium
- Centre for Natural Resources Management Board
- Coast Protection Board
- Dog and Cat Management Board
- Environment Protection Authority
- Eyre Peninsula Natural Resource Management Board
- General Reserves Trust
- Kangaroo Island Natural Resource Management Board
- Maralinga Lands Mamungari Conservation Park Board of Management
- Native Vegetation Council
- Natural Resources Management Council
- Northern and Yorke Natural Resource Management Board
- Pastoral Board
- SA Arid Lands Natural Resource Management Board
- SA Murray Darling Basin Natural Resource Management Board
- South East Natural Resource Management Board
- Vulkathuna-Gammon Ranges National Park Co-management Board
- Zero Waste SA

\$1,100,000

Department of Primary Industries and Resources (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
- Beef Industry Development Board
- Blue Crab Fishery Management Committee
- Board of Examiners for Mine Managers
- Brukung Minesite Remediation Board
- Central Local Dog Fence Board
- Dairy Industry Development Board
- Dog Fence Board
- Extractive Areas Rehabilitation Fund Project Assessment Panel
- FARMBIS State Planning Group III
- Fisheries Council of South Australia

- Fowlers Bay Local Dog Fence Board
- Frome Local Dog Fence Board
- Genetically Modified Crop Advisory Committee
- Horticulture Industry Development Board
- Industry Development Boards – Resources
- Inland Fisheries Management Committee
- Marine Scalefish Fishery Management Committee
- Marree Local Dog Fence Board
- 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
- Olympic Dam Taskforce
- Penong Local Dog Fence Board
- Pig and Poultry Institute Advisory Board
- Pilchard Fishery Working Group
- Pork Industry Development Board
- Pureba Local Dog Fence 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
- 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 and Gulf St Vincent Prawn Fishery Management Committee

\$1,100,000

Department of the Premier and Cabinet (DPC)

- Agent-General
- Anzac Day Commemoration Council
- Art Gallery of South Australia
- Asbestos Advisory Committee
- Boxing and Martial Arts Advisory Committee
- Carrick Hill Trust

<ul style="list-style-type: none"> • 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 • Public Sector Grievance Review Commission • 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
---	-------------

Department of Treasury and Finance (DTF)

Public authorities aligned under DTF's procurement authority:

<ul style="list-style-type: none"> • 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
--	-------------

Department for Water (DFW)

Public authorities aligned under DWLBC's procurement authority:

<ul style="list-style-type: none"> • 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:

<ul style="list-style-type: none"> • 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
- Development Assessment Commission
- Development Policy Advisory Committee
- Local Heritage Advisory Committee
- Minister's State/Local Government Forum
- Outback Areas Community Development Trust
- Public Space Advisory Committee
- South Australian Local Government Grants Commission

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
Essential Services Commission of South Australia	\$110,000
History Trust of South Australia	\$110,000
Independent Gambling Authority	\$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

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



FINANCIALS

State Procurement Board Annual Report





STATE PROCUREMENT BOARD 2010-11 AUDIT

State Procurement Board Annual Report

Dear Mr DeGennaro

State Procurement Board 2010-11 audit

The audit of the State Procurement Board (the Board) has recently been completed. The scope of the audit covered the Board's major accounting functions and included the test verification of financial transactions processed and recorded during the year, and included a review of the position status and results of the Board's compliance review program of public sector agencies' procurement practices. As you are aware, I have included commentary on this review in the 2010-11 Annual Report of the Auditor-General to Parliament.

The financial statements of the Board for the year ended 30 June 2011 are returned herewith together with my Independent Auditor's Report.

I wish to express my appreciation for the assistance afforded to Audit staff during the conduct of the audit.

Yours sincerely



S O'Neill
AUDITOR-GENERAL



INDEPENDENT AUDITOR'S REPORT

State Procurement Board Annual Report

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 2011.

The financial statements comprise:

- A Statement of Comprehensive Income for the year ended 30 June 2011
- A Statement of Financial Position as at 30 June 2011
- A Statement of Changes in Equity for the year ended 30 June 2011
- A Statement of Cash Flows for the year ended 30 June 2011
- Notes, comprising a summary of significant accounting policies and other explanatory information
- A Certificate from the Chair and the Director, Financial Services.

The Responsibility of the State Procurement Board for the Financial Report

The members of the Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error

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 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 control relevant to the entity's preparation of the financial report that gives a true and fair view 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 members of the 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 auditor's opinion.

Auditor's Opinion

In my opinion, the financial report gives a true and fair of the financial position of the State Procurement Board as at 30 June 2011, 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.



S. O'Neill
AUDITOR-GENERAL
29 September 2011



CERTIFICATION OF THE FINANCIAL STATEMENTS

State Procurement Board Annual Report

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

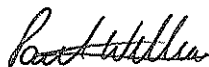
- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Board; and
- presents a true and fair view of the financial position of the State Procurement Board as at 30 June 2011 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

21 September 2011



Paul Williams
DIRECTOR, FINANCIAL SERVICES
DEPARTMENT OF TREASURY AND FINANCE

19 September 2011

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2011

State Procurement Board Annual Report

	Note	2011 \$'000	2010 \$'000
EXPENSES			
Employee benefit expenses	4	69	67
Supplies and services	6	433	338
Total expenses		502	405
INCOME			
Revenues from fees and charges	8	121	44
Total income		121	44
NET COST OF PROVIDING SERVICES		(381)	(361)
REVENUES FROM SA GOVERNMENT			
Grants from SA Government	9	390	381
Total Revenues from SA Government		390	381
NET RESULT		9	20
Other Comprehensive Income		—	—
TOTAL COMPREHENSIVE RESULT		9	20

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 2011

State Procurement Board Annual Report

	Note	2011 \$'000	2010 \$'000
CURRENT ASSETS			
Cash and cash equivalents	10	919	863
Receivables	11	—	20
Total current assets		919	883
TOTAL ASSETS		919	883
CURRENT LIABILITIES			
Payables	12	148	120
Employee benefits	13	—	1
Total Current Liabilities		148	121
TOTAL LIABILITIES		148	121
NET ASSETS		771	762
EQUITY			
Retained earnings		771	762
TOTAL EQUITY		771	762
THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER.			
Unrecognised Contractual Commitments		14	
Contingent Assets and Liabilities		15	

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2011

State Procurement Board Annual Report

	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2009	742	742
Net result for 2009-10	20	20
Total comprehensive result for 2009-10	20	20
Balance at 30 June 2010	762	762
Net result for 2010-11	9	9
Total comprehensive result for 2010-11	9	9
Balance at 30 June 2011	771	771

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

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2011

State Procurement Board Annual Report

	Note	2011 \$'000	2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Outflows			
Employee benefit payments		(70)	(67)
Payments for supplies and services		(401)	(266)
Cash used in operations		(471)	(333)
Cash Inflows			
Fees and charges		137	(77)
Cash generated from operations		137	(77)
Cash Flows from SA Government			
Receipts from SA Government		390	381
Cash generated from SA Government		390	381
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	16(b)	56	(29)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		56	(29)
Cash and cash equivalents at the beginning of the period		863	892
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	16(a)	919	863

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

Other Notes

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

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 2011. 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. A threshold of \$100 000 for separate identification of these items applies;
 - b. expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
 - c. employees whose normal remuneration is equal to or greater than the base executive remuneration level (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 2011 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 have 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.

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 benefit expenses

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

The liability for salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date for 2009-10. In 2010-11 employees were paid on 30 June for the pay period ending 1 July 2011. This represents a prepayment of 1 day's salary and wages, which has been recognised as an asset at 30 June 2011 at the remuneration rate for that day. This prepayment is not significant being less than \$1 000 and has no impact on the financial statements in note 11.

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.

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.

Under *The Gaming Machines (Miscellaneous) Amendment Bill 2010*, passed in both Houses on 25 November 2010 and proclaimed on 1 July 2011, the purchase of gaming machines has been eliminated from the Board's role.

3 New and Revised Accounting Standards and Policies

In accordance with amendments to APS 4.8 within Accounting Policy Framework II *General Purpose Financial Statements Framework*, effective 1 July 2010, the Board has disclosed all employees whose normal remuneration is equal to or greater than the base executive level remuneration. Previously APS 4.8 within APF II required the Board to disclose all employees whose normal remuneration was equal to or greater than \$100 000. This change is reflected in Note 4. However, the Board does not engage employees at the Executive level and hence there is no disclosure required.

The Board did not voluntarily change any of its accounting policies during 2010-11.

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 2011. 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 benefit expenses

	2011	2010
	\$'000	\$'000
Board fees	62	60
Employment on-costs - superannuation	4	4
Employment on-costs - payroll tax	3	3
Total Employee benefit expenses	69	67

The Board has no other employee expenses.

5 Remuneration of Board Members

Members that were entitled to receive remuneration for membership during the 2010-11 financial year were:
State Procurement Board

- Mr Gino DeGennaro (Chair)*
- Mr Steven Archer*
- Mr Roy Arnold
- Ms Katrina Ball*
- Ms Deborah Black
- Ms Judith Carr* (Re-appointed 10/05/2011)
- Ms Virginia Deegan
- Mr Christopher Oerman*
- Ms Catherine Schultz

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

	2011	2010
\$0	5	6
\$10 000 - \$19 999	4	4
Total Number of Board Members	9	10

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 **\$66 000** (\$64 000).

Amounts paid to a superannuation plan for board members was **\$4 000** (\$4 000).

*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

	2011	2010
	\$'000	\$'000
Supplies and services		
Professional fees *	282	266
Information technology	5	8
Advertising/marketing and promotions	15	4
Training and development	86	52
General administration and consumables	5	5
Consultants	39	—
Other **	1	3
Total Supplies and services	433	338
Supplies and services provided by entities within the SA Government		
Professional fees	133	5
Other **	1	—
Total Supplies and services by entities within the SA Government	134	5

* Professional fees include the \$122 000 incurred for the Productivity Places Program. A commitment for the engagement of TAFE Adelaide North to provide this training has been included in note 14.

** Other Supplies and services includes the provision for doubtful debts expense recognised in 2009-10 and written back in 2010-11. Refer to note 11.

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.

Consultants

The number of, and dollar amount paid or payable to consultants for projects undertaken are within the following bands:

	2011 Number	2010 Number	2011 \$'000	2010 \$'000
Between \$10 000 and \$50 000	1	—	39	—
Total Paid or Payable to Consultants	1	—	39	—

7 Auditor's Remuneration

Audit Fees paid or payable to the Auditor-General's Department

Total Audit Fees

2011 \$'000	2010 \$'000
7	7
7	7

Other Services

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

8 Revenues from fees and charges

2011 \$'000	2010 \$'000
----------------	----------------

Fees and charges received/receivable

Other fees and charges

Total Fees and charges

121	44
121	44

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

Other fees and charges

Total Fees and charges from entities within the SA Government:

121	44
121	44

9 Revenues from SA Government

2011 \$'000	2010 \$'000
----------------	----------------

Grants, subsidies and transfers

Total Revenues from SA Government

390	381
390	381

10 Cash and cash equivalents

2011 \$'000	2010 \$'000
----------------	----------------

Deposits with the Treasurer

Total Cash and cash equivalents

919	863
919	863

Interest rate risk

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

11 Receivables

	2011 \$'000	2010 \$'000
Current		
Receivables	—	16
Provision for doubtful debts *	—	(1)
Net Receivables	—	15
Prepayments	—	5
Total Current Receivables	—	20
	2011 \$'000	2010 \$'000
Receivables from SA Government Entities		
Receivables	—	15
Total Receivables from SA Government Entities	—	15

* In 2010-11 the Board received payment for a receivable which was initially recognised as a doubtful debt. As there are no receivables in 2010-11, the provision has been reversed in 2010-11.

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 17.3 in Note 17.

Categorisation of financial instruments and risk exposure information - refer to Note 17.

12 Payables

	2011 \$'000	2010 \$'000
Current		
Accrued Expenses *	148	120
Total Current Payables	148	120
Total Payables	148	120
	2011 \$'000	2010 \$'000
Payables to SA Government Entities		
Accrued Expenses *	144	7
Total Payables to SA Government Entities	144	7

* Accrued expenses include the \$122 000 incurred for the Productivity Places Program. The Board has a total commitment of \$304 000 for the engagement of TAFE Adelaide North to provide training for this program. The remaining \$182 000 has been included in note 14 as an unrecognised contractual commitment.

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 17.3 in Note 17.

Categorisation of financial instruments and risk exposure information - refer to Note 17.

13 Employee benefits

	2011 \$'000	2010 \$'000
Current		
Accrued salaries and wages *	—	1
Total Current Employee benefits	—	1

* In 2010-11 employees were paid on 30 June for the pay period ending 1 July 2011. This represents a prepayment of 1 day's salary and wages, which has been recognised as an asset at 30 June 2011 at the remuneration rate for that day. Prepayments are included in note 11, however the impact of the prepayment is not material at less than \$1 000 and does not impact on the financial statements.

14 Unrecognised Contractual Commitments

Commitments for the payment of consultants and contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

	2011 \$'000	2010 \$'000
No later than one year	123	—
Later than one year and not later than five years	61	—
Total Other commitments	184	—

Other commitments include the engagement of TAFE Adelaide North to provide training for the Productivity Places Program for \$182 000, of which \$121 000 is scheduled for payment in 2011-12. There are 2 additional minor commitments that account for the remaining \$2 000.

15 Contingent Assets and Contingent Liabilities

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

16 Cash Flow Reconciliation

	2011	2010
	\$'000	\$'000
(a) Reconciliation of Cash and Cash Equivalents at the end of the reporting period		
Statement of Cash Flows	919	863
Statement of Financial Position	919	863
(b) Reconciliation of Net Cash provided by Operating Activities to Net Cost of providing Services		
Net cash provided by operating activities	56	(29)
Less revenues from SA Government	(390)	(381)
Add Non cash items		
Bad and doubtful debts expenses	1	–
Changes in Assets / Liabilities		
(Decrease) Increase in receivables	(21)	7
Decrease (Increase) in payables	(28)	(70)
Decrease in employee benefits	1	–
(Increase) decrease in other liabilities	–	112
Net Cost of Providing Services	(381)	(361)

17 Financial Instruments/Financial Risk Management

Table 17.1 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
			2011	2011	2010	2010
			\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	Cash and cash equivalents	10	863	863	919	919
Receivables	Receivables ⁽¹⁾	11	20	20	-	-
	Total financial assets		883	883	919	919
Financial liabilities						
Financial liabilities at cost	Payables ⁽¹⁾	12	120	120	148	148
	Total financial liabilities		120	120	148	148

(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.

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 17.2 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
2011 Not impaired Receivables	–	–	–	–
2010 Not impaired Receivables	5	14	1	20

(1) Receivable amounts disclosed here exclude amounts relating to statutory receivables. 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, tax equivalents, commonwealth tax, audit receivables etc they would be excluded from the disclosure. The standard defines contract as "enforceable by law." They are carried at cost.

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

Table 17.3: Maturity analysis of financial assets and liabilities

	Carrying amount	Contractual Maturities		
		< 1 year	1-5 years	> 5 years
	\$'000	\$'000	\$'000	\$'000
2011				
Financial assets				
Cash and cash equivalent	919	919	-	-
Receivables	-	-	-	-
Total financial assets	919	919	-	-
Financial liabilities				
Payables	148	148	-	-
Total financial liabilities	148	148	-	-
2010				
Financial assets				
Cash and cash equivalent	863	863	-	-
Receivables	20	20	-	-
Total financial assets	883	883	-	-
Financial liabilities				
Payables	120	120	-	-
Total financial liabilities	120	120	-	-

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 17.1 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.

18 Events after the reporting period

Under The Gaming Machines (Miscellaneous) Amendment Bill 2010, passed in both Houses on 25 November 2010 and proclaimed on 1 July 2011, the purchase of gaming machines has been eliminated from the Board's role.



Government of South Australia

State Procurement Board