



**GOVERNMENT OF
WESTERN AUSTRALIA**

STATE SUPPLY COMMISSION

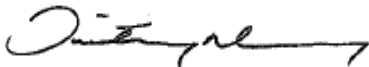
**ANNUAL REPORT
2009-2010**

STATEMENT OF COMPLIANCE

HON COLIN BARNETT
PREMIER; TREASURER; MINISTER FOR STATE DEVELOPMENT

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the State Supply Commission for the financial year ending 30 June 2010.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Timothy Marney
**A/CHIEF EXECUTIVE OFFICER
STATE SUPPLY COMMISSION**

22 September 2010



Cheryl Gwilliam
**MEMBER
STATE SUPPLY COMMISSION**

22 September 2010

Contact Details:

Address

6th Floor Dumas House
2 Havelock Street
West Perth WA 6005

Electronic

Internet: www.ssc.wa.gov.au
Email: enquiries@ssc.wa.gov.au
Telephone: (08) 9222 5700

TABLE OF CONTENTS

STATEMENT OF COMPLIANCE	1
OVERVIEW	3
Executive Summary	3
Operational Structure	4
Enabling Legislation	4
Responsible Minister	4
Organisational Chart	4
Board of the State Supply Commission	4
Board Profiles	4
Other Key Legislation Impacting on the State Supply Commission's Activities	5
Performance Management Framework	6
Outcome Based Management Framework	6
Changes to Outcome Based Management Framework	6
AGENCY PERFORMANCE – REPORT ON OPERATIONS	7
Financial Targets	7
Summary Of Key Performance Indicators	8
Significant Issues	9
Certification of Financial Statements for the year ended 30 June 2010.	10
Statement Of Comprehensive Income	11
Statement Of Financial Position	12
Statement Of Changes In Equity	13
Statement Of Cash Flows	14
Notes To The Financial Statements	15
Notes To The Financial Statements	16
Certification of Performance Indicators for the Year ended 30 June 2010	35
Ministerial Directives	36
Other Financial Disclosures	36
Pricing Policies of Services Provided	36
Capital Works	36
Employment and Industrial Relations	36
Staff Development	37
Governance Disclosures	37
Contracts with Senior Officers	37
Other Legal Requirements	37
Compliance with Public Sector Standards and Ethical Codes	37
Compliance Issues – Public Sector Standards	37
Compliance Issues – WA Code of Ethics and the State Supply Commission's Code of Conduct	37
Advertising	38
Recordkeeping Plans	38
Disability Access and Inclusion Plan Outcomes	38

OVERVIEW

EXECUTIVE SUMMARY

The *State Supply Commission Act 1991* (the Act) established the State Supply Commission (SSC) to regulate and review government procurement of goods and services. Whilst the SSC's role was vital in its early years as responsibility for procurement was devolved to individual agencies, this role has diminished over time as the public sector has matured. The government procurement landscape has changed dramatically since 2003 due to the success of the procurement reform program led by the Department of Treasury and Finance (DTF).

In the last SSC Annual Report, it was reported that Cabinet had approved the repeal of the *State Supply Commission Act 1991* and the merger of the SSC's staff to the Department of Treasury and Finance (DTF). This decision was made as a result of the diminishing role played by the SSC in public sector procurement, and the suitability of other government departments to undertake the those roles (for example, the Ombudsman, the Office of the Auditor General and DTF).

The SSC's former staff and activities were successfully merged into DTF and arrangements were made for DTF to support the Board whilst the SSC Act remained in force. The Act is expected to be repealed and a new administrative framework established in 2010/11.

As the SSC Act is expected to be repealed and the organisation has no staff and few financial transactions, the Office of the Auditor General has received the Treasurer's approval to not perform the 2009/10 audit. This annual report meets the minimum reporting requirements and provides the unaudited financial statements.

In closing, I would like to acknowledge the contribution of all the Board members and the staff of the SSC for their continued dedication and commitment to public sector procurement.

Timothy Marney
A/CHIEF EXECUTIVE OFFICER

22 September 2010

OPERATIONAL STRUCTURE

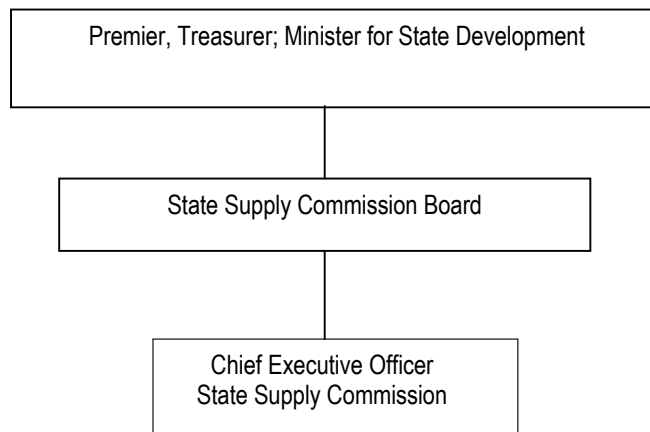
Enabling Legislation

The SSC was established as a statutory authority in 1991 under the *State Supply Commission Act 1991*. While Cabinet has approved the repeal of the Act, this has not yet occurred.

Responsible Minister

The Hon Colin Barnett MEd, MLA, in his capacity as Treasurer, is the Minister responsible for administration of the *State Supply Commission Act 1991*.

Organisational Chart



Board of the State Supply Commission

The Minister responsible for the *State Supply Commission Act 1991* appoints members to the SSC Board. The members of the Board are appointed according to their strategic procurement experience and expertise at a senior level. There are currently three members of the SSC Board. The term of appointment for these Members expires on 30 June 2011.

During 2009-10 the SSC Board held two meetings.

Board Profiles

Mr Timothy Marney is the Under Treasurer of the DTF and Chair of the Board.

Ms Cheryl Gwilliam is the Director General of the Department of the Attorney General.

Mr Rodney Alderton is the A/Executive Director, Government Procurement, DTF.

Other Key Legislation Impacting on the State Supply Commission's Activities

In the performance of its functions, the SSC complies with the following relevant written laws:

Auditor General Act 2006

Disability Services Act 1993

Electronic Transactions Act 2002

Equal Opportunity Act 1984

Financial Management Act 2006

Freedom of Information Act 1992

Government Employees Superannuation Act 1987

Industrial Relations Act 1979

Minimum Conditions of Employment Act 1993

Occupational Safety and Health Act 1984

Public and Bank Holidays Act 1972

Public Interest Disclosure Act 2003

Public Sector Management Act 1994

Salaries and Allowances Act 1975

State Records Act 2000

State Supply Commission Act 1991

Workers Compensation and Rehabilitation Act 1981

In the financial administration of the SSC, it has complied with the requirements of the *Financial Management Act 2006* and every other relevant written law, and exercised controls which provide reasonable assurance that the receipt and expenditure of moneys and the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing, the SSC is not aware of any circumstances that would render the particulars included in this statement misleading or inaccurate.

PERFORMANCE MANAGEMENT FRAMEWORK

Outcome Based Management Framework

The SSC does not have an Outcome Based Management Framework on which to report for 2009-10 as it did not appropriate any funding for 2009-10.

Changes to Outcome Based Management Framework

There were no changes to the agency level government desired outcomes, services and key performance indicators in 2009-10 from the previous year.

AGENCY PERFORMANCE – REPORT ON OPERATIONS

FINANCIAL TARGETS

State Supply Commission

	2009-10 Target \$'000	2009-10 Actual \$'000	2009-10 Variation
Total cost of services	0	70	On 16 March 2009, Cabinet approved a merger of the SSC with the DTF. This involved all the resources of the SSC transferring to the DTF. It then reverted to a Board focusing primarily on the oversight of supply policies and partial exemption arrangements. Any support required by the Board is provided by the DTF. The Board and this arrangement remain in place until the <i>State Supply Commission Act 1991</i> is repealed. All staff have been formally transferred to the DTF, except for the CEO. The SSC is required to have a CEO until such time as the <i>State Supply Commission Act 1991</i> is repealed. The transfer of the SSC's staff and budget was largely completed in April 2009.
Net cost of services	0	70	
Total equity	0	0	
Net increase/(decrease) in cash held	0	0	
Approved full time equivalent (FTE) staff level	1	1	Legislative requirement to retain the position of CEO, SSC

SUMMARY OF KEY PERFORMANCE INDICATORS

The SSC does not have any Key Performance Indicators information on which to report for the financial year as it did not appropriate any funding in 2009-10.

As all staff and functions of the SSC merged with the Department of Treasury and Finance in March 2009, and there has only been very minor outstanding expenditure incurred in winding up the SSC in 2009-10, the Office of the Auditor General has advised the SSC that it will not be performing the 2009-10 annual audit.

SIGNIFICANT ISSUES

In March 2009, Cabinet approved the merging of the SSC with the DTF and the repeal of the *State Supply Commission Act 1991*. At the end of the 2009-10 financial year, the merger with DTF had occurred, however, details associated with the repeal of the Act are still being finalised.

As a result, the SSC Board continued to meet – it met twice during the year.

Key policy changes which occurred as a result of SSC Board approvals include:

- Amendments to the Open & Effective Competition Policy. This included the removal of the requirement to advertise in *The West Australian*, allow direct source from Australian Disability Enterprises, and the inclusion of a reference to the Australia - Chile Free Trade Agreement (ACIFTA).
- Changes to the Buy Local Policy to ensure compliance with the ACIFTA.

The board also undertook a review of a number of procurement audits submitted to the SSC and endorsed an approach to remind all agencies who have not submitted their audits to do so.

The board was briefed by representatives of DTF and is satisfied that the new procurement framework and governance mechanisms are operating effectively.

Economic and social trends

The SSC's policies evolved in 2009/10 to reflect broader economic and social trends. These amendments were:

- Incorporation of the new Australian Government Free Trade Agreement with Chile into the SSC policy set; and
- Recognition of the unique skills and abilities of people with disabilities within the community by supporting the engagement of ADES to provide goods and services to government.

Changes in written law

The State Supply Commission Act has still not yet been repealed hence the SSC is still a statutory authority.

Likely developments and forecast results of operations

As soon as the State Supply Commission Act is repealed, all of the remaining minor operations and expenditure of the SSC will cease and activities will be taken up fully by the Department of Treasury and Finance.

DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS

Certification of Financial Statements for the year ended 30 June 2010.

The accompanying unaudited financial statements of the SSC have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2009, and the financial position as at 30 June 2010.

At the date of signing, we are not aware of any circumstances that would render any particulars included in the financial statements misleading or inaccurate.



Timothy Marney
**A/CHIEF EXECUTIVE OFFICER
STATE SUPPLY COMMISSION**

22 September 2010



Cheryl Gwilliam
**MEMBER
STATE SUPPLY COMMISSION**

22 September 2010



Martin Braganza
**CHIEF FINANCE OFFICER
STATE SUPPLY COMMISSION**

22 September 2010

STATE SUPPLY COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2010

		Note	2010	2009
			\$	\$
COST OF SERVICES			<u> </u>	<u> </u>
Expenses				
Employee benefits expense	4		6,254	1,034,637
Supplies and services	5		28,190	150,122
Depreciation expense	6		225	2,624
Accommodation expenses	7		-	256,241
Other expenses	8		32,947	96,294
Loss on disposal of non-current assets	9		4,048	-
			<u> </u>	<u> </u>
Total Cost of Services			71,664	1,539,918
			<u> </u>	<u> </u>
Income				
Revenue				
Other revenues	11		27,586	220,472
			<u> </u>	<u> </u>
Total Income other than Income from State Government			27,586	220,472
			<u> </u>	<u> </u>
NET COST OF SERVICES			44,078	1,319,446
			<u> </u>	<u> </u>
INCOME FROM STATE GOVERNMENT				
Service appropriations	10		6,000	1,597,000
			<u> </u>	<u> </u>
Total Income from State Government			6,000	1,597,000
			<u> </u>	<u> </u>
SURPLUS/(DEFICIT) FOR THE PERIOD	27		(38,078)	277,554
Other comprehensive Income			-	-
			<u> </u>	<u> </u>
TOTAL COMPREHENSIVE INCOME/(DEFICIT) FOR THE PERIOD			<u> </u>	<u> </u>
			<u> </u>	<u> </u>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**STATE SUPPLY COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

		Note		
ASSETS			2010	2009
			\$	\$
Current Assets				
Cash and cash equivalents	19		385,729	664,500
Receivables	12		2,248	186,600
Amounts receivable for services	13		22,000	16,000
Total Current Assets			409,977	867,100
Non-Current Assets				
Property, plant, equipment and vehicles	14		-	4,273
Total Non-Current Assets			-	4,273
TOTAL ASSETS			409,977	871,373
LIABILITIES				
Current Liabilities				
Payables	16		312	60,469
Provisions	17		-	363,161
Total Current Liabilities			312	423,630
TOTAL LIABILITIES			312	423,630
NET ASSETS			409,665	447,743
EQUITY				
Contributed equity	18		112,000	112,000
Accumulated surplus	18		297,665	335,743
TOTAL EQUITY			409,665	447,743

The Statement of Financial Position should be read in conjunction with the accompanying notes.

**STATE SUPPLY COMMISSION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Contributed Equity	Accumulated Surplus/ (Deficit)	Total Equity
Balance at 1 July 2008		20,112,000	25,795,779	45,907,779
Total comprehensive income for the year		-	277,554	277,554
Transactions with owners in their capacity as owners				
- Distribution to owners	18	(20,000,000)	(25,737,590)	(45,737,590)
Balance at 30 June 2009		112,000	335,743	447,743
Balance at 1 July 2009		112,000	335,743	447,743
Total comprehensive income for the year		-	(38,078)	(38,078)
Balance at 30 June 2010		112,000	297,665	409,665

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**STATE SUPPLY COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		-	1,597,000
Holding account draw downs		-	40,000
Net Cash Provided by State Government		-	1,637,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(369,415)	(1,130,619)
Supplies and services		(86,657)	(200,178)
Accommodation		-	(256,241)
GST payments on purchases		(9,713)	(62,472)
Other payments		(32,947)	(96,295)
Receipts			
Other receipts		213,881	136,797
GST receipts		6,080	75,636
Net Cash Used in Operating Activities	19	278,771	(1,533,372)
Net Increase/(Decrease) in Cash and Cash Equivalents		(278,771)	103,628
Cash and cash equivalents at the beginning of the period		664,500	560,872
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19	385,729	664,500

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

**1. AUSTRALIAN EQUIVALENTS TO INTERNATIONAL
FINANCIAL REPORTING STANDARDS**

General

The SSC's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statement (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the SSC has adopted, where relevant to its operations, new and revised standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early Adoption of Standards

The SSC cannot early adopt an Australia Accounting Standard or Australian Accounting Interpretation unless specifically permitted by T1 1101: Application of Australian Accounting Standards and Other Pronouncements. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the SSC for the annual reporting period ended 30 June 2010.

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial affect are disclosed in the notes to the financial statements.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented, unless otherwise stated.

The financial statements are presented in Australian dollars rounded to the nearest dollar.

(c) Reporting Entity

The reporting entity comprises solely of the SSC.

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

(d) Contributed Equity

AASB Interpretation 1038 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" requires transfers, other than as a result of a restructure of administrative arrangements, in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by Treasurer's Instruction (TI) 955 "Contributions by Owners Made to Wholly Owned Public Sector Entities" and have been credited directly to Contributed Equity.

Transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners, where the transfers are non-discretionary and non-reciprocal. See Note 18 Equity.

(e) Income

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable.

Revenue is recognised as follows:

Service Appropriations

Service appropriations are recognised as revenues at nominal value in the period in which the SSC gains control of the appropriated funds. The SSC gains control of the appropriated funds at the time those funds are deposited to the bank account or credited to the holding account held at the Treasury (see note 10 Income from State Government).

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

(f) Property, Plant and Equipment

(i) *Capitalisation/Expensing of assets*

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives.

Items of property, plant and equipment costing less than \$5,000 are expensed in the year of acquisition to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

(ii) *Initial recognition and measurement*

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal considerations, the cost is their fair value at the date of acquisition.

(iii) *Subsequent measurement*

After recognition as an asset, the cost model is used for the measurement for all property, plant and equipment. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

(iv) *Depreciation*

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Office Equipment	3 - 5 Years
------------------	-------------

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

(g) Financial Instruments

In addition to cash, the SSC has two categories of financial instrument:

- Receivables; and,
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(h) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets comprise cash on hand and short term deposits with original maturities of 3 months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(i) Amounts Receivable for Services (Holding Account)

The SSC previously accrued funding on an accrual basis that recognised the full annual cash and non-cash cost of services. The appropriations were paid partly in cash and partly as an asset (holding account receivable). The receivable was to be accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement. At year end, the SSC has paid all its leave obligations. The SSC will not be employing staff or replacing assets. Accordingly, the SSC will not receive the balance of funds in this account. See note 13.

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

(j) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the SSC will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 2(g): "Financial Instruments" and note 12: "Receivables".

(k) Payables

Payables are recognised at the amounts payable when the SSC becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 2(g): "Financial Instruments" and note 16: "Payables".

(l) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures in the current financial year.

3. DISCLOSURE OF CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

The SSC has not applied any additional Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2009 as there have been no additional standards or interpretations that have impacted on the SSC.

1. AASB 1004 "Contributions".

Future Impact of Australian Accounting Standards not yet Operative

The SSC cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by T1: 1101 "Application of Australian Accounting Standards and Other Pronouncements". Consequently, the SSC has not applied early Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the SSC but are not yet effective.

Moreover, it is expected that the State Supply Commission Act will be repealed by 30 June 2011 and the SSC will be formally dissolved at this date:

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 \$	2009 \$
4. EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	51,884	827,405
Superannuation defined contribution plans(ii)	-	97,255
Long service leave (i)	(38,351)	20,669
Annual leave (i)	(7,279)	89,308
	6,254	1,034,637
	6,254	1,034,637
<p>(i) All annual leave and long service leave liabilities of the SSC were settled in full by 30 June 2010. The 2010 balances represent the reversal of excess provisions.</p> <p>(ii) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).</p>		
5. SUPPLIES AND SERVICES		
Communications	5,573	13,071
Consultants and contractors	-	87,030
Consumables	18,342	3,121
Legal fees	3,226	5,117
Repairs and maintenance	-	1,228
Sundry	1,014	36,165
Travel	35	4,390
	1,049	150,122
	1,049	150,122
6. DEPRECIATION EXPENSE		
Office equipment	225	2,624
	225	2,624

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
7. ACCOMMODATION EXPENSES		
Lease rentals	-	247,977
Electricity	-	7,247
Repairs and maintenance	-	1,017
	-	256,241
	-	256,241
8. OTHER EXPENSES		
Audit fees	-	52,200
Capital acquisitions less than \$5,000	-	25,823
Employment on-costs (a)	32,947	18,052
Motor vehicle expense	-	219
	32,947	96,294
	32,947	96,294
(a) Includes workers' compensation insurance and other employment on-costs. Superannuation contributions accrued as part of the provisions for leave are employee benefits and are not included in employment on-costs.		
9. LOSS ON SALE OF ASSETS		
Costs of disposal of non-current assets	4,048	-
Proceeds from disposal		
- Office equipment	-	-
	-	-
Net loss	4,048	-

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
10. INCOME FROM STATE GOVERNMENT		
Appropriation received during the year:	6,000	1,597,000
- Service appropriations (i)		
(i) Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprise a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in the leave liability during the year.		
11. OTHER REVENUES		
Expense recoveries	27,586	219,229
Sundry	-	1,243
	<u>27,586</u>	<u>220,472</u>
12. RECEIVABLES		
<i>Current</i>		
Trade receivables	305	178,576
Allowance for impairment of receivables	-	-
Purchased leave receivable	-	8,024
GST receivable	<u>1,943</u>	<u>-</u>
Total Current	<u>2,248</u>	<u>186,600</u>
See also note 2(j) "Receivables" and note 22 "Financial Instruments"		
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	-	-
Doubtful debts expense recognised in the Statement of Comprehensive Income	-	-
Amounts written off during the year	-	-
Amount recovered during the year	<u>-</u>	<u>-</u>
Balance at end of year	<u>-</u>	<u>-</u>
Credit risk		
Ageing of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date:		
- Not more than 3 months	<u>2,248</u>	<u>178,576</u>

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 \$	2009 \$
13. AMOUNTS RECEIVABLE FOR SERVICES		
Current	22,000	16,000
	22,000	16,000

This asset represents the non cash component of service appropriations. See note 2(l) "Amounts Receivable for Services (Holding Account)". It is restricted in that it can only be used for asset replacement.

14. PROPERTY, PLANT AND EQUIPMENT

Office equipment (at cost)	-	12,950
Less: Accumulated depreciation	-	(8,677)
	-	4,273
Total Property, Plant and Equipment	-	4,273
	-	4,273

Reconciliations

Reconciliations of the carrying amounts of property and plant, equipment at the beginning and end of the reporting period are set out below:

	<i>Motor Vehicles</i> \$	<i>Office Equipment</i>	<i>Total</i> \$
2010			
Carrying amount at start of the year	-	4,273	4,273
Additions	-	-	-
Other disposals	-	(4,048)	(4,048)
Depreciation	-	(225)	(225)
	-	-	-
Carrying amount at end of the year	-	-	-
	-	-	-
2009			
Carrying amount at start of the year	272,064,493	6,897	272,071,390
Additions	-	-	-
Other disposals	(272,064,493)	-	(272,064,493)
Depreciation	-	(2,624)	(2,624)
	-	-	-
Carrying amount at end of the year	-	4,273	4,273
	-	4,273	4,273

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 \$	2009 \$
15. IMPAIRMENT OF ASSETS		
<p>At 30 June 2010, all surplus assets have either been written off or transferred to other Government departments or agencies.</p> <p>The SSC held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.</p>		
16. PAYABLES		
<i>Current</i>		
Trade payables	-	136
Accrued expenses	312	58,643
GST payable	-	1,690
	312	60,469
	312	60,469
17. PROVISIONS		
<i>Current</i>		
Employee benefits provision		
- Annual Leave (i)	-	126,179
- Long service leave (i)	-	236,982
	-	363,161
	-	363,161

(i) Annual leave and long services leave liabilities of the SSC were settled in full by 30 June 2010. The SSC has no employees at balance date.

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
18. EQUITY		
<p>Equity represents the residual interest in the net assets of the SSC. The Government holds the equity interest in the SSC on behalf of the community.</p>		
Contributed equity		
Balance at start of the year	112,000	20,112,000
Distribution to owners		
Contributed equity transferred to Government (i)	-	(20,000,000)
Total distribution to owners	-	(20,000,000)
Balance at end of the year	112,000	112,000
Accumulated surplus		
Balance at start of the year	335,743	112,000
Distribution to owners		
Accumulated surplus transferred to Government (i)	-	(25,737,590)
Total distribution to owners	-	(25,737,590)
Result for the period	(38,078)	277,554
Balance at end of the year	297,665	335,743

- (i) From 1 July 2008, State Fleet operations were conducted as a function of the Department of Treasury & Finance (DTF).

The State Supply Commission Amendment Act 2008, which came into operation as from 26 May 2008, enabled the transfer of responsibility for State Fleet from the SSC to DTF by means of a State Fleet Agreement ("Agreement").

The Treasurer's Office required the State Fleet arrangements to be finalised before 30 June 2008 to allow State Fleet operations to be conducted as a function of DTF from 1 July 2008.

The Agreement completed the arrangements for the transfer of responsibility for State Fleet to DTF, while allowing State Fleet to have access to the functions and powers of the State Supply Commission Act 1991 for the purposes of its operations. The Agreement superseded the delegation previously in place.

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
18. EQUITY (Continued)		
The net assets transferred to Government consist of the following:		
Contributed equity	-	20,000,000
Accumulated surplus	-	25,737,590
	<hr/>	<hr/>
Net assets transferred	-	45,737,590
	<hr/> <hr/>	<hr/> <hr/>
Net assets consist of the following:		
ASSETS		
Current Assets		
Cash and cash equivalents	-	9,095,544
Receivables	-	4,870,374
	<hr/>	<hr/>
Total Current Assets	-	13,965,918
	<hr/>	<hr/>
Non-Current Assets		
Receivables	-	674,266
Property, plant, equipment and vehicles	-	272,064,493
	<hr/>	<hr/>
Total Non-Current Assets	-	272,738,759
	<hr/>	<hr/>
TOTAL ASSETS	-	286,704,677
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
Current Liabilities		
Payables	-	13,757,741
Borrowings	-	89,770,580
Other current liabilities	-	4,324,549
	<hr/>	<hr/>
Total Current Liabilities	-	107,852,870
	<hr/>	<hr/>
Non-Current Liabilities		
Borrowings	-	133,114,217
	<hr/>	<hr/>
Total Non-Current Borrowings	-	133,114,217
	<hr/>	<hr/>
TOTAL LIABILITIES	-	240,967,087
	<hr/>	<hr/>
NET ASSETS	-	45,737,590
	<hr/> <hr/>	<hr/> <hr/>

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

19. NOTES TO STATEMENT OF CASH FLOWS	2010	2009
	\$	\$
	<hr/>	<hr/>
<i>Reconciliation of Cash</i>		
Cash at the end of the financial year, as shown in the Statement of Cash Flow, is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	385,729	664,500
	<hr/>	<hr/>
Reconciliation of Net Cost of Services to Net Cash Flows Used in Operating Activities		
Net cost of service	(44,078)	(1,319,446)
<i>Non-Cash Items:</i>		
Depreciation (note 6)	225	2,624
Loss on disposal of assets	4,048	-
	<hr/>	<hr/>
	4,273	2,624
	<hr/>	<hr/>
<i>(Increase)/Decrease in Assets:</i>		
Current receivables	184,352	(91,698)
	<hr/>	<hr/>
	184,352	(91,698)
	<hr/>	<hr/>
<i>Increase/(Decrease) in Liabilities:</i>		
Current payables	(60,157)	44,076
Other current liabilities	-	(221,155)
Current provisions	(363,161)	164,203
Non-current provisions	-	(111,976)
	<hr/>	<hr/>
	(423,318)	(124,852)
	<hr/>	<hr/>
Net cash used in operating activities	(278,771)	(1,533,372)
	<hr/>	<hr/>

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

20. COMMITMENTS

(a) Recurring Operating Commitments

The SSC does not have any expenditure commitments at 30 June 2010.

(b) Non-Cancellable Operating Lease Commitments

The SSC does not have any operating lease commitments at 30 June 2010.

21. EXPLANATORY STATEMENT

On 16 March 2009, Cabinet approved a merger of the SSC with the Department of Treasury & Finance. As part of the merger, the SSC's appropriations for the period 1 May 2009 to 30 June 2009 were transferred to the Department of Treasury & Finance. The appropriations totalled \$261,000. No appropriations were made for the year ended 30 June 2010, other than for \$6,000. The SSC was in the process of winding down during 2010.

22. FINANCIAL INSTRUMENTS

(a) **Financial Risk Management Objectives and Policies**

Financial instruments held by the SSC are cash and cash equivalents, receivables, and payables. The SSC has limited exposure to financial risks. The SSC's overall risk management program focuses on managing the risks identified below.

Credit Risk

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

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at Note 22(c).

Credit risk associated with the SSC's financial assets is minimal as current receivables are the amounts receivable from State Government departments and agencies. In addition, receivable balances are monitored on an ongoing basis with the result that the SSC's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. No financial assets are either past due or impaired, refer to Note 12 "Receivables".

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

22. FINANCIAL INSTRUMENTS (Continued)

(a) **Financial Risk Management Objectives and Policies (Continued)**

Liquidity Risk

Liquidity risk arises when the SSC is unable to meet its financial obligations as they fall due. The SSC has appropriate procedures to manage cash flows as it winds down.

Market Risk

The SSC does not trade in foreign currency and is not materially exposed to other price risks. The SSC is not exposed to interest rate risk because apart from cash and cash equivalents which are non-interest bearing, it has no borrowings.

(b) **Categories of Financial Instruments**

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	2010 \$	2009 \$
Financial Assets		
Cash and cash equivalents	385,729	664,500
Receivables (i)	305	186,600
Financial Liabilities		
Payables (ii)	312	58,779

(i) The amount receivable excludes GST recoverable of \$1,943 from the Australian Taxation Office.

(i) The amount payable for 2009 excludes GST recoverable of \$1,690 from the Australian Taxation Office (statutory payable).

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

22. FINANCIAL INSTRUMENTS (Continued)

(c) **Financial Instruments Disclosure**

Credit Risk, Liquidity Risk and Interest Rate Risk Exposures

The following table details the exposure to liquidity risk and interest rate risk as at the balance sheet date. The SSC's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to senior management of the SSC. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date.

The SSC does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The SSC does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

	2010		2009	
	Non-Interest Bearing	Carrying Amount	Non-Interest Bearing	Carrying Amount
Financial Assets				
Cash and Cash Equivalents	385,729	385,729	664,500	664,500
Receivables	305	305	186,600	186,600
	386,034	386,034	851,100	851,100
Financial Liabilities				
Payables (a)	312	312	58,779	58,779
	385,722	385,722	792,321	792,321

- (a) The amount of payable excludes GST recoverable from the Australian Taxation Office (statutory receivable).

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 \$	2009 \$
--	------------	------------

**23. REMUNERATION OF MEMBERS OF THE
SSC AND SENIOR OFFICERS**

Remuneration of Members of the SSC

The number of members of the SSC, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	\$	\$		
	0	-	10,000	3
	10,001	-	20,000	1
	150,001	-	160,000	1

The total remuneration of members of the SSC is: - 172,072

The total remuneration includes the superannuation expense incurred by the SSC in respect of members of the SSC. No members of the SSC are members of the Pension Scheme.

Remuneration of Senior Officers

The number of senior officers other than the members of the SSC, whose total of fees, salaries, superannuation, non-monetary benefits for the financial year, fall within the following bands are:

	\$	\$		
	30,001	-	40,000	1
	90,001	-	100,000	2
	110,001	-	120,000	1

The total remuneration of senior officers is: - 344,856

The total remuneration includes the superannuation expense incurred by the SSC in respect of senior officers other than senior officers reported as members of the SSC. No senior officers are members of the Pension Scheme.

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 \$	2009 \$
24. REMUNERATION OF AUDITOR		
Auditing the accounts, financial statements and performance indicators	-	52,200

25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The SSC did not have any contingent liabilities or contingent assets at balance date.

26. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 16 March 2009, Cabinet approved a merger of the SSC with the Department of Treasury & Finance. This involves all the resources of the SSC transferring to the Department of Treasury & Finance. The SSC reverts to a Board focussing primarily on the oversight of supply policies and partial exemption arrangements. Any support required by the Board is to be provided by the Department of Treasury & Finance. The Board and this arrangement remains in place until the State Supply Commission Act is repealed.

All staff have been formally transferred to Department of Treasury & Finance. The transfer of staff and budget was largely completed prior to 30 June 2009.

It is expected that the State Supply Commission Act will be repealed by 30 June 2011.

The merger has occurred administratively. Legislation, repealing State Supply Commission Act, is required to abolish the Board and formally dissolve the SSC.

**STATE SUPPLY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Procurement and Disposal Processes 2010 \$	Procurement and Disposal Processes 2009 \$
27. SCHEDULE OF INCOME AND EXPENSES BY SERVICES		
Expenses		
Employee benefits expense	6,254	1,034,637
Supplies and services	28,190	150,122
Depreciation expense	225	2,624
Accommodation expenses	-	256,241
Other expenses	32,947	96,294
Loss on disposal of assets	4,048	-
Total Cost of Services	71,664	1,539,918
Income		
Other revenues	27,586	220,472
Total Income other than Income from State Government	27,586	220,472
NET COST OF SERVICES	44,078	1,319,446
INCOME FROM STATE GOVERNMENT		
Service appropriations	6,000	1,597,000
Total Income from State Government	6,000	1,597,000
SURPLUS/(DEFICIT) FOR THE PERIOD	(38,078)	277,554

Certification of Performance Indicators for the Year ended 30 June 2010

We hereby certify that the unaudited State Supply Commission does not have any performance indicators to report for the financial year ended 30 June 2010.

Timothy Marney
**A/CHIEF EXECUTIVE OFFICER
STATE SUPPLY COMMISSION**

22 September 2010

Cheryl Gwilliam
**MEMBER
STATE SUPPLY COMMISSION**

22 September 2010

MINISTERIAL DIRECTIVES

The Treasurer did not give any directions to the SSC under section 7(1) of the *State Supply Commission Act 1991* during 2009-10.

OTHER FINANCIAL DISCLOSURES

Pricing Policies of Services Provided

The SSC is a high level procurement and contracting policy statutory authority that reports direct to the Treasurer; hence it does not charge for any of its services.

Capital Works

The SSC did not apply for any capital works funds in 2009-10. No minor office replacements were purchased or funded from the holding account that is held at the Department of Treasury and Finance.

Capital project incomplete

The SSC did not have any capital works funding for 2009-10 hence there are no capital projects incomplete for the 2009-10 financial year.

Capital project completed

The SSC did not have any capital works funding for 2009-10 hence there are no capital projects completed for the 2009-10 financial year.

Employment and Industrial Relations

Staff Profile

Category	2009-10	2008-09	2007-08
Full-time permanent	1*	1	13
Full-time contract	0	0	0
Part-time measured on a FTE basis	0	0	0
On secondment - in	0	0	0
On secondment - out	0	0	0
Total number of staff	1*	1	13

Mr Timothy Marney was appointed as A/CEO.

Staff Development

As all of the SSC employees permanently transferred to the department of Treasury and Finance on the 1 April 2009, the SSC did not have any staff development commitments for the 2009-10 financial year.

Workers Compensation

There were no workers' compensation claims during the 2009-10 financial year as the SSC did not have any employees.

GOVERNANCE DISCLOSURES

Contracts with Senior Officers

At the date of reporting, no Senior Officers, or firms of which Senior Officers are members, or entities in which Senior Officers have substantial interests had any interests in existing or proposed contracts with the SSC and Senior Officers.

OTHER LEGAL REQUIREMENTS

Compliance with Public Sector Standards and Ethical Codes

In accordance with section 31(1) of the *Public Sector Management Act 1994*, the SSC does not have any non-compliance issues to report in 2009-10 in respect of the public sector standards, the WA Code of Ethics and the SSC's Code of Conduct.

Compliance Issues – Public Sector Standards

The SSC operates in accordance with the Public Sector Standards and does not have any Breach of Standards claims lodged in 2009-10.

Compliance Issues – WA Code of Ethics and the State Supply Commission's Code of Conduct

No internal grievances were lodged relating to non-compliance with the ethical codes and no complaints from external authorities were received.

Timothy Marney
A/CHIEF EXECUTIVE OFFICER
22 September 2010

Advertising

In compliance with Section 175ZE of the *Electoral Act 1907*, the SSC is required to disclose expenditure on advertising, market research, polling, direct mail and media advertising.

- (1) Total expenditure for 2009-10 was nil dollars.
- (2) Expenditure was incurred in the following areas:

Advertising agencies	-	-	\$0
Market research organisations	-	-	\$0
Polling organisations	-	-	\$0
Direct mail organisations	-	-	\$0
Media – advertising agencies	-	-	\$0
Total expenditure		\$0	\$0

Recordkeeping Plans

The SSC maintained its Recordkeeping Plan in accordance with the requirements of the State Records Office.

All of SSC records have been stored safely off site pending the outcome of the repeal of the *State Supply Commission Act* and transfer to the Department of Treasury and Finance.

Disability Access and Inclusion Plan Outcomes

The SSC is committed to ensuring that people with disabilities, their families and carers are able to access its services, facilities and information by providing them with the same opportunities, rights and responsibilities enjoyed by all other people in the community.

The SSC published its Disability Access and Inclusion Plan for the period 2007-10 (DAIP). This DAIP is available for download in Word and PDF format via the SSC's website. On request, this document can also be made available in hardcopy format (in both standard and large print), and by email.