



**GOVERNMENT OF  
WESTERN AUSTRALIA**

**STATE SUPPLY COMMISSION**

**ANNUAL REPORT  
2008-2009**



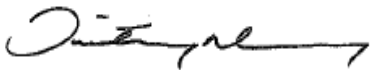
## STATEMENT OF COMPLIANCE

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HON TROY BUSWELL BEc MLA  
TREASURER; MINISTER FOR COMMERCE;  
SCIENCE AND INNOVATION; HOUSING AND WORKS

In accordance with section 61 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 2009.

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**

11 September 2009



Cheryl Gwilliam  
**MEMBER  
STATE SUPPLY COMMISSION**

11 September 2009

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## OVERVIEW

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### EXECUTIVE SUMMARY

The *State Supply Commission Act 1991* (the *Act*) established the State Supply Commission in order to regulate and review government procurement of goods and services. Whilst the Commission'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).

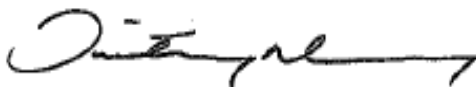
This has led to a reduced need for a small, independent Commission to oversee and regulate public sector purchasing.

In March 2009, Cabinet approved the repeal of the *State Supply Commission Act 1991* and the transfer of the State Supply Commission's staff to the DTF. This decision was made as a result of the diminishing role played by the Commission 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 the DTF).

I am confident that leadership in government procurement will continue to strengthen and that significant efficiency improvements will be realised as a result of having a single body responsible for the strategic management and oversight of public sector procurement.

I would particularly like to thank Ms Jennifer Ballantyne who, this year, retired as Chairman of the State Supply Commission Board. In addition, I'd like to thank Mr Jock Ferguson and Ms Vickie Petersen, who also retired as members of the Board.

In closing, I would like to acknowledge the contribution of all the Board members and the staff of the State Supply Commission, both past and present, for their continued dedication and commitment to public sector procurement.



Timothy Marney  
**A/CHIEF EXECUTIVE OFFICER**

11 September 2009

## OPERATIONAL STRUCTURE

### Enabling Legislation

The State Supply Commission was established as a statutory authority in 1991 under the *State Supply Commission Act 1991*.

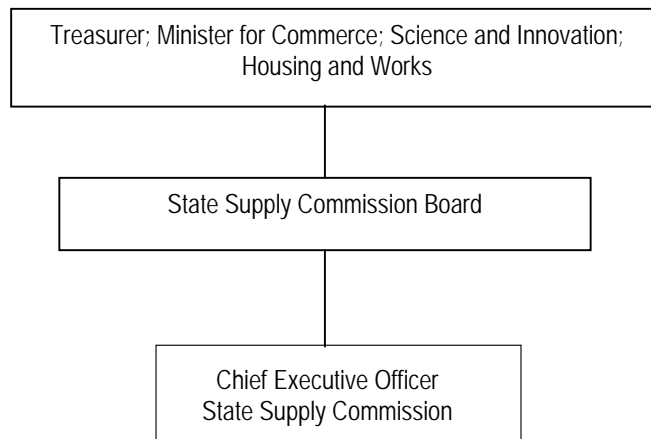
### Responsible Minister

The Hon Troy Buswell BEc MLA, in his capacity as Treasurer, is the Minister responsible for administration of the *State Supply Commission Act 1991*.

### Mission

To achieve universal adoption of best practice in government procurement and disposals.

### Organisational Chart



## Board of the State Supply Commission

The Minister responsible for the *State Supply Commission Act 1991* appoints members to the State Supply Commission Board. The members of the Board are appointed according to their strategic procurement experience and expertise at a senior level. There are currently four members of the Commission Board and two Substitute Members. The term of appointment for these Members expires on 30 June 2009.

During 2008-09 the Commission Board held three Ordinary Meetings.

## Board Profiles

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

Mr Richard Mann is the Executive Director, Office of Strategic Projects, Building Management and Works, DTF.

Mr Timothy Marney is the Under Treasurer of the DTF.

Ms Sharyn O'Neill is the Director General of the Department of Education and Training.

Mr Bill Bleakley (Substitute Member) is the General Manager, Health Corporate Network.

Mr Dave Robinson (Substitute Member) is the Secretary of Unions WA.

The Chief Executive Officer of the State Supply Commission is an ex-officio member of the Commission Board in accordance with section 8(b) of the *State Supply Commission Act 1991*. Mr Rodney Alderton is the Commission's Chief Executive Officer and holds the ex-officio position.

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

In the performance of its functions, the State Supply Commission 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 State Supply Commission, the Commission 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 Commission 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

Broad, high level government goals are supported at agency level by more specific desired outcomes. Agencies deliver services to achieve these desired outcomes, which ultimately contribute to meeting the higher level government goals. The following table illustrates the relationship between agency level desired outcomes and the most appropriate government goals.

Government Goal	Desired Outcomes	Services
Developing and maintaining a skilled, diverse and ethical public sector serving the Government with consideration of the public interest.	All public authorities use the Commission procurement and disposal processes.	Administration of Goods and Services Procurement Policies for Public Authorities

### Changes to Outcome Based Management Framework

The State Supply Commission did not have any changes to the agency level government desired outcomes, services and key performance indicators from the previous year.

## AGENCY PERFORMANCE – REPORT ON OPERATIONS

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### FINANCIAL TARGETS

#### *State Supply Commission*

	<b>Target \$'000</b>	<b>Actual \$'000</b>	<b>Variation</b>
Total cost of services	1,866	1,540	On 16 March 2009, Cabinet approved a merger of the State Supply Commission with the DTF. This involved all the resources of the State Supply Commission transferring to the DTF. The State Supply Commission 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 State Supply Commission is required to have a CEO until such time as the <i>State Supply Commission Act 1991</i> is repealed. The transfer of the Commission's staff and budget was largely completed by 31 April 2009.
Net cost of services	1,863	1,319	
Total equity	10	447	
Net increase/(decrease) in cash held	(2)	104	
Approved full time equivalent (FTE) staff level	13	13	

## KEY PERFORMANCE INDICATORS

	Target	Actual	Variation
<p>Outcome</p> <p>All public authorities use State Supply Commission procurement and disposal processes.</p> <p>All public authorities use State Supply Commission procurement and disposal processes.</p>	90%	98%	
<p>Service 1</p> <p>Administration of Goods and Services Procurement Policies for Public Authorities</p> <p>Key Efficiency Indicator.</p> <p>Public Authorities' satisfaction with State Supply Commission's timeliness in responding to their requests.</p>	90%	79%	Attributed to the survey participants rating the Commission as 'Neutral' as the amended supply policies and partial exemptions have reduced the requirement for advice to be sought from the Commission.

## SERVICE 1: ADMINISTRATION OF GOODS AND SERVICES PROCUREMENT POLICIES FOR PUBLIC AUTHORITIES

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### MAJOR ACHIEVEMENTS FOR 2008-09

*Consolidate the new procurement review framework based on assessing agency capability and performance*

#### **Procurement Reviews**

The procurement capability review framework is based on a performance review that focuses on assessing the individual agency's overall management and governance of its procurement activities, with the aim of independently assessing whether the agency has the infrastructure in place to:

- strategically manage its spend;
- appropriately manage its (and Government's) contracting risks; and
- demonstrate that it is achieving value for money.

These reviews are not intended to revisit contract award decisions per se, but aim to identify strategies, processes and business practices that improve procurement management, provide operational efficiencies, and potentially achieve cost savings.

In 2008-09, the Commission completed six procurement capability reviews, namely:

- Department for Planning and Infrastructure;
- Department of Corrective Services;
- Department of Culture and the Arts;
- Department of Racing and Gaming;
- Lotterywest; and
- Rottnest Island Authority.

The common themes emanating from the procurement capability reviews include the following:

#### Key positive findings

- Agencies are focusing on improving their approach to the strategic management of their spend.
- Adequate controls are in place to ensure appropriate standards of transparency and probity are maintained.
- Management arrangements agreed with the Under Treasurer and the support relationship with the DTF are working effectively.

#### Key areas for improvement

- There needs to be increased compliance with the development of contract management plans for purchases above \$5 million.
- Good contract management disciplines need to be reinforced and actions evidenced to ensure contract outcomes are being delivered and risks are adequately managed.

- Training needs to be continually reinforced, particularly for new staff, and internal policies and procedures need to be kept up to date and communicated to staff.

### ***Supplier Complaints***

The State Supply Commission's role involves the review of supplier complaints in relation to government procurement. In 2008-09, seven complaints were finalised. Although minor issues were identified in some of the complaints, in the main agencies' processes were found to be sound.

### ***Procurement Policy Introductory Awareness Sessions***

The State Supply Commission continues to present information sessions to public sector employees, through the DTF's *Better Buying* seminars. In these seminars, the Commission discusses:

- how government purchases;
- the Commission's role and its relationship with public authorities;
- the DTF's role;
- the procurement policies;
- how government procurement is monitored; and
- how supplier procurement complaints are managed.

The Commission also presents this information to agencies at the DTF's *New to the Procurement Profession* seminars.

### ***Undertake major reviews of contract management in at least three of the leading agencies***

In 2008-09, the Commission completed a themed review on contract management within the Department of Health.

In 2008-09, the Commission also undertook two investigations as follows:

- Department of Corrective Services – Contract for the provision of sex offender denier treatment program
- Heritage Council of Western Australia – Contract for the provision of *TrueXpro* software

### ***Completed a contract management improvement strategy document***

Over the past several years, contract management has been widely recognised as an area requiring considerable improvement. Capability reviews undertaken by the State Supply Commission are confirming what appears to be endemic deficiencies in this area across the sector. This is further supported by anecdotal evidence from procurement practitioners in the DTF.

Although there are existing contract management tools, the State Supply Commission recommended that a contract management course should be developed to meet the specific needs of the public sector.

*Monitor the performance of agency-based internal audit units in monitoring compliance with Commission requirements*

A new requirement was implemented in partial exemptions issued to agencies requiring that an internal audit of procurement activity be conducted at least once every two years. Some agencies have been proactive in conducting an early audit and the results so far have been positive and beneficial to the agencies.

## SIGNIFICANT ISSUES AND TRENDS

The State Supply Commission was established under the *State Supply Commission Act 1991* with the principal aims being to:

- provide a framework for supply management in the State;
- establish clear responsibility for supply policy co-ordination across the whole of Government;
- introduce modern and professional procurement practices;
- improve Government tendering for strategic common use contracts; and
- allow flexibility in operational procedures under guidelines.

For much of the period since the 1990s the State Supply Commission has faced uncertainty about its role, and obvious duplication between it and the agencies to which it had delegated some of its functions.

The State Supply Commission's role, though largely removed from agency's operational procurement decision making, provided agencies with greater flexibility, responsibility and accountability in government procurement. The Commission's prime focus in recent years has been on conducting procurement reviews, leading policy and practice development and improvement and managing supplier complaints.

It is evident, however, that the need for a small, separate agency to carry out these functions has diminished and the cost of running such an agency and carrying the corporate overhead is unsustainable.

The DTF, with its history of procurement reform and procurement professionalisation, is well positioned to assume the State Supply Commission's role of policy and practice improvement, as well as some of the monitoring, education and promotion activities.

While some independence is required from the DTF to handle a complaint or conduct a review, then it is envisaged that the existing mechanisms of the Ombudsman's Office or the Office of the Auditor General will be used.

Thus in March 2009, Cabinet approved the merging of the Commission with the DTF and repeal of the *State Supply Commission Act 1991* (which is expected to occur in 2009-10).

## INDEPENDENT AUDIT OPINION

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To the Parliament of Western Australia

### **STATE SUPPLY COMMISSION FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009**

I have audited the accounts, financial statements, controls and key performance indicators of the State Supply Commission.

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### **Commission's Responsibility for the Financial Statements and Key Performance Indicators**

The Commission is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### **Summary of my Role**

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer [www.audit.wa.gov.au/pubs/AuditPracStatement\\_Feb09.pdf](http://www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf).

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.



**State Supply Commission  
Financial Statements and Key Performance Indicators for the year ended 30 June  
2009**

**Audit Opinion**

In my opinion,

(i) the financial statements are based on proper accounts and present fairly the financial position of the State Supply Commission at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;

(ii) the controls exercised by the Commission provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and

(iii) the key performance indicators of the Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended 30 June 2009.



COLIN MURPHY  
AUDITOR GENERAL

17 September 2009

## DISCLOSURES AND LEGAL COMPLIANCE


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### FINANCIAL STATEMENTS

#### Certification of Financial Statements for the Year ended 30 June 2009

The accompanying financial statements of the State Supply Commission 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 2009.

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.



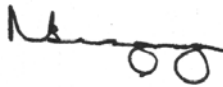
Timothy Marney  
**A/CHIEF EXECUTIVE OFFICER**  
**STATE SUPPLY COMMISSION**

11 September 2009



Cheryl Gwilliam  
**MEMBER**  
**STATE SUPPLY COMMISSION**

11 September 2009



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

11 September 2009

**Income Statement for the Year ended 30 June 2009**  
**Note**

		<b>2009</b>
<b>COST OF SERVICES</b>		<b>\$</b>
<b>Expenses</b>		
Employee benefits expense	<b>4</b>	1,034,637
Supplies and services	<b>5</b>	150,122
Depreciation expense	<b>6</b>	2,624
Accommodation expenses	<b>7</b>	256,241
Other expenses	<b>8</b>	96,294
<b>Total Cost of Services</b>		<b>1,539,918</b>
<b>Income</b>		
<b>Revenue</b>		
Other revenues	<b>10</b>	220,472
<b>Total Income other than Income from State Government</b>		<b>220,472</b>
<b>NET COST OF SERVICES</b>		<b>1,319,446</b>
<b>INCOME FROM STATE GOVERNMENT</b>		
Service appropriations	<b>9</b>	1,597,000
<b>Total Income from State Government</b>		<b>1,597,000</b>
<b>SURPLUS FOR THE PERIOD</b>	<b>26</b>	<b>277,554</b>

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

**Balance Sheet as at 30 June 2009**

	Note	
<b>ASSETS</b>		<b>2009</b>
		<b>\$</b>
<b>Current Assets</b>		
Cash and cash equivalents	18	664,500
Receivables	11	186,600
Amounts receivable for services	12	16,000
<b>Total Current Assets</b>		867,100
<b>Non-Current Assets</b>		
Property, plant, equipment and vehicles	13	4,273
<b>Total Non-Current Assets</b>		4,273
<b>TOTAL ASSETS</b>		871,373
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	15	60,469
Provisions	16	363,161
<b>Total Current Liabilities</b>		423,630
<b>TOTAL LIABILITIES</b>		423,630
<b>NET ASSETS</b>		447,743
<b>EQUITY</b>		
Contributed equity	17	112,000
Accumulated surplus	17	335,743
<b>TOTAL EQUITY</b>		447,743

The Balance Sheet should be read in conjunction with the accompanying notes.

**Statement of Changes in Equity for the Year ended 30 June 2009**  
**Note**

		<b>2009</b>
		<b>\$</b>
<b>Balance of equity at start of period</b>		45,907,779
<b>CONTRIBUTED EQUITY</b>		
Balance at start of period		20,112,000
Distribution to owners	17	(20,000,000)
Balance at end of the period		112,000
<b>ACCUMULATED SURPLUS</b>		
Balance at start of period	17	25,795,779
Distribution to owners		(25,737,590)
Surplus for the period		277,554
Balance at the end of the period		335,743
<b>Balance of Equity at end of period</b>		447,743
<b>Total income and expense for the period (a)</b>		277,554

(a) The aggregate net amount is attributable to surplus within equity.

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

Cash Flow Statement for the Year ended 30 June 2009

Note

		<b>2009</b>
		<b>\$</b>
<b>CASH FLOWS FROM STATE GOVERNMENT</b>		
Service appropriations		1,597,000
Holding account draw downs		40,000
<b>Net Cash Provided by State Government</b>		<b>1,637,000</b>
<b>Utilised as follows:</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Payments</b>		
Employee benefits		(1,130,619)
Supplies and services		(200,178)
Accommodation		(256,241)
GST payments on purchases		(62,472)
Other payments		(96,295)
<b>Receipts</b>		
Other receipts		136,797
GST receipts		75,636
<b>Net Cash Used in Operating Activities</b>	<b>18</b>	<b>(1,533,372)</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>103,628</b>
Cash and cash equivalents at the beginning of the period		560,872
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>18</b>	<b>664,500</b>

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

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

**General**

The Commission's financial statements for the year ended 30 June 2009 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 Commission 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 Commission 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 Commission for the annual reporting period ended 30 June 2009.

## 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* 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 Commission.



**(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 17 Equity.

**(e) Income**

Revenue Recognition

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

Revenue is recognised for the major business activity as follows:

*User Charges and Fees*

*Service Appropriations*

Service appropriations are recognised as revenues at nominal value in the period in which the Commission gains control of the appropriated funds. The Commission 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 9 Income from State Government).

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

**(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 Income Statement (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
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**(g) Impairment of Assets**

Property and plant and equipment are tested for any indication of impairment at each balance sheet date. When there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised. As the Commission is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of asset is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

Refer to note 14 "Impairment of Assets" for the outcome of impairment reviews and testing.

Refer also to note 2(m) "Receivables" and note 11 "Receivables" for Impairment of Receivables.

**(h) Leases**

Finance lease rights and obligations are initially recognised, at the commencement of the lease term, as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. The assets are disclosed as plant, equipment and vehicles under lease, and are depreciated over the period during which the Commission is expected to benefit from their use. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

The Commission has entered into an operating lease arrangement for the rent of the office building where the lessor effectively retains the entire risks and benefits incidental to ownership of the items held under the operating lease. Equal instalments of the lease payments are charged to the Income Statement over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

**(i) Financial Instruments**

In addition to cash, the Commission 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
- Amounts receivable for services

*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.

**(j) Cash and Cash Equivalents**

For the purpose of the Cash Flow Statement, 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.

**(k) Accrued Salaries**

Accrued salaries (see note 15 "Payables") represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Commission considers the carrying amount of accrued salaries to be equivalent to the net fair value.

**(l) Amounts Receivable for Services (Holding Account)**

The Commission receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (holding account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

**(m) 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 Commission 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(i): "Financial Instruments" and note 11: "Receivables".

**(n) Payables**

Payables are recognised at the amounts payable when the Commission 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(i): "Financial Instruments" and note 15: "Payables".

**(o) Provisions**

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet date.

***Provisions – Employee Benefits***

***Annual Leave and Long Service Leave***

The liability for annual and long service leave is expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

**(o) Provisions (Continued)**

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimate future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 month after the balance sheet date.

*Superannuation*

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme now closed to new members.

The Commission has no liabilities under the GSS Scheme. The liabilities for the unfunded GSS Scheme transfer benefits due to members are assumed by the Treasurer. All other GSS Scheme obligations are funded by concurrent contributions made by the Commission to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations

Employees commencing employment prior to 16 April 2007 who were not members of the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Commission makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation changes in respect of the WSS and GESBS Schemes.

The GESB makes all benefit payments and is recouped by the Treasurer for the employer's share in respect of the GSS Scheme.

**(p) Superannuation Expense**

The following elements are included in calculating the superannuation expense in the Income Statement:

- (i) Defined Contribution Plans - Employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided in the current year.

The GSS Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, apart from the transfer benefit, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the Commission's obligations to the related superannuation liability.

**(q) Resources Received Free of Charge or for Nominal Consideration**

Resources received free of charge or for nominal value that can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

**(r) Comparative Figures**

The Commission has undergone a restructure in the current year. The activities of State Fleet were transferred to the Department of Treasury & Finance – refer Note 17. The restructure resulted in a significant change to the activities carried out by the Commission. Accordingly, in accordance with Treasurer's Instruction 949 "Comparative Figures", no comparative amounts for the year ended 30 June 2008 are disclosed in the financial statements and the notes for the current reporting period.

### 3. DISCLOSURE OF CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

The Commission has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008 that impacted on the Commission.

1. AASB 1004 "Contributions".

#### Future Impact of Australian Accounting Standards not yet Operative

The Commission 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 Commission has not applied early the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Commission but are not yet effective. Moreover, it is expected that the *State Supply Commission Act 1991* will be repealed by 30 September 2009. Consequently, the Commission will be formally dissolved. Accordingly, the Commission does not expect to adopt these following Standards and Interpretations:

Title	Operative for reporting periods beginning on/after
AASB 101 "Presentation of Financial Statements" (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity.	1 January 2009
AASB 2008-13 "Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-Cash Assets to Owners [AASB 5 & AASB 110]". This Standard amends AASB 5 "Non-Current Assets Held for Sale and Discontinued Operations" in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners.	1 July 2009



	<b>2009</b>
	<b>\$</b>
<b>4. EMPLOYEE BENEFITS EXPENSE</b>	
Wages and salaries	827,405
Superannuation defined contribution plans(ii)	97,255
Long service leave (i)	<u>20,669</u>
Annual leave (i)	89,308
	<u><u>1,034,637</u></u>

(i) The settlement of annual and long service liabilities gives rise to the payment of employment on-costs including superannuation. The expense for superannuation is included here.

(ii) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).

#### **5. SUPPLIES AND SERVICES**

Communications	13,071
Consultants and contractors	87,030
Consumables	3,121
Legal fees	5,117
Repairs and maintenance	1,228
Sundry	<u>36,165</u>
Travel	4,390
	<u><u>150,122</u></u>

#### **6. DEPRECIATION EXPENSE**

Office equipment	<u><u>2,624</u></u>
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	<b>2009</b>
	<b>\$</b>
<b>7. ACCOMMODATION EXPENSES</b>	
Lease rentals	247,977
Electricity	7,247
Repairs and maintenance	1,017
	<hr/>
	256,241
	<hr/> <hr/>
<b>8. OTHER EXPENSES</b>	
Audit fees	52,200
Capital acquisitions less than \$5,000	25,823
Employment on-costs (a)	18,052
Motor vehicle expense	219
	<hr/>
	96,294
	<hr/> <hr/>

(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.

	<b>2009</b>
	<b>\$</b>
<b>9. INCOME FROM STATE GOVERNMENT</b>	
Appropriation received during the year:	1,597,000
- Service appropriations (i)	
(i) Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises 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.	
<b>10. OTHER REVENUES</b>	
Expense recoveries	219,229
Sundry	1,243
	<hr/> 220,472
<b>11. RECEIVABLES</b>	
<b>Current</b>	
Trade receivables	178,576
Allowance for impairment of receivables	-
Purchased leave receivable	8,024
	<hr/> 186,600
Total Current	<hr/> <hr/> 186,600
See also note 2(m) "Receivables" and note 21 "Financial Instruments"	
Reconciliation of changes in the allowance for impairment of receivables:	
Balance at start of year	-
Doubtful debts expense recognised in the income statement	-
Amounts written off during the year	-
Amount recovered during the year	-
	<hr/> -
Balance at end of year	<hr/> <hr/> -
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	178,576
	<hr/> <hr/> 178,576

**2009**  
**\$**

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**12. AMOUNTS RECEIVABLE FOR SERVICES**

Current	16,000
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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.

**13. PROPERTY, PLANT AND EQUIPMENT**

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

	<b>Office Equipment \$</b>	<b>Total \$</b>
	<hr/>	<hr/>
Carrying amount at start of the year	6,897	6,897
Additions	-	-
Other disposals	-	-
Depreciation	(2,624)	(2,624)
	<hr/>	<hr/>
Carrying amount at end of the year	4,273	4,273
	<hr/> <hr/>	<hr/> <hr/>

**2009**  
**\$**

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**14. IMPAIRMENT OF ASSETS**

There were no indications of impairment of property and plant and equipment at 30 June 2009.

The Commission 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.

All surplus assets at 30 June 2009 have either been written off or transferred to other Government departments or agencies.

**15. PAYABLES**

***Current***

Trade payables	136
Accrued expenses	58,643
GST payable	1,690
	<hr/>
	60,469
	<hr/>

**2009**  
**\$**

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**16. PROVISIONS**

***Current***

Employee benefits provision

- Annual Leave (i)

126,179

- Long service leave (ii)

236,982

363,161

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(i) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur within 12 months of balance sheet date.

(ii) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

- Within 12 months of balance sheet date

236,982

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17. EQUITY	2009 \$
Equity represents the residual interest in the net assets of the Commission. The Government holds the equity interest in the Commission on behalf of the community.	
<b>Contributed equity</b>	
Balance at start of the year	20,112,000
Distribution to owners	
Contributed equity transferred to Government (i)	<u>(20,000,000)</u>
Total distribution to owners	(20,000,000)
Balance at end of the year	<u>112,000</u>
<b>Accumulated surplus</b>	
Balance at start of the year	25,795,779
Distribution to owners	
Accumulated surplus transferred to Government (i)	<u>(25,737,590)</u>
Total distribution to owners	(25,737,590)
Result for the period	<u>277,554</u>
Balance at end of the year	<u>335,743</u>

(i) From 1 July 2008, State Fleet operations were conducted as a function of the 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 State Supply Commission 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 completes 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. This Agreement superseded the delegation previously in place.

	<b>2009</b>
	<b>\$</b>
<hr/>	
<b>17. EQUITY (Continued)</b>	
The net assets transferred to Government consist of the following:	
Contributed equity	20,000,000
Accumulated surplus	<u>25,737,590</u>
Net assets transferred	<u>45,737,590</u>
<hr/>	
Net assets consist of the following:	
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	9,095,544
Receivables	<u>4,870,374</u>
<b>Total Current Assets</b>	<u>13,965,918</u>
<hr/>	
<b>Non-Current Assets</b>	
Receivables	674,266
Property, plant, equipment and vehicles	<u>272,064,493</u>
<b>Total Non-Current Assets</b>	<u>272,738,759</u>
<hr/>	
<b>TOTAL ASSETS</b>	<u>286,704,677</u>
<hr/>	
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Payables	13,757,741
Borrowings	89,770,580
Other current liabilities	<u>4,324,549</u>
<b>Total Current Liabilities</b>	<u>107,852,870</u>
<hr/>	
<b>Non-Current Liabilities</b>	
Borrowings	<u>133,114,217</u>
<b>Total Non-Current Borrowings</b>	<u>133,114,217</u>
<hr/>	
<b>TOTAL LIABILITIES</b>	<u>240,967,087</u>
<hr/>	
<b>NET ASSETS</b>	<u>45,737,590</u>
<hr/>	



**2009**  
**\$**

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**18. NOTES TO THE CASH FLOW STATEMENT**

*Reconciliation of Cash*

Cash at the end of the financial year, as shown in the Cash Flow Statement, is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents 664,500

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**Reconciliation of Net Cost of Services to Net Cash Flows  
Used in Operating Activities**

Net cost of service (1,319,446)

*Non-Cash Items:*

Depreciation (note 6) 2,624

2,624

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*(Increase)/Decrease in Assets:*

Current receivables (91,698)

(91,698)

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*Increase/(Decrease) in Liabilities:*

Current payables 44,076

Other current liabilities (221,155)

Current provisions 164,203

Non-current provisions (111,976)

(124,852)

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Net cash used in operating activities (1,533,372)

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## 19. COMMITMENTS

### (a) Recurring Operating Commitments

The Commission does not have any expenditure commitments at 30 June 2009.

### (b) Non-Cancellable Operating Lease Commitments

The Commission does not have any operating lease commitments at 30 June 2009.

## 20. EXPLANATORY STATEMENT

Significant variations between estimates and actual results for income and expenses are shown below:

Significant variations are considered to be those greater than 10% and \$100,000.

### Significant variances between estimated and actual result for 2009

		<b>2009 Estimate \$</b>	<b>2009 Actual \$</b>	<b>Variation \$</b>
<b>Income</b>				
Service appropriations	(i)	1,858,000	1,597,000	(261,000)
Other revenues	(ii)	3,000	220,472	217,472
<b>Expenses</b>				
Employee benefits	(iii)	1,262,000	1,034,637	227,363

#### (i) Service Appropriations

On 16 March 2009, Cabinet approved a merger of the State Supply Commission with the DTF. As part of the merger, the Commission's appropriations for the period 1 May 2009 to 30 June 2009 were transferred to the DTF. The appropriations totalled \$261,000.

#### (ii) Other Revenues

Other revenues represent the recovery of salaries of Commission employees seconded primarily to the DTF.

As part of the merger of the Commission with the DTF, employees were formally transferred to the DTF. Until the formal transfers were complete, the Commission was obliged to recover the salary and related on-costs from the DTF.

#### (iii) Employee Benefits Expense

As part of the merger with the DTF, all employees of the Commission were transferred to the DTF through the period 16 March 2009 to 16 April 2009. The variation in expense reflects the reduction in employment periods of the Commission's employees.

## 21. FINANCIAL INSTRUMENTS

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

Financial instruments held by the Commission are cash and cash equivalents, restricted cash and cash equivalents, borrowings, finance leases, Treasurer's advances, loans and receivables, and payables. The Commission has limited exposure to financial risks. The Commission's overall risk management program focuses on managing the risks identified below.

#### *Credit Risk*

Credit risk arises when there is the possibility of the Commission's receivables defaulting on their contractual obligations resulting in financial loss to the Commission. The Commission 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 21(c).

Credit risk associated with the Commission'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 Commission'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 11 "Receivables".

#### *Liquidity Risk*

The Commission is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Commission is unable to meet its financial obligations as they fall due.

The Commission has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

#### *Market Risk*

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

## 21. FINANCIAL INSTRUMENTS (Continued)

### (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:

	<b>2009</b>
	<b>\$</b>
<b>Financial Assets</b>	
Cash and cash equivalents	664,500
Loans and receivables (i)	186,600
<b>Financial Liabilities</b>	
Payables (i)	58,779

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

## 21. 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 Commission'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 Commission. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date.

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

The Commission 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.

	<b>Non-Interest Bearing \$000</b>	<b>Carrying Amount \$000</b>
<b>Financial Assets</b>		
Cash and cash equivalents	665	665
Receivables	187	187
	852	852
<b>Financial Liabilities</b>		
Payables (a)	59	59
	59	59

- (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.

**2009**  
**\$**

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**22. REMUNERATION OF MEMBERS OF THE COMMISSION AND SENIOR OFFICERS**

**Remuneration of Members of the Commission**

The number of members of the Commission, 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	8
10,001		20,000	1
150,001		160,000	1

The total remuneration of members of the Commission is: 172,072

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

**Remuneration of Senior Officers**

The number of senior officers other than the members of the Commission, 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

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

**2009**  
**\$**

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**23. REMUNERATION OF AUDITOR**

Auditing the accounts, financial statements and performance indicators

52,200

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**24. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

**25. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

On 16 March 2009, Cabinet approved a merger of the State Supply Commission with the DTF. This involved all the resources of the State Supply Commission transferring to the DTF. The State Supply Commission reverts 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 *State Supply Commission Act 1991* is repealed.

All staff have been formally transferred to the DTF, except for the CEO. The State Supply Commission is required to have a CEO until such time as the *State Supply Commission Act 1991* is abolished. The transfer of staff and budget was largely completed by 30 May.

It is expected that the *State Supply Commission Act 1991* will be repealed by 30 September 2009.

The merger has occurred administratively. Legislation, repealing *State Supply Commission Act 1991*, is required to abolish the Board and formally dissolve the Commission.

	<b>Procurement and Disposal Processes 2009 \$</b>
<hr/>	
<b>26. SCHEDULE OF INCOME AND EXPENSES BY SERVICES</b>	
<b>Expenses</b>	
Employee benefits expense	1,034,637
Supplies and services	150,122
Depreciation expense	2,624
Accommodation expenses	256,241
Other expenses	96,294
	<hr/>
<b>Total Cost of Services</b>	<b>1,539,918</b>
	<hr/>
<b>Income</b>	
Other revenues	220,472
	<hr/>
<b>Total Income other than Income from State Government</b>	<b>220,472</b>
	<hr/>
<b>NET COST OF SERVICES</b>	<b>1,319,446</b>
	<hr/>
<b>INCOME FROM STATE GOVERNMENT</b>	
Service appropriations	1,597,000
	<hr/>
<b>Total Income from State Government</b>	<b>1,597,000</b>
	<hr/>
<b>SURPLUS FOR THE PERIOD</b>	<b>277,554</b>
	<hr/>



## Certification of Performance Indicators for the Year ended 30 June 2009

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the State Supply Commission's performance, and fairly represent the performance of the State Supply Commission for the financial year ended 30 June 2009.



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

11 September 2009



Cheryl Gwilliam  
**MEMBER  
STATE SUPPLY COMMISSION**

11 September 2009

## PERFORMANCE INDICATORS

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### **Outcome 1**

**All public authorities use State Supply Commission procurement and disposal processes.**

### **Effectiveness Indicator 1**

<b>Performance Measure</b>	<b>2008-09 Target</b>	<b>2008-09 Actual</b>	<b>2007-08 Actual</b>	<b>2006-07 Actual</b>
All public authorities use State Supply Commission procurement and disposal processes.	90%	98%	98%	97%

The effectiveness indicator has been designed to measure public authorities' compliance with the supply policies. This ensures that public authorities apply best practice with procurement and disposal processes.

In 2008-09 the State Supply Commission achieved an overall satisfaction rate of 98%.

The effectiveness indicator review focused on nominated public authorities that awarded contracts in 2008-09.

Overall, 44 agencies under the jurisdiction of the *State Supply Commission Act 1991* participated in this review.

The estimated population was 2,434 contracts from the Government Bulletin Board. The attribute sample size was between 278 to 333 contracts. Based on this sample size, 309 contracts were reviewed.

## EFFICIENCY INDICATORS

### *Service 1: Administration of Goods and Services Procurement Policies for Public Authorities*

#### *Efficiency Indicator 1*

<b>Performance Measure</b>	<b>2008-09 Target</b>	<b>2008-09 Actual</b>	<b>2007-08 Actual</b>	<b>2006-07 Actual</b>
Public authorities' satisfaction with State Supply Commission's timeliness in responding to their requests.	90%	79%	81%	84%

The efficiency indicator has been designed to measure public authorities' satisfaction with the State Supply Commission's timeliness in responding to requests for procurement information. The service that the Commission provides includes advice on the application of supply policies and requests for exemptions from supply policies.

In 2008-09 the State Supply Commission achieved an overall satisfaction rate of 79%.

To arrive at the overall satisfaction rate of 79%, the following data was used:

<b>Survey Group</b>	<b>Population Size</b>	<b>Actual Sample</b>	<b>Response Rate</b>	<b>Sampling Precision Error</b>
Purchasing Officers	84	67	<b>79.8%</b>	<b>± 5.45%</b>

<b>Category</b>	<b>2008-09 %</b>	<b>2007-08 %</b>	<b>2006-07 %</b>
Very Satisfied	25.4	29.9	27.7
Satisfied	49.3	44.2	52.3
Somewhat satisfied	4.5	6.5	3.8
<b>Overall Satisfaction</b>	<b>79.1</b>	<b>80.6</b>	<b>83.8</b>

The survey results are used as an integral component of the Commission's continual improvement process. This ensures public authorities can expect a commitment to a responsive service from the Commission.

The variation is attributed to the survey participants rating the Commission as 'Neutral' as the amended supply policies and partial exemptions have reduced the requirements for advice to be sought from the Commission.

## MINISTERIAL DIRECTIVES

The Treasurer did not give any directions to the State Supply Commission under section 7(1) of the *State Supply Commission Act 1991* during 2008-09.

## OTHER FINANCIAL DISCLOSURES

### Pricing Policies of Services Provided

The State Supply Commission 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 State Supply Commission did not apply for any capital works funds in 2008-09. All minor office replacements were funded from the holding account at the DTF.

No capital projects were completed or incomplete during 2008-09.

## Employment and Industrial Relations

### Staff Profile

Category	2008-09	2007-08	2006-07
Full-time permanent	1	13	10
Full-time contract	0	0	1
Part-time measured on a FTE basis	0	0	0
On secondment - in	0	0	2
On secondment - out	0	0	0
<b>Total number of staff</b>	<b>1</b>	<b>13</b>	<b>13</b>

The outcomes against the agency level objectives and sector wide objectives outlined in the *Equity and Diversity Plan for the Public Sector Workforce 2006-09* are as follows:

50% representation of women in Management Tiers 2 & 3	0%
The Equity index for women	0%
15% of people from culturally diverse backgrounds	0%
7% of Indigenous Australians	0%
7% of people with disabilities	0%
7% of youth	0%

### **Staff Development**

The State Supply Commission had a commitment to the development of its employees up to 31 March 2009. The Commission's strategies were to build a highly skilled, professional and fair workforce with the ability to adapt to changing business technology and the environment.

Professional education, technical, wellness and personal development training have all increased over the past year, with many accessed through the performance management process.

Recruitment initiatives targeting specific segments of the workforce included the provision of secondment opportunities for DTF people to work at the State Supply Commission to gain supply policy knowledge and experience.

Other initiatives included:

- the promotion of work/life balance and flexible working arrangements; and
- team building and skill development programs.

### **Workers Compensation**

There were no workers' compensation claims during the 2008-09 financial year.

## GOVERNANCE DISCLOSURES

### Contracts with Senior Officers

At the date of reporting, other than normal contracts of employment of service, 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 State Supply Commission 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 State Supply Commission provides the following statements of any compliance issues that arose during 2008-09 in respect of the public sector standards, the WA Code of Ethics and the Commission's Code of Conduct, and also details of any significant action taken to prevent non-compliance.

### Compliance Issues – Public Sector Standards

The State Supply Commission operates in accordance with the Public Sector Standards and has revised and developed appropriate internal human resource management policies on an ongoing basis to be consistent with the Standards. All staff members were required to comply with these policies, all of which were accessible to staff on-line.

There were no Breach of Standards claims lodged in 2008-09.

### 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.

### ***Significant Action Taken to Monitor and Ensure Compliance***

The State Supply Commission's Code of Conduct was amended to include the WA Code of Ethics, communicated to all employees and placed on the Commission's common drive in May 2008.

The amended State Supply Commission's Code of Conduct (May 2008) is currently used to induct all new employees to the Commission.

- (1) In the administration of the State Supply Commission, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and the State Supply Commission's Code of Conduct.
- (2) I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in (1) is correct.



Timothy Marney  
**A/CHIEF EXECUTIVE OFFICER**

11 September 2009

## Advertising

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

- (1) Total expenditure for 2008-09 was \$4,840.
- (2) Expenditure was incurred in the following areas:

Advertising agencies	-	-	-
Market research organisations	Research Solutions	Preparation and reporting on the 2008-09 Customer Satisfaction Survey	\$4,840
Polling organisations	-	-	-
Direct mail organisations	-	-	-
Media – advertising agencies	-	-	-
<b>Total expenditure</b>			<b>\$4,840</b>

## Recordkeeping Plans

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

Records management procedures continued to be updated on a regular basis in keeping with the State Records Office Standard 2 – Principle 2.

The State Supply Commission continued to offer induction training, including the Commission's recordkeeping obligations, to new staff.

## Disability Access and Inclusion Plan Outcomes

The State Supply Commission 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 Commission 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 Commission's website. On request, this document can also be made available in hardcopy format (in both standard and large print), and by email.

DESIRED OUTCOME	INITIATIVE
(1) People with disabilities have the same opportunities as other people to access the services of, and any events organised by the Commission.	<ul style="list-style-type: none"> <li>• Established a DAIP Planning Committee.</li> <li>• Provided opportunities for people with disabilities to comment on access to services and information provided by the Commission.</li> <li>• Developed a DAIP to ensure it supports equitable access to services by people with disabilities.</li> <li>• Ensured that Commission staff, contractors and agents are aware of the DAIP.</li> </ul>
(2) People with disabilities have the same opportunities as other people to access the Commission's office and other facilities.	<ul style="list-style-type: none"> <li>• Ensured that the Commission's office is accessible and meets the legislative and access standards for accessibility.</li> <li>• Ensured that Commission staff are aware of the facilities available to people with disabilities.</li> <li>• Ensured that Commission signage is clear and easy to understand.</li> </ul>
(3) People with disabilities receive information from the Commission in a format that will enable them to access the information, as readily as other people are able to access it.	<ul style="list-style-type: none"> <li>• Improved community awareness that Commission information is available in alternate formats upon request.</li> <li>• Committed to making publications as accessible as possible.</li> </ul>
(4) People with disabilities receive the same level and quality of service from the Commission's staff.	<ul style="list-style-type: none"> <li>• Improved and maintained Commission staff awareness of DAIP issues and relevant legislation.</li> <li>• Advanced the awareness of new Commission staff members regarding DAIP issues.</li> </ul>
(5) People with disabilities have the same opportunities as other people to make complaints to the Commission.	<ul style="list-style-type: none"> <li>• The Commission's complaints system and policy are to be more accessible once the new website is commissioned.</li> </ul>
(6) People with disabilities have the same opportunities as other people to participate in any public consultation by the Commission.	<ul style="list-style-type: none"> <li>• Committed to ongoing monitoring of the DAIP to ensure implementation and satisfactory outcomes.</li> </ul>



The Commission’s progress on the current initiatives to address the six desired DAIP outcomes are as follows:

<b>Desired Outcome</b>	<b>Total number of planned strategies</b>	<b>Number of strategies completed</b>	<b>Number of strategies partially completed</b>	<b>Number of contractors undertaking DAIP activity</b>
<b>1</b>	6	5	1	0
<b>2</b>	3	3	0	0
<b>3</b>	4	2	1	0
<b>4</b>	4	2	1	0
<b>5</b>	1	0	1	0
<b>6</b>	2	1	0	0

## GOVERNMENT POLICY REQUIREMENTS

### Corruption Prevention

The State Supply Commission's induction process ensures that new staff members are made aware of their responsibilities under the Commission's Code of Conduct. The Code provides employees with clear and practical guidelines on ethical behaviour in the workplace.

Breaches of the Commission's Code of Ethics represent breaches of discipline pursuant to Section 80 of the *Public Sector Management Act 1994* and will, at the discretion of the Chief Executive Officer, be dealt with pursuant to the procedures detailed in Division 3 of the *Public Sector Management Act 1994*.

Allegations relating to a Commission employee's improper conduct, corruption or criminal activity will be reported to either the Corruption and Crime Commission or the police for investigation.

Staff meetings are used to reinforce the necessity for employees to comply with the Commission's Code of Conduct.

### Substantive Equality

The State Supply Commission is not represented on the Strategic Management Council and does not currently have obligations under the Substantive Equality Framework.

### Occupational Safety and Health

In accordance with the *Workers' Compensation and Injury Management Act 1981*, Occupational Safety and Health continued to be a priority for the State Supply Commission to ensure adequate and appropriate processes in place for reducing workplace illness and injury, and minimising the costs associated with workplace accidents.

Monthly meetings with all staff provide the opportunity for staff to raise any occupational safety and health matters.

The Commission has complied with the injury management requirements of the *Workers' Compensation and Injury Management Act 1981*.

During the year, the following initiatives were implemented:

- Revised the injury management policy;
- Continued to offer voluntary influenza vaccinations to all staff;
- Continued to offer voluntary skin cancer screening tests for all staff;
- Reviewed the Commission's eye screening test for all staff.

Detailed below is the Commission's annual performance for 2008-09 for the following targets:

Indicator	2008-09 Target	2008-09 Actual
Number of fatalities	0	0
Lost time injury/diseases (LTI/D) incidence rate	0%	0%
Lost time/disease severity rate	0%	0%