



**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.

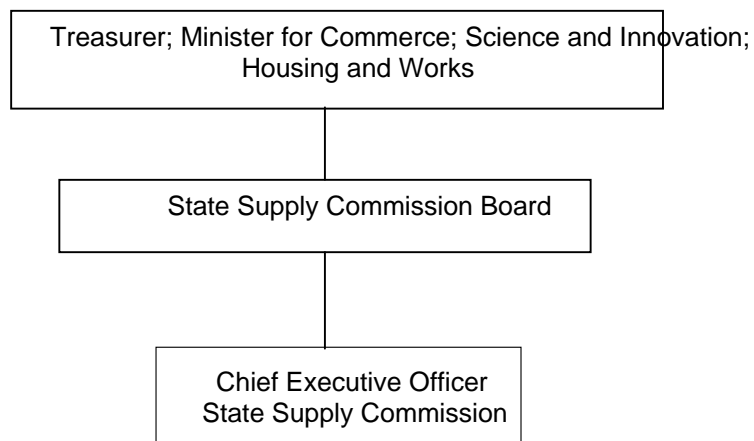
### Responsible Minister

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.





# **AGENCY PERFORMANCE – REPORT ON OPERATIONS**

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## **FINANCIAL TARGETS**

## 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:

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

*f* 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

*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:

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

## **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.



**Balance Sheet as at 30 June 2009**

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

(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

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	<b>2009</b>
	<b>\$</b>
<b>CASH FLOWS FROM STATE GOVERNMENT</b>	
Service appropriations	1,597,000

**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

## **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

**(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.



**(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.

**(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	



	<b>2009</b>
	<b>\$</b>
<hr/>	
<b>4. EMPLOYEE BENEFITS EXPENSE</b>	
Wages and salaries	827,405
Superannuation defined contribution plans(ii)	97,255
Long service leave (i)	20,669
Annual leave (i)	89,308
	<hr/>
	1,034,637
	<hr/> <hr/>
<p>(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.</p> <p>(ii) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).</p>	
<b>5. SUPPLIES AND SERVICES</b>	
Communications	13,071
Consultants and contractors	87,030
Consumables	3,121
Legal fees	5,117
Repairs and maintenance	1,228
Sundry	36,165
Travel	4,390
	<hr/>
	150,122
	<hr/> <hr/>
<b>6. DEPRECIATION EXPENSE</b>	
Office equipment	2,624
	<hr/> <hr/>

	<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>
<hr/>	
<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
	<hr/> <hr/>
<b>11. RECEIVABLES</b>	
Current	
Trade receivables	178,576
Allowance for impairment of receivables	-
Purchased leave receivable	8,024
	<hr/>
Total Current	186,600
	<hr/> <hr/>
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/>

**2009**  
**\$**

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**12. AMOUNTS RECEIVABLE FOR SERVICES**

Current 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.

**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:

	Office Equipment \$	Total \$
	<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

**2009**  
**\$**

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**16. PROVISIONS**

Current

Employee benefits provision

- Annual Leave (i)	126,179
- Long service leave (ii)	<u>236,982</u>

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	<u>236,982</u>
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<b>17. EQUITY</b>	<b>2009</b> <b>\$</b>
<p>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.</p>	
<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>
<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>
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>
<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>
<b>TOTAL ASSETS</b>	<u>286,704,677</u>
<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>
<b>Non-Current Liabilities</b>	
Borrowings	<u>133,114,217</u>
<b>Total Non-Current Borrowings</b>	<u>133,114,217</u>
<b>TOTAL LIABILITIES</b>	<u>240,967,087</u>
<b>NET ASSETS</b>	<u>45,737,590</u>



2009  
\$

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18. NOTES TO THE CASH FLOW STATEMENT

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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



## 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

2009  
\$

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

**Remuneration of Members of the Commission**

2009  
\$

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**23. REMUNERATION OF AUDITOR**

Auditing the accounts, financial statements and performance indicators

52,200

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	<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>	1,539,918
	<hr/>
<b>Income</b>	
Other revenues	220,472
	<hr/>
<b>Total Income other than Income from State Government</b>	220,472
	<hr/>
<b>NET COST OF SERVICES</b>	1,319,446
	<hr/>
<b>INCOME FROM STATE GOVERNMENT</b>	
Service appropriations	1,597,000
	<hr/>
<b>Total Income from State Government</b>	1,597,000
	<hr/>
<b>SURPLUS FOR THE PERIOD</b>	277,554
	<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

Performance Measure	2008-09 Target	2008-09 Actual	2007-08 Actual	2006-07 Actual
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:

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

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

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>



## **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







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