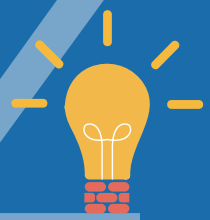
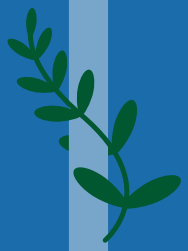
2019







Procurement Australasia 2019 Annual Report



Procurement
Australasia Ltd.

Our Annual Report 2018/19 describes activities undertaken between 1 October 2018 and 30 September 2019 and its purpose is to meet our membership's needs, our regulatory obligations and to contribute towards achieving our vision of being an innovative, high quality procurement and consulting partner.

If you would like a copy of this report in a different format, please contact Procurement Australasia on 03 9810 8608 (within Victoria) or email info@paltd.com.au

Procurement Australasia respectfully acknowledges the Aboriginal people as Australia's First Peoples and Traditional Custodians of the land on which we rely and operate, and recognise their continuing connection to land, water and community. We pay our deepest respects to Elders past, present and emerging.

Inside this report:

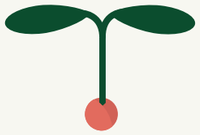
The year in review

2019 introduction, The company we keep, CEO and Chair report, Our strategic direction.
page 2



Services & solutions

Procurement Australasia services and solutions, our energy story, bringing value to our members, sales growth.
page 17



Space Station

Procurement Australasia's Space Station brand, strategic business direction, and committed to expanding our co-working offering.
page 32



Social, ethical and sustainable procurement

Indigenous and Government procurement practices, TAKE2, Let's Network, ISO quality certification.
page 34



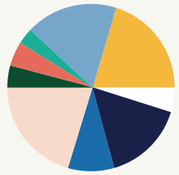
Our people

People and culture, Our Board members, Our Executive team, Directors' report.
page 36



Financial report

Financial report, Financial statement.
page 47



THE YEAR IN REVIEW.



We get to continue this journey together.

2018/19 has been a year of continued change across our business as we maintain our commitment to excellence in corporate governance, accountability and transparency. Building on this, we have embraced the need for our business to be digitally transformed to meet future challenges.

2017/18 saw our name change from MAPS Group Ltd to Procurement Australasia Ltd, and 2018/19 has seen our business embody our One Company – Two Brands mantra through internal digital transformation.

Having successfully blended Procurement Australia's 35+ year history with Church Resources' 24+ year history, we are now a community-focused multi-faceted procurement, sales, marketing and training organisation able to holistically deliver professional services to almost any business in Australia.

Built on long-term performance and sustainability, we now service over 24,000 members nationally and, committed through our governance framework, deliver socially and ethically from a recognised centre of excellence.

Our journey this financial year has seen Procurement Australasia's Board, Management and staff commit to and embark upon a digital-transformation of the business, to better serve members' requirements and those of other stakeholders.

It is said 'Digital transformation is the integration of digital-technology into all areas of a business, fundamentally changing how that business operates and delivers value to its customers.'

However, Procurement Australasia views digital-transformation as more than being able enhance business Information & Communication platforms. Our commitment to members is to evolve our business; to be an expert advisor and leader through continually challenging the status-quo, experimenting and being comfortable with both success and failure.

This may mean rethinking old-operating models to be more agile to respond to members' needs, or possibly walking away from long-standing business processes that have a short life expectancy in a newer digital-marketplace.

'Built on long-term performance and sustainability, we now service over 24,000 members nationally...'

'Having successfully blended Procurement Australia's 35+ year history with Church Resources' 24+ year history, we are now a community-focused multi-faceted procurement, sales, marketing and training organisation able to holistically deliver professional services to almost any business in Australia.'

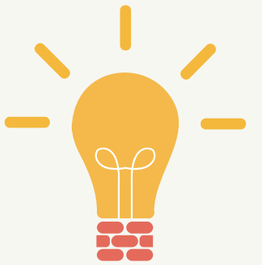
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Through its Strategic Plan, Procurement Australasia is committed to providing members and other stakeholders with an unsurpassed level of excellence in service delivery through a digital-transformation platform built on:

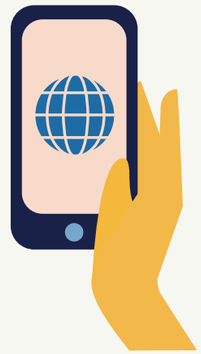
- Delivering an excellent Customer Experience, always;
- Developing greater levels of Operational Agility;
- Developing excellence in Culture and Leadership;
- Providing an environment that allows for workforce-enablement; and
- Digital Technology integration.

This year has highlighted that, while technology is an important element of digital-transformation, this transformation is more about shedding outdated processes and legacy technology rather than simply rolling-out the new.

From our own experiences, we are now poised to assist our members embark on a digital-transformation in 2019/20.



The company we keep is not simply linked to our members; it also means ensuring that the products and services Procurement Australasia's brands deliver are provided by supply partners who embody the same 'core-value' alignment held by our members and us.



2018/19 has seen new benchmarks achieved across our portfolios of business with significant growth driven by our partnerships in the Travel, White Goods & Furniture, Power & Utilities, and Recruitment categories.

In keeping with our commitment to digital transformation, it has been exciting in 2018/19 to see numerous innovative and transformation changes made available through both our existing and some new supply relationships, including:

- Our Foodservice category, through a new relationship with Community Chef, introduced pre-cooked and sealed fresh meals to our market channels, providing up to 45 days fresh storage if refrigerated;
- Our online B2B Shop now includes Medical Kits and Defibrillators;
- BEnergy added to our already extensive Power & Utilities category to provide embedded-power networks to multi-tenanted properties;
- Planetel delivering our own wholesale mobile and NBN Fixed Plan telephony services to members at market-leading pricing; and
- Developing and proceeding to market for our initial Power Purchase Agreement (PPA), a product that will provide renewable generation sourced electricity to participating members in Victoria and New South Wales, and forms part of our multi-faceted product strategy in the energy category.

'2019/20 heralds a ramp-up of our digital-transformation as we see this as an imperative for all Australian businesses from small to enterprise level to remain competitive and relevant.'

Operationally, the digital-transformation program has seen significant internal change and relationships developing within the business:

- The integration of one 'Salesforce' platform across both Procurement Australia and Church Resources brands to provide greater scope for statistical analysis of what our members are buying and what areas we need to revise or change;
- The integration of Marketo across all marketing and social-media platforms, allowing us to better understand the products and services particular members are looking for;
- The rollout of Office365 across the business nationally, allowing better connection throughout the business;
- The rollout of SharePoint, providing greater document control and operational management; and
- The rollout of iPerform, an online Performance & Development Program to assist better performance reviews and staff development management as part of our culture transformation program.

2019/20 heralds a ramp-up of our digital-transformation as we see this as an imperative for all Australian businesses from small to enterprise level to remain competitive and relevant.



CEO Report

Welcome to Procurement Australasia's Annual Report for 2018-2019 which describes another successful year of operation with continuing growth.

This year, a profit of $1.78 million was recorded, compared to last year's record profit of $3.16 million. Last year's profit included extra-ordinary Energy Contract Access fee income of $1.76 million compared to $0.14 million this year.

Without considering the extra-ordinary Energy Access fees, the current year has seen an increase of 17% in profits, largely due to an increase in rebates and margins on trading sales.

In April this year, CIPS, the Chartered Institute of Procurement and Supply, the sector's peak body and dynamic champion driving the global procurement and supply management profession, moved in with us at 461 Bourke Street. This alignment and association with CIPS in our premises supports the synergies our organisations have, and promotes a close working relationship which benefits our members and the sector as a whole. We are delighted to share our space with them.

Our work did not stay on Australia's east coast for long – during the year we met with most Perth based LGAs in Western Australia who had shown interest in participating in a Power Purchase Agreement. Part of our activity was to also meet with WA Government Departments to keep them apprised of our efforts and commence policy advocacy with Government of our work in the energy sector and gauge the level of support they provide LGAs in relation to PPAs.

Last year we reported on Church Resources' important official work in support of refugee resettlement. Through Church Resources, Procurement Australasia Limited continues to be a major and growing provider to agencies that relocate and house Australia's refugees through the BHG (Basic Household Goods) Program.

'...the current year has seen an increase of 17% in profits ...'

17%

Beginning in 2012 as a simple supply-chain process, Church Resources now has a national supply-network that can be quickly deployed to support the 24-48 hour turn-around between refugee-visa issue and being relocated into a fully fitted residential home.

As a result of our better understanding of the logistics and management of this supply mechanism, we have been growing this business beyond the refugee support area into rapid deployment for potential housing under Aged Care Consumer Directed Care (CDC) and NDIS disability support packages.

This has seen an expansion of our supplier base, adding Harvey Norman Commercial, Greenlit Brands (Fantastic & Plush Furniture) and Amart who now, together with our traditional suppliers, allow us to offer one of the most comprehensive and diverse product ranges in our sector, developing an excellent platform for further growth in 2020.

Keeping our members top of mind, a very exciting development during 2018-19 was the opening of Church Resources' online 'Business Shop' (B2B) to all Procurement Australasia members. This online platform provides a simple and secure way for members to make everyday business purchases and offers a wide range of already discounted white goods and appliances, and technologies and accessories. This new convenience has been extremely well received as all members can now shop online for products that are fit for purpose while saving time and money. The Business Shop importantly allows for smaller volume purchases and offers two convenient payment methods.

Continuing to seek and build long term strategic revenue opportunities, we introduced a third brand to the Procurement Australasia portfolio during the year – Space Station. This has helped formalise our flexible co-working office spaces in Melbourne and Sydney as an ongoing business with great potential.

Members who have availed themselves of Space Station's existing offerings will be aware of the impressive option these spaces provide for new and established companies in need of cost effective, adaptable office space in terms of technology and size.

As demand for flexible office space grows to meet business's changing needs, we are bringing more space into the Melbourne market with the opening of L10, 440 Collins Street in February 2020. This will be the third in Procurement Australasia's co-working office space and Members Lounge and will bring with it an even greater array of benefits.

Fitted with state-of-the-art technology, Space Station's locations provide mixed business spaces in modern comfortable, professional settings with either plug in and play hot desks or larger spaces for meetings, events, seminars or workshops.

'We continue to be a major and growing provider to agencies that relocate and house Australia's refugees through the BHG program.'

'Another tactic to improve the member experience was the furthering of our digital transformation.'

Another tactic to improve the member experience was the furthering of our digital transformation. During 2018-19, a number of initiatives were effected throughout the year including a new Enterprise Resource Planning (ERP) system, a Standard Operating System (SOE) with the rollout of Office365 throughout the business, updating our Salesforce platform, and automating our marketing activities with the implementation of Marketo, a universal digital platform which manages the full gamut of marketing activities required from acquisition to advocacy.

Regarding our valuable human resources, during the year I was extremely pleased to welcome two key individuals to the Procurement Australasia fold.

Firstly, Jason Mackenzie, our new Director, Sales, who brings more than 25 years' sales and general management experience spanning a range of industries including security, B2B consumables, warehousing and logistics. Prior to coming on board, Jason was General Manager, Business Development with Office Max, a company with whom he held several sales and managerial roles over a 20+ year career including as State, Regional and General Manager.

We also welcomed a new Board Director, Tricia Klinger, who has brought the Board over 20 years' leadership experience in corporate governance, marketing strategy, reputation management and customer-centred product innovation with leading brands in both Australia and Asia. Most recently, Tricia held the position of General Manager Communications and Stakeholders at the NRMA.

Finally, I would like to thank our wonderful staff and Executive Team who have worked so hard throughout the year. To our dedicated Board Members, my appreciation for the invaluable guidance and support provided to the whole group.

To our valued members, I trust this Annual Report will convey the benefits we have delivered to date and I am confident that over the next year we will continue to create further value for our member base and our shareholders.

Joe Arena
Chief Executive Officer
Procurement Australasia Ltd.



Chair Report

Welcome to our Annual Report for the 2018-19 financial period.

This past 12 months has again brought business and financial success for the relatively newly structured Procurement Australasia group and its shareholders. For this the Board thanks the Company Executive team and our loyal staff who continue to support the company's efforts to achieve according to its strategic plan and objectives.

A dividend of 25 cents has been declared for 2018-19 on a net profit of $1.78 million. With a growth strategy in place, the company intends to invest funds from operations to grow the business rather than resort to borrowings. As a result, this year's dividend is slightly lower than last year's of 29 cents.

(It is important to note that 2018-19 result is quite different from 2017-18 as that dividend was declared on record profits of $3.16 million which included a non-recurring Energy Contract Access fee of $1.76 million, without which the net profit would have been $1.4 million.)

> It is now two years since Church Resources was brought into the group and just 12 months since the renaming to Procurement Australasia – two strategic decisions that are continuing to bring benefit and drive the group strongly into the future.

The year has brought some welcome and exciting new developments including Tricia Klinger joining the Board. As a seasoned marketing and business development executive, Tricia brings more than 20 years' leadership experience in marketing strategy, corporate communications, business development, product innovation, and governance gained both in Australia and Asia. We are delighted to have her with us on the Board.

Looking at Procurement Australasia's 2018-19 achievements in terms of new initiatives and investments I'd like to draw your attention to just a few.



First, we committed to expanding our co-working Space Station brand to L10, 440 Collins St, bringing our flexible shared working space locations to three – Bourke St, Collins St and Chatswood in Sydney.

This is a determined and well-constructed strategic business direction designed to build a profitable revenue stream for the future. A new Space Station website was created to support the launch of L10, 440 Collins St and support the business's growth plans.

Another achievement we are incredibly proud of was the sold-out event of our fifth one-day 14th Annual Procurement Australasia Conference held in August. With more support than ever previously, this year's Conference theme, Futureproofing Procurement was a huge success for our business and our membership base.

As the major public expression of our commitment to investing in and nurturing the procurement industry, I'm proud of our team who worked hard to provide a day featuring high-quality content focused on procurement's first principles – efficiency, sustainability and long term economic benefit.

Attracting 370 registered delegates, sponsorship packages and Trade Stand Space continue to make our conferences an annual highlight for both members and suppliers.

In addition, the conference gave us the opportunity to publicly acknowledge winners of the year's Excellence Awards, and recipients of the Paul James Everitt Scholarship and Jacinta Bartlett Award for Excellence in Procurement.

Next, a key plank of work for the company this year revolved around achieving our 'digital transformation' objectives to ensure our success in the new world and to provide members and stakeholders with a level of excellence in service delivery.

While to some this may mean simply implementing well-selected, up to the minute digital technology across the business, to us it is more than improving business Information and communication platforms.

This is because our commitment is to change the culture of our business; to be an expert advisor and leader. This may mean rethinking old-operating models to better respond to members, or walking away from long-standing business processes in a newer digital-marketplace.

Members and others will have noticed a series of changes to the way in which we interact – a new website, new email addresses, and new marketing communications streams, including more social media activity.

Through our Strategic Plan, Procurement Australasia is committed to meeting its strategic objective which is to expand our reach as the leading procurement solutions partner.

To get us there, our Strategic Plan's Focus Five areas are:

- People Living the Culture – building a culture where our people feel valued & engaged.
- Customer Growth – growing our customer base by striving for a customer-centric culture.
- Superior Customer Experience – delivering an NPS (Net Promoter Score) of 35+ by striving for a 10 out of 10 engagement experience for our clients.
- System Development – driving increased innovation and customer engagement through new systems.
- Heightened Brand Awareness – becoming the most recognised brand for procurement solutions.

And each Focus Five has clear and measurable deliverables in the areas of sales growth, NPS (an index measuring customer willingness to recommend; i.e. gauging overall customer satisfaction) and Employee Engagement over the next two financial years.

A focus area of particular interest to the Board and me as the Company Chairman is People Living the Culture and the achievements delivered over the last 12 months under the guidance of Annette Mackay.

More detail can be read about this on page 36 of this Report, but I'd like to highlight the broad range of activities undertaken and introduced.

These included the building of an employee Development Program Framework across all Procurement Australasia's segments that includes Workforce Planning, Leadership and Performance Development programs that incorporate KPIs tied to our business objectives, and a Skills Gaps Analysis. This framework is a keystone to our future performance.

'Through our Strategic Plan, Procurement Australasia is committed to meeting its strategic objective which is to expand our reach as the leading procurement solutions partner.'

'The digital transformation of our People & Culture efforts will be the next big step to bring transparency, quality reporting, effective performance and development management ...'

On top of this, employees' Health & Wellbeing took a priority position with our first Culture (Engagement) Survey across both brands undertaken to set a baseline for future surveys. Importantly this has embedded bi-annual check-ins with every employee to identify key trends and enable a managed observation of employee health and wellbeing companywide.

Executive engagement is paramount and to build more regular such engagement, a significant Recognition Program across both Personal & Professional achievements was introduced in 2019.

The digital transformation of our People & Culture efforts will be the next big step to bring transparency, quality reporting, effective performance and development management, and a valuable range of learning opportunities.

Moving on, the continuation of our ISO accreditation is key to our objective of being recognised as the leading procurement solutions partner in Australasia.

We are CIPS accredited and retain our Quality Management System accreditation under ISO 9001-2015, proving our full compliance in terms of our policies, objectives and continual improvement processes. This is a valuable commendation and one that is enviously regarded within the industry.

2019 saw us also continue to work towards meeting Sustainable Procurement Standard ISO 20400's requirements, the first international standard on sustainable procurement. We are determined in our quest to be a role model on the matter of sustainable procurement and grateful to be working alongside Sustainability Victoria in this endeavour.

Our aspirations and aim to be an industry leader are a notable reflection on our people – in both Procurement Australia and Church Resources – a group on whom we rely to maintain our quality and range of products and services. Without their efforts, this would not be possible.

For the coming year, Procurement Australasia has committed to the following growth initiatives:

- Commencing a new Consultancy Advisory Services business division, in order to grow business from Consultancy income;
- Investment in L10, 440 Collins St, Melbourne under the Space Station brand, to be let out as co-working spaces to generate profits in the long term; and
- Investment in new technologies and websites which will improve our business efficiencies and customer experience.

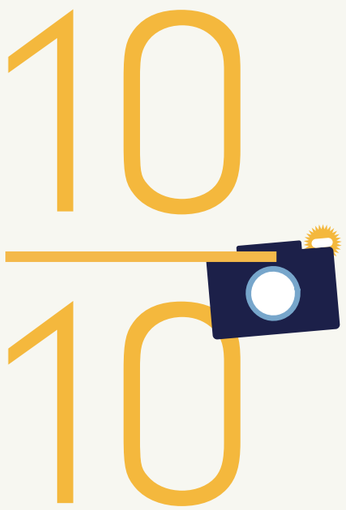
In addition, we are exploring other business acquisitions to grow the business.

2019 has been another successful year, full of development and new initiatives from which work, outcomes and revenue streams will flow through to 2020 and beyond.

With both Procurement Australia and Church Resources, and now Space Station to oversee, the Board has enjoyed a busy year. It goes without saying that all Directors are pleased with 2019's results and look forward to 2020 with enthusiasm.

Once again, on behalf of the Board, I extend thanks to Procurement Australasia's Executives, Management and Staff for their commitment and hard work.

Ken McNamara
Chair – Board of Procurement Australasia Ltd.



Our strategic direction is underpinned by our Values and Culture, and is best summarised as:

Superior customer experience,

where we strive to be customer-centric and provide a 10 out of 10 engagement experience for our customers, and become the most recognised brand for procurement solutions.

Systems development,

where we drive innovation and customer engagement through new systems.

People,

where we will build a culture where our people feel valued and engaged.

The Digital Transformation work undertaken in 2019 has supported Procurement Australasia's Strategic Plan goal to innovate to deliver superior customer experience and enable our team to execute brilliantly.

The last 12 months have seen continuous improvement in our systems with the implementation of a number of projects underpinning the company's digital transformation. This has successfully changed existing business processes, created new ones, and changed the organisation's culture and customer experiences.

The main project of this program included: rebuilding our system structure by amalgamating our separate IT networks; moving to a full Cloud solution; and updating our legacy systems and hardware.

Now, all Procurement Australasia team members, irrespective of their location around Australia, are on a Standard Operating System which is achieving greater, more efficient collaboration. This digital solution has changed the way we do business as it has provided our team members with both remote and mobile system access.

Another project was to review our CRM (Customer Relationship Management) systems. The two separate Salesforce environments were amalgamated and updated to current technology. This digital transformation aimed to improve team efficiency by providing access to the same information, improved analytical data and reporting, and enhanced transparency, all for the purpose of delivering a superior customer experience.

Our digital transformation continued with a new marketing system solution across the organisation. This lead management and account-based marketing tool has worked to build brand awareness and make an impact in the marketplace.

Within the Finance area, a new ERP (Enterprise Resource Planning) system was implemented, streamlining financial processes, replacing legacy technology, creating real-time visibility of information, and improved reporting and planning.

Continual improvement is a key element of our Digital Transformation program. With this in mind, we have several projects underway including the development of a new website for Procurement Australasia, the implementation of a Unified Communications solution, the implementation of SharePoint, and a refresh of our current Contract Look-Up system with additional functionality.

This new Unified Communications solution and SharePoint will enhance our business processes and provide a more flexible system connecting all team members irrespective of their location. These systems are designed to support a mobile and distributed workforce, drive innovation by challenging existing practices and, in doing so, deliver superior customer experience.

The new Procurement Australasia website will provide a single view into our business by incorporating the existing Procurement Australia and Church Resources websites as well as linking the new Space Station website. The new website has been built to be customer-centric and provides organisational information and details our procurement solutions.



ENERGY.

‘Strong focus remains on the important Energy category...’

Procurement Australia

Strong focus remains on the important Energy category (gas, electricity and public lighting) which is Procurement Australia’s largest member use contract with around 170 members currently enjoying the benefits this aggregated procurement product offers.

2018/19 saw us:

- Complete a member engagement process, enabling us to put to market our first tender for renewable generation electricity for 11 members in Victoria and NSW.
- This large scale, renewable generation Power Purchase Agreement (PPA) provides members with a renewable generation energy solution from a generation facility located in their respective states. Tenders for this exciting and innovative product have closed and are currently under evaluation.
- Commence engagement with WA members in relation to their renewable generation PPAs:
- Host 20 member representatives from the greater Perth region at a briefing and consultation event in Fremantle in September.
- Engaged and consult with the WA State Government in regard to their energy policy, renewable generation assets, licensed retailer competition and our intended role in the energy sector in WA.
- Complete forward energy price hedging to June 2021 on our Progressive Methodology (PM) electricity contract.
- Commence member and industry engagement for the renewal of the traditional Fixed-price-Fixed-term Energy Portfolio product scheduled for tender in October 2019 and for delivery from July 2020.
- Partner with and assist Wodonga Institute of TAFE install a 1,584 solar panel rooftop solution to provide renewable energy for approximately 30% of the Campus’s electricity requirements.

Church Resources

Church Resources also coordinates an extensive energy portfolio on behalf of its members and has around 12,000 energy meters under management nationally.

In 2018/19, for the first time, access to Procurement Australia’s market contested energy products became available to Church Resources members. This development provides larger Church Resources’ members with an improved energy product fit as a result of their discretion to commit to a public tender and a commercial and industrial energy contract structure.

170

members are currently enjoying the benefits this aggregated procurement product offers.

1,584

solar panel rooftop solution for Wodonga Institute of TAFE to provide renewable energy for approximately 30% of the campus’s elecricity requirements.

New Contracts

Procurement Australia

New tenders and contracts in the following categories commenced in 2018/19; and on a national basis for most:

- Information Technology Products & Services
- Hire of Plants & Trucks – Southern Sydney Region Organisation of Councils
- Mobile Bins
- Multi-Function Devices & Related Products & Services
- Office Products & Workplace Consumables
- Printing Services
- Road Spray Sealing – Victorian North East Regional Procurement Excellence Network
- Small Plant, Machinery & Associated Products & Services

Over the year, 23 member and industry briefing/consultation events for the following categories were held to support our Sourcing & Contracting:

- Renewable energy power purchase agreements – VIC & NSW
- Renewable energy power purchase agreements – WA
- Fixed Price & Progressive Methodology energy solutions
- InsureRight (PA's insurance product)
- Office product & workplace consumables
- Retail Fuels (Fuel Card solution)
- Information Technology Products & Services
- Courier services
- Road re-sealing & maintenance
- Church Resources Foodservice (new offering)

'Impressive market approach from PA, industry best when it comes to supplier engagement and willingness to take feedback that delivers innovation and value to it's members. Thank you'

Anonymous Feedback from Survey from a supplier at the briefing – 2105/0840 Office Products & Workplace Consumables.

'Procurement Australia can always be relied on to provide prompt, expert advice. The PA contracts we have accessed are well thought out, functional and assist us in meeting our statutory compliance requirements, as well as expediting our processes to achieve best value for our community'.

Procurement Australia Council member.

'PA provided invaluable professional solutions when we engaged them to overhaul our Procurement policies and practices.'

Darrin Day, CFO.

Church Resources

Travel

Church Resources' Travel contract continued its recent growth in terms of both member utilisation and spend. This uniquely constructed portfolio now accounts for around $35 million annual spend comprising approximately 42,000 bookings, positioning us as Flight Centre Management's (FCM) No.1 non-government client nationally.

Adding 19 members to this Travel contract this year has brought total member numbers to 146 nationally, enjoying a contract that encompasses:

- FCM as travel management partner
- healthy airline discounts across domestic and international carriers
- attractive hotel and car hire solutions, and
- a range of other unique benefits such as an exclusive online booking tool, and preferred member negotiated rates for Qantas Club and Virgin Lounge memberships.

Foodservice

Our strategically important Foodservice solution contract has been continually refined through the year, and expanded.

Assisting members to identify savings and efficiencies with a no cost, obligation free program, our Foodservice solution provides access to some of Australia's most prestigious brands and, in 2018/19, the staple food requirements of 656 members were serviced nationally, representing a spend of around $35.5 million.

Our Foodservice solution offers a simplified procurement processes together with consistent value on all Foodservice needs via our contracted partners, the major suppliers of which are: Bidfood, Lion Dairy & Drinks, Goodman Fielder, and M&J Chickens.

Four new Foodservice partners came on board this year: Simple Food Safety Management, Food Solutions Diet Consultants, Harvey Norman Commercial Division, and S.A.J. Fruit Supply; providing members wth specialist advice, compliance and solutions in relation to:

- Dietetic & Speech Pathology services – Food Solutions Diet Consultants offer Nutrition and Dysphagia management, IDDSI training and support, the auditing of supplements and modified diets, and staff education.
- Food Safety Programs – Simple Food Safety Management offer faster, better and smarter ways to achieve food safety compliance enhanced by a paperless food safety monitoring and consumer meal ordering software program, in conjunction with accredited auditing support.
- Commercial Catering Equipment – Harvey Norman Commercial Division provide an end-to-end solution related to replacement and fitout of any commercial kitchen space.
- Fruit & Vegetable Supply in Victoria – provided by S.A.J. Fruit Supply.

In addition to these, we partner with a further 34 preferred manufacturing/ supply partners, an equipment partner, and a range of foodservice consultants.

146

members nationally, enjoying a contract – Travel.

656

members serviced nationally – Foodservice.

35.5

approximate spend (AUD) – Foodservice.

Aged care & disability

The aged care and the disability sectors continue to be a primary focus of Procurement Australasia through the Church Resources brand.

The NDIS and CDC programs continue to face significant challenges to organisations delivering these packages and the families delivering self-administered care. These challenges are centered predominantly around the lack of affordable housing, the lack of quality whitegoods and furniture for use in the available housing, the availability of technology, and resourcing of suitable, long-term available staffing.

2018/19 has continued to reflect an upward trend in delivering services to this sector, predominantly in the property services and housing fit-out categories.

Our salary rewards program, Your Salary Benefits, has grown over the last 12 months to over 14,000 members. This service is provided free of charge to any not-for-profit staff member or volunteer and is part of the added-value services Church Resources continues to deliver to the not-for-profit sector since becoming part of the Procurement Australasia group.

14,000

members – 'Your Salary Benefits'.



Refugee resettlement project

Procurement Australasia through the Church Resources brand continues to be a leading provider of goods and solutions to the Australian Government's Bulk Households Goods (BHG) Program supporting approved refugee families assimilate into compliant housing in Australia.

Having now provided white goods, furniture and other essential household items to refugee families for over four years, Church Resources continues extending this service through its Community Housing program to assist the disability, aged care and affordable housing sectors.

Based on the aggregate value of good delivered via this program, Church Resources has now developed an online B2B Shop which is available to both Procurement Australia and Church Resources members to buy white goods, electrical goods, furniture and other business purchases online.



Insurance

Insurance tenders were quite active in 2019 particularly for Councils in Victoria who wanted to test the market following the Victorian Auditor General's Office report on Local Government insurance risks. In addition to the 11 Victorian Councils InsureRight also acted for two Councils in WA and one Council in NSW.

In addition to Local Government, we ran insurance tenders in the Northern Territory that achieved a broader and more tailored coverage and cost benefits to our membership base.

After many years of a soft insurance market where premium savings of 20% were commonplace the market has changed significantly. We are now in an extremely tough insurance environment due to global natural catastrophe losses which are in excess of $180bn, the fourth worst year on record.

The Australian market has also been severely impacted due to the Townsville floods, Sydney hailstorm, class action claims against ASX listed entities and the continued fallout from the various Royal Commissions looking into the banking, aged care and disability sectors. This has meant that insurers have reduced their capacity and increased premiums and deductibles to address their underwriting losses. This trend is set to continue throughout 2020 and beyond.

'It's been a very smooth process with a great outcome. Thanks again for all your hard work and advocacy on our behalf.'

Brenton Riordan, Financial Controller, C.E. Bartlett.

In preparation for the 2020 renewal season, a number of presentations and proposals have been issued to a number of Councils, Not for Profit and Corporate entities focussing on making sure any cost increases applied by insurers are off the correct cost base in the first instance and our members are not overpaying for potentially inferior insurance programs.

In late 2019 a new initiative was launched as a joint venture between Procurement Australasia and Not for Profit Insurance Brokers which offers an online quotation system for smaller Not for Profit organisations who can get an automatic quote online to compare against their renewal notice when received. We anticipate this will generate significant interest over the next 12 months.

'Church Resources have been supplying Australian Red Cross, household items for the Humanitarian Settlement Program (HSP) since the November 2017. HSP was a new program to Red Cross and Church Resources worked collaboratively with RC from the initial tender phase; during this time, developing sound program knowledge alongside us as the Service Provider. Church Resources were able to source a range of quality items to meet program requirements and satisfy client expectations.

Church Resources have assisted program delivery by developing a range of tools to support ordering through to delivery and servicing, removing any client involvement in the process. I am always impressed with the responsive attitude towards any issues arising and the general enthusiasm toward process improvements.

Church Resources has mirrored the HSP empathy towards clients in all order and delivery transactions and have been a sound partner to have on the program journey.'

Pia Angelucci, HSP Regional Manager, Australian Red Cross.

BRING-ING VALUE, to our members.

‘PA have made our process easy, providing expert advice, achieving overall excellent financial outcomes.’

John Molina, CFO, Nadrasca.

Capital Cities Procurement Managers (CCPM) Network

The CCPM met in Melbourne on 18-19 July 2019, bringing together senior procurement representatives from the City of Melbourne, Sydney, Brisbane, Darwin, Adelaide and Hobart, supported by senior Procurement Australasia management, Chief Executive Joe Arena and Director, Marketing & Commercial Services, Mark Hopcroft.

Procurement Australasia is proud to be able to bring together such a senior group of Local Government executives and decision-makers to share specialist knowledge in the areas of procurement and supply chain skills.

Some highlights from the session included:

- An in-depth presentation by Ian Rudgley, Procurement Manager, City of Sydney, regarding the potential impact of changes in thinking around social and ethical procurement.
- A presentation by Damian Amamoo, CEO, Inception Strategies, in relation to the statistics surrounding compliance with Federal and State Government Indigenous Procurement initiatives.
- A presentation by Chris Jaeger, CEO, Advisory & Coaching Australia, in relation to international examples of Smart Cities Technology rollouts, i.e. City of New York Subway.
- A special thanks was extended to City of Sydney’s Ian Rudgley for his Chairmanship of the network over the past three years pending election of a new Chairman for 2019/20.

Training

Demand from members for ongoing learning remains strong and again this year Procurement Australasia delivered a wide range of training sessions and seminars in Melbourne and Sydney, as well as in regional Victoria and New South Wales, including Yarra Ranges, Illawarra Shoalhaven Joint Organisation, Bass Coast and Cumberland Councils.

Modern Slavery Act Workshop

To ensure that we are educating our members with current and relevant procurement practices, Procurement Australasia ran Modern Slavery Act Workshops in both NSW and VIC. As the changes come into effect for Modern Slavery we ran 4 workshops this year for our members, to understand modern slavery including developing internal policies, providing best practice clauses and schedules for tender and contract documents, and understanding Modern Slavery Statement requirements. The newly released guidelines on Modern Slavery seek to answer questions that many member organisations were asking this year.

As members continue to seek procurement-related learning opportunities, regional seminars will be continuing in the future along with our regular seminars in metropolitan centres.

CEO Engagement

In March 2019, along with member CEOs, Joe Arena hosted another successful CEO Forum for our members to hear guest speaker, Arron Wood, Deputy Lord Mayor, City of Melbourne, discuss Leading through Change: Renewable Energy Project.

The Chairman of Procurement Australasia, Mr Ken McNamara also hosted a Chairman's dinner the eve before the Annual Procurement Australasia Conference 2019.[1]

With special guest speakers Lucinda Nolan, CEO Ovarian Cancer Research Foundation & Kevin Sheedy, Essendon Football Club – Sports Coach.

'The forums are a great way to demonstrate our leadership in many of the contemporary issues facing organisations.'

Stephen Griffin, Procurement Australasia Board Member.

Let's Network

Procurement Australia's national professional network linking female procurement specialists around Australia was launched in 2016 and is chaired by Procurement Australasia Board Director and former Deputy Lord Mayor and City of Melbourne Councillor, Susan Riley.

Presentations during the year included:

- Mr Giovanni Ferrante from CIPS – The Chartered Institute of Procurement & Supply on the topic of 'Modern Slavery Act – what you need to know and prepare for as procurement professionals for 2019.'
- Ms Jantine Eddelbuttel, Director of Human Resources at Zoos Victoria on the topic 'Leadership that makes a difference.' – the group was also treated to a behind the scenes Zoo Experience in the Elephant Enclosure.[2]
- Mr Gordon Donovan on the topic of 'Digitising Procurement – How you can become more strategic and add value within your organisation.'
- Ms Sharon Morris, General Manager for Australia and New Zealand at CIPS Australasia on the topics of 'Women in Leadership – Meaningful change that drives for the greater good in any organisation.'
- Mr Cameron Taylor, HAYS Procurement Recruiting on the topic of 'Procurement Professionals – Insight into the key trends, issues impacting the profession and your own personal brand.'

We also had regular updates from Sustainability Victoria's Ms Fiona Sergi on current sustainability best practices, Updates on Victorian State Government Waste Taskforce and Victorian Government Recycling Industry Strategic Plan.

Let's Network aims to bring together senior procurement women from around Australia to develop professional skills and expertise, and up-and-coming mentor women through bi-monthly meetings and talks. The network has an ever-growing LinkedIn page and more than 75 members.

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14th Annual Procurement Australasia Conference

Futureproofing Procurement, Procurement Australasia's 14th Annual Conference, was our fifth one-day national event. With more support than previously, this conference was a sell out!

Futuristic in outlook, the conference was particularly mindful of current shifts towards procurement professional employment trends, renewables, social procurement and greater collaboration.

However, while continuing our forward-looking approach, this year's conference asked conference delegates to consider whether procurement professionals were ready for the industry's 'new world' already taking shape; a world which is requiring them to become key providers of insights and guidance for increasingly complex value chains.

To do this, Futureproofing Procurement focused on the three key drivers of this 'new world':

1. People – the next generation
2. Strategic procurement – digitisation tools and systems; Artificial Intelligence (AI)
3. Sustainable & Social procurement – 2019 & beyond

Attracting a record-breaking 370 registered delegates, and becoming a sell-out event, sponsorship packages this year included Ads for the Conference Program, Award Sponsors, Gold, Silver and Bronze Sponsors, Coffee Cart Sponsors (including coffee cup branding) and Trade Stand Space. Each and every one of these features continues to make our conferences an annual highlight for both Members and suppliers.

As the major public expression of our commitment to investing and nurturing the procurement industry, we worked hard to provide a day featuring high-quality content focused on procurement's first principles – efficiency, sustainability and long term economic benefit.

The conference also publicly acknowledged the year's Excellence Awards' winners and the recipients of the Paul James Everitt Scholarship and Jacinta Bartlett Award for Excellence in Procurement. Our Social Procurement Award was given for a fifth year.

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The conference also publicly acknowledged this year's Excellence Awards' winners and, with great excitement, the recipient of the Paul James Everitt Scholarship and the Jacinta Bartlett Award for Excellence in Procurement, as well as our Social Procurement Award for a fifth year. Futuristic in outlook, the conference was particularly mindful of current shifts towards procurement professional employment trends, renewables, social procurement and greater collaboration.



AWARDS.

Winners – Procurement Australasia's Excellence Awards

Jacinta Bartlett Award for Individual Excellence in Procurement

Madeleine Taylor, Strategic Procurement Manager, YMCA, Canberra won the Jacinta Bartlett Award for Individual Excellence in Procurement.

Madeleine, together with her team, implemented governance improvements to ensure current legislation is satisfied and went to market for various categories, re-negotiating better rates for electricity and other services. As a result, savings of around $214,000 were generated and are now available for YMCA's community programs.

Collaboration and Innovation Award

Sydney Water Corporation was awarded the Collaboration and Innovation in Procurement Award.

This award was given for the collaborative approach taken by Sydney Water with its Lower South Creek Treatment Program which, because of its success, has encouraged Sydney Water to begin transitioning to P4S (Partnering-For-Success) as the model for future procurement/delivery.

The Lower South Creek Treatment $500-million wastewater program (2015-2020) comprises three staggered plant-renewal projects to support an extra 0.5 million people in the North-West by 2040. The commissioned Riverstone project (2015-2018) realised Sydney Water's sought advantages over traditional design-and-construct models including increased control, $8-million savings, integrated teams, and a 20% reduction in procurement FTE informing the forecast 14% ($53-million) program cost savings.

Sustainability Procurement Award

Wodonga Institute of TAFE was awarded the Sustainability Procurement Award for its Solar PV and Micro Grid Project.

Going to tender for the purchase and installation of 600kw of solar power across multiple campuses and buildings. Wodonga Institute of TAFE's end solution is technologically innovative as it incorporates Mondo's Ubi technologies which allows for load, power sharing behind the meter with the installation of solar voltaic panels. The project will contribute to reduced costs, reduced carbon emissions and renewables, and education initiatives for staff and students.

The renewable energy system will comprise 1,584 solar panels across 11 buildings and be capable of supplying up to 30% of daily power demand across the three campuses. In terms of environmental benefits, the system will reduce the TAFE's CO2 greenhouse gas emissions by close to 1m kg/annum; the equivalent of emissions produced by 212 passenger vehicles over a year.

Social Procurement Award

Regional Collaboration Security Project Group received the Social Procurement Award.

A partnership of five northern councils – Banyule City Council, Whittlesea City Council, Darebin City Council, Moreland City Council and Mitchell Shire Council – this project brings an innovative solution in the delivery of security services across more than 235 sites in the region.

A total of 13.5 FTEs from disadvantaged backgrounds were negotiated to be directly employed across the region by the group in the contract servicing the Northern Region.

Lead by Banyule City Council, the partnership has achieved several collaborative procurement projects in the Northern Region Network since working together.

Supplier of the Year Award

Bunnings was named Supplier of the Year.

One of Procurement Australia's long standing suppliers, Bunnings was awarded Supplier of the Year for its excellence in delivering ongoing customer value through:

- continued product innovation;
- ongoing process development through the introduction of the PowerPass and Card GL code mapping; and,
- superior relationship management.

Procurement Australaisa sponsors Indigenous Business at the conference

Procurement Australasia was pleased to sponsor and welcome Boomerang Debt Recovery and Enigma Indigenous Peoples as trade stand suppliers at the Conference.

Regional and interstate member support – Value add!

All regional and interstate members were offered support via complimentary tickets to attend the conference again this year.

The Paul James Everitt Scholarship

Mr Todd Neeson, Port of Melbourne's Operations Finance and Contract Coordinator, is the third recipient of the $10,000 Paul James Everitt Scholarship.

Accepting the Scholarship, Neeson said that motivation for his Scholarship application for a study research tour and paper was based on Port of Melbourne's unique position in the supply chain.

'As Australia's largest capital city container and general cargo port, and a vital trade hub for SE Australia, Port of Melbourne is on the cusp of a period of significant growth and this is an opportune time to think big about how smart procurement practices can drive positive growth and provide benefits to enable a sustainable future,' he said.

'Our aim is to enhance the liveability of the surrounding communities and be a significant influencer and change leader by setting standards in procurement practices, supporting our ability to maintain our licence to operate as a progressive port city.'

To win the Scholarship, Neeson proposed a study tour and subsequent research paper reporting on the ability of world class port cities in both Europe and Asia to embed sustainable and social procurement practices into, and influence port development, while still driving value for money outcomes.

Neeson said: 'European ports such as the Port of Hamburg and the Port of Rotterdam see themselves as both trade hubs as well as celebrated community assets, while also driving sustainability projects both on and off land.'

'From a sustainability perspective, I want to look at not just what sustainable projects are being conducted by ports to mitigate environmental impacts, but how sustainable procurement practices can be embedded into all procurement and contractual relations to increase their impact along the supply chain,' he said.

Neeson considers that such case studies could be vital for future port development in Australia, as knowing how to leverage off existing asset bases for increased mutual benefits would be invaluable in influencing and shaping projects which will leave a long and lasting impact on communities.

Joe Arena said:

> 'It's a great honour to announce Todd as our third Scholarship recipient for a very worthwhile project.
>
> We are very excited to see the results of your work and will be eagerly supporting and monitoring your efforts.'

SALES GROWTH.

This year's financial results are testament to our customer centric approach, and the value members derive from working with Procurement Australasia to support the achievement of their business goals.

2018-19 saw a number of significant changes and improvements within the sales team to ensure members remain at the centre of everything we do.

Over the past 12 months, we have been working hard to amalgamate the two business brands – Procurement Australia and Church Resources – across the country into a cohesive and coherent sales organisation. By doing so, we have expanded the suite of products and services available to all members that were traditionally only accessed through each brand.

Our customer centric approach dictates that we provide the best possible solution to members, regardless of brand alignment. This has seen a number of Church Resources members accessing Procurement Australia contracts and vice versa. As an example, hundreds of Church Resources members have committed to our combined Fixed Price, Fixed Term Energy Tender, one of the largest energy contracts in Australia.

In addition, a structured training regime for all sales personnel was implemented. This regular and ongoing development program aims to build understanding of the vast range of services and solutions available to all members, enabling the best possible outcomes.

We understand that, for some categories, it makes sense for members to participate within an aggregated contract model. Procurement Australasia will always offer a broad base of aggregated contract categories where it makes sense to do so. For categories such as energy, stationery, fuel and recruitment services, for example, members receive substantial service and price benefits from leveraging their combined volumes against our supply partners.

We also recognise that for some categories, members want to take a more nuanced and localised approach. This year, Procurement Australasia supported members through developing and facilitating a number of collaborative procurement events. As a result, members who share geographical boundaries or business synergies were able to come together, aggregating their demand, to deliver a more localised outcome. One example was our work assisting one regional network leverage the benefits of aggregation across road maintenance contracts, while ensuring local contractors formed part of the service delivery.

This last year also saw an increase in support provided to individual members through specific and isolated procurement events. Members engaged Procurement Australasia to provide resources and expertise to complement their own procurement functions in areas outside their current resource capacity, capability and/or skillset. This has, on multiple occasions, delivered localised outcomes aligned to the members' social procurement goals. For example, one such event required participating suppliers to demonstrate the employment outcomes to be generated for a particular socio-economic demographic within a specific geographic zone.

Our Consultancy Services continue to grow and, last year, Procurement Australasia assisted many members undertake and implement full reviews of their procurement functions and contract frameworks. Members engaged Procurement Australasia to test their processes against our best practice ISO-accredited approach and, where improvements were identified, we assisted members develop and implement transition plans for improved outcomes. The benefits of this work has seen improvements in function productivity, process efficiency, service enhancements and reduced costs.

Our Aged Care sector members remain an important part of our member base and, as their business model evolves to cope with the ever-increasing need for their services and the legislative requirements of their industry, we have increased our focus on and support of them.

Aged Care has been a core strategic focus for us this year, resulting in revenue improvements in the core categories of food services, facilities management and travel. We expect this growth to continue.

SPACE —STATION.

Now launching: Space Station – flexible office spaces

Space Station is a developing core-brand of Procurement Australasia, offering a unique blend of co-work space/serviced office space but with flexibility as to how the space is configured.

Throughout 2018/19, our Melbourne and Sydney Space Station Flexible Office Spaces at 461 Bourke Street, Melbourne and 9 Help Street, Chatswood continued to perform well, offering flexible co-working spaces in a professional and comfortable setting, at affordable prices

Offering individual 'plug-in and play' hot-desks and larger flexible business spaces, the service features state of the art technology together with the capability of hosting meetings, events, seminars, workshops or other medium sized events.

Space Station services now include all levels of electronic media and video conferencing with free WiFi, competitively priced printing, copying and scanning services, all available on a daily, weekly or monthly basis.

During this financial period, with Board approval, Management has committed to develop and launch a further Space Station at Level 10, 440 Collins Street in the heart of the Melbourne CBD. This new location offers a significant step forward for the unique Space Station brand, offering traditional office accommodation at co-work space prices, built around a members Lounge that provides a comfortable and relaxed business base for our members and other tenants.

440 Collins Street is scheduled to open on the 10 February 2020.

'I can't speak highly enough of Procurement Australia for meeting and conference room hire. Not only are they very reasonably priced, they also provide amazing customer service and participant experience. We have ready access to all the technology we could ever need to run our workshops and catering is super easy and amazing quality!

Above all, Ash and Yvette at reception are incredibly friendly, professional, delightful and only too happy to make the experience a fantastic one for both client and participant. I highly recommend PA for meetings and conferences and can't wait to check out the new space!'

Nick Kennedy, Managing Partner, Deliberatedge Pty Ltd.



SOCIAL, ETHICAL SUSTAINABLE.

Social, ethical & sustainable procurement

Since the international launch of the Sustainable Procurement ISO 20400:2017 was held in Sydney in August 2017, Procurement Australasia has subscribed to meeting and complying with the social benefits and outcomes that can be created by adopting a Social, Ethical and Sustainable Procurement Policy.

Social Procurement represents the extraordinary potential social benefits and impact that can be delivered to the community, above and beyond the product or service being purchased. Social Procurement is a tool for change and Procurement Australasia's commitment is to align our procurement process, wherever possible, to deliver a social outcome as our members transact.

Similarly, when human rights and environmental sustainability are protected within the whole life cycle of the purchasing process, issues such as modern slavery, cultural discrimination and negative environmental impact can eventually be eradicated.

Procurement Australasia is committed to delivering to its members a procurement program that will enhance and assist those members to adopt a Social, Ethical and Sustainable procurement program.

During the 2018/19 financial period, we have commenced building an online dashboard which will allow our members to conduct online-search compliance of our supply chain, and allow them to subscribe to the dashboard for their own reporting processes.

Indigenous & government procurement engagement

Since subscribing to the Sustainable Procurement ISO 20400:2017 process and launching an Indigenous Procurement Policy in 2017, Procurement Australasia continued to develop and strengthen its relationship with the Indigenous business community in 2018/19.

We continue to maintain our membership with Supply Nation for our Procurement Australia, Church Resources and Space Station brands.

We have continued to work with the Directors of FACCI (First Australians Chamber of Commerce & Industry) through a strategic alliance with Ngara Procurement to achieve appointment as a FACCI impact-partner to support Indigenous business through FACCI's 4,700 members.

We have developed a future strategy in strategic alliance with Ngara Procurement to supply both Government under the Indigenous Procurement Policy (IPP) framework and private organisations who are required to meet reporting requirements under the IPP. This is to assist our Indigenous partners best access the Commonwealth and State Government annual multi-billion dollar procurement spend.

Within our Social and Ethical Procurement process, our strategy over the next two years is to support and assist Indigenous businesses be better equipped and trained to meet the challenge of transacting business at a higher level.

TAKE2 – our pledge to reduce greenhouse gas emissions

Over the last three years, we have remained members of and financially committed to the Victorian Government's voluntary Climate Change Pledge program, TAKE2, delivered by Sustainability Victoria. TAKE2 aims to reduce greenhouse gas emissions and keep the global temperature rise to under two degrees.

TAKE2 enables all Victorians, including businesses, community groups, local governments, schools and individuals to be part of Victoria's action on climate change. At this time, more than 1,000 organisations are part of the TAKE2 network and have promised to take 110,000 actions to address climate change.

'Our commitment to act on climate change for Victoria, Australia, and the planet is strong. Several of our specific sustainability commitments can be viewed on the TAKE2 website www.take2.vic.gov.au'

We are continuing to demonstrate our move towards a more environmentally successful outcome by saving energy, reducing waste through cloud-based technology and, where possible, purchasing environmentally sustainable goods under our Social, Ethical and Sustainable Procurement policy.

Quality Assurance

This year we gained SAI Global re-certification for our Quality Management System which complies with the requirements of ISO 9001:2015; a certification that has been held since 1998.

The decision to adopt the Quality Management System was a strategic one, aimed to improve the group's overall performance, provide products and services that adhere to statutory requirements, and meet our customers governance requirements.

Let's Network continues to set sustainability as a key agenda item

The Procurement Australasia Let's Network group linking female procurement specialists around Australia, chaired by Procurement Australasia Board Director and City of Melbourne Councilor Susan Riley, has made sustainability a regular agenda item where possible at meetings held this year.

As a result, Sustainability Victoria representatives regularly attend the sessions, discussing a variety of sustainability issues in relation to procurement, and update members on the Victorian Government Recycling Industry Strategic Plan.

OUR PEOPLE.



As 2018-19 closes, and we reflect on People & Culture, it is time to celebrate the broad range of programs, processes and culture shift that has occurred over the last 12 months.

New employee life cycle 'touchpoint' programs, including Workforce Planning, Leadership Development, Performance Development incorporating KPIs (Corporate Business Objectives), and Skill Gaps Analysis focusing on high performance were fully developed and launched into the business, building into a Development Program Framework across all segments.

In addition, a suite of metrics was developed following an analysis conducted on HR Metrics and will be launched in the coming months as we embed the data.

A key focus for People & Culture over 2018-19 was the Health & Wellbeing of our people. This saw the business launch our first Culture (Engagement) Survey across both brands to set a baseline for future surveys, and which embedded the bi-annual check-ins with every employee to ensure key trends and the health and wellbeing of our people are kept abreast of.

Happily, we saw an increase in employees taking up the expanded Wellbeing subsidy which provides financial assistance to join a Gym, do Pilates classes, Boot Camps, enjoy Yoga instruction or other relevant health activities with a focus on creating a 'Better You' for each employee.

We also had the VCCI (Victorian Chamber of Commerce & Industry) conduct Mental Health training for managers and employees early in the year. Following this, we will be looking at engaging speakers on a variety of important topics to heighten our awareness of protocols, approach and support needed across mental health and men's health, dealing with serious medical conditions such as cancer and diabetes that affect our people.

To build more regular Executive engagement and a culture that actively listens not only to members but equally to our people, a significant Recognition Program across both Personal & Professional achievements was introduced this year.

In an effort to streamline and digitally manage the organisation's Performance & Employee Development, we have initiated a search for a provider of an online HR platform. Adopting such a program will ensure our People & Culture services are provided at a high level and with transparency, quality reporting, effective performance and development management, together with an extensive range of learning opportunities.

All in all, for a business our size, we are proud of where we have come from and where we are headed for our employee experience, and look forward to seeing further ongoing development in the coming year.

A focus on creating a better you.

Our Board members.

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1. Ken McNamara

CE, Dip CE, DipAppScTp, BAppScPlan, FIE (Aust), FIMM, FAICD / Appointed: 21st December 1992 / Appointed Chair: 1996 to 2007 and 21st February 2014 to present day / Chair of the Board, Chair of Finance Risk & Governance Committee.

A founding Director of Procurement Australasia, Ken is a civil engineer, town planner and company director. With extensive experience as a Chief Executive, City Engineer and Consultant in Local Government, Ken is a sessional member of the Victorian Civil and Administrative Tribunal. He has served as a Government appointed independent chair of a number of major infrastructure projects including the Geelong Bypass, Sugarloaf Pipeline, Peninsula Link, Barwon Heads Bridge Echuca-Moama Bridge Projects, and the Western Highway – Anthony's Cutting Project. Ken has direct expertise in governance, tendering and contract management together with an expansive understanding of procurement procedures across a range of public sectors.

2. Lydia Wilson

BA, BSW, GAICD, FAIM. Appointed 26th February 2010.

Lydia has more than 28 years' experience at Senior Executive level in Local Government, including 13 years as Chief Executive Officer at the Cities of Manningham and Yarra and the Shire of Macedon Ranges. Lydia is the Managing Director of Lydia Wilson Consulting, a boutique consultancy practice specialising in executive leadership and management services including executive recruitment; coaching and performance reviews; Councillor support and development; and corporate governance.

Lydia has extensive Directorship experience having served on many Boards and Advisory Committees over the past 20 years, most notable being Sustainability Victoria (Chair and Deputy Chair), the Lord Mayor's Charitable Foundation, Destination Melbourne, Regional Development Australia (Chair), the National Health Ethics Committee and the National Women's Consultative Committee (Deputy Convenor). Lydia is the current Chairperson of the Banyule Employment Matters Advisory Committee, providing independent advice to the Council on all contractual matters relating to the CEO's employment. She is also the ministerially appointed independent Chair of the Integrated Water Management Forum for the Maribyrnong Catchment and an Independent Member of the Waterways of the West Ministerial Advisory Committee.

3. Stephen J Griffin

Chief Executive Officer, State Emergency Service, Victoria / B.App Sc, DipEd, Grad Dip L.G, M.B Man / Appointed: 23 May 2014 – Member, Finance Risk & Governance Committee.

Stephen started his local government career at the City of Melbourne in 1986 after a short career in secondary school teaching in Geelong. Stephen's career at City of Melbourne included management positions in recreation, home and community care and general management. Stephen then moved to Werribee – Wyndham City Council prior to local government amalgamation. Stephen managed the areas of Recreation, Enterprise Support and was Director of Corporate Services in a period where the population in the municipality grew by 8% per annum and was one of the fastest growing municipalities in Australia. Whilst at Wyndham, Stephen completed his Masters of Business Management. He took up the role of General Manager – Corporate Services at the City of Greater Geelong in 2007. In 2009 Stephen was appointed Chief Executive Officer of the City of Greater Geelong and then in 2014 became the Chief Executive Officer of the Victoria State Emergency Service. Stephen brings to the Board extensive experience in local government management, as well as broad management expertise developed over several years.

4. Susan Riley

Councillor, City of Melbourne MAICD. Appointed: 18 September 2009.

Susan has extensive experience in local government having served three terms as Deputy Lord Mayor of Melbourne. In 2001 Susan was the first female Deputy Lord Mayor of Melbourne, and was elected as a Councillor in 2017. In 2015, Susan was recognised for her service to local government and received a Councillor Service Award through the Municipal Association of Victoria. In addition to experience in local government, Susan is a Member of the Australian Institute of Company Directors. She has enjoyed a distinguished career spanning more than 25 years in the publishing and media industry. She is a Director of a city-based publishing company supporting local business, community networks and information exchange. Susan is a member of the Australian Intercultural Society Advisory Board and a member of the RMIT University School of Fashion and Textiles Advisory Group.

5. Brendan McGrath

Chief Executive Officer, Rural City of Wangaratta / B AppSc, PG Dip Business Management. Appointed: 25 September 2015.

Brendan McGrath brings the Procurement Australia Board 20 years' Victorian local government and private sector management experience. With post graduate Business Management qualifications and in CEO roles since 2008, initially with Indigo Shire and now with Rural City of Wangaratta, Brendan's strengths lie in human and financial resources management and policy, strategy and business development.

His B AppSc and early local government management experience in community and recreation areas give Brendan a strong understanding of people and the community within which they live, essential for local government. Currently Board Director LGPro, Brendan is also a member of North East Victoria Regional Tourism Board.

6. Glenn Patterson

Chief Executive Officer, City of Casey / Bachelor of Business (RMIT), Master of Business (RMIT), Graduate Australian Institute of Company Directors Course / Institute of Executive Coaching and Leadership Level 2 accredited organisation coach. Appointed: 25 May 2015.

With 31 years' senior leadership experience, Glenn has been the City of Casey CEO since September 2018 having previously been CEO of Yarra Ranges Council for 10 years and CEO of Baw Baw and Colac Otway Councils. Glenn is a member of the Resilient Melbourne Strategy Steering Group and a Director of the Casey Cardinia Foundation.

He has also been CEO of a Melbourne-based property development group and owned and operated his own property-related business on the Mornington Peninsula.

7. Vijaya Vaidyanath

Chief Executive Officer, Yarra City Council MBA, MA (Economics) / Appointed: 23 May 2014 – Member, Finance Risk & Governance Committee.

Vijaya Vaidyanath is the CEO of the City of Yarra in Melbourne. Prior to this role, Vijaya spent close to a decade as CEO at Waitakere City Council, a very large metro City in New Zealand and as the CEO of Rodney District Council in New Zealand. She also worked for 15 years as a senior Executive in the Reserve Bank in India with brief stints in the USA before migrating to New Zealand. Vijaya was the former Board Member of Bank of Baroda New Zealand, Massey University and Advisory Member of various Government Boards in New Zealand. She is a member on various Local Government Advisory Groups and a Fellow of IPAA Victoria. Vijaya's qualifications include: Senior Executive Fellow, John F Kennedy School of Government, Harvard University; an MBA from JM Katz Graduate School of Business, Pittsburgh, USA; an MA (Economics) and a BA (Economics) from the University of Bangalore. Vijaya is renowned for her innovation, integrity, inspiring leadership style and unique ability to deliver results, together with her interest in social justice and value based leadership.

8. Tricia Klinger

Director, B Ec. M Comm. GAIDC. Appointed 22 February 2019.

Tricia Klinger joined the Procurement Australasia Ltd Board in 2019. She brings to the board over 20 years' leadership experience in corporate governance, marketing strategy, reputation management and customer cantered product innovation with leading brands in both Australia and Asia, most recently as General Manager Communications and Stakeholders at the NRMA. Tricia also holds a Board role at Qxbranch Australia, a leading quantum computing start up owned by US based Rigetii Computing.

Our Executive team.

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1. Joe Arena

Chief Executive Officer MBA, BBus, GAICD, ASA, MCIPS.

A qualified and highly experienced leader, Joe has an accounting background with vast financial operations experience in the areas of procurement, taxation, banking, investments, management and financial accounting, and fleet management. Prior to joining Procurement Australia, Joe was Director, Financial Operations with La Trobe University, an organisation with an operating budget of more than $650m spread over five campuses.

A specialist in fostering collaborative client relationships, Joe drives the development and implementation of Procurement Australia's Strategic Plan, ensuring the business has the right people, structure and systems in place to meet and exceed its business objectives and client expectations.

2. Brendan Hoare

Director, Strategic Sourcing, BBus.

With a procurement career spanning more than 20 years, Brendan came to Procurement Australia in 2011 having held previous positions of Director, Strategic Procurement with University of Melbourne and prior to that, Procurement Director at Victoria's largest public health service, Monash Health (previously Southern Health). With solid operational and project management expertise involving diverse procurement portfolios, Brendan is responsible for Procurement Australasia's strategic procurement, tender and contract functions, advisory consulting and commercial and contractual outcomes, pursuing greenfield categories and identifying expansion opportunities.

3. Annette Mackay

Executive Manager, People & Culture, CAHRI.

An accomplished leader specialising in Human Resource and Operations Management; Annette has led teams across a variety of functions and industries including insurance, travel, transport and professional services. She is committed to implementing business solutions that are technically, strategically and operationally strong.

With an ability to blend strong people skills with HR and Learning and Development technical expertise, Annette has a breadth of experience in Organisational Design & Development and has built Human Resource divisions from inception within a best practice framework.

Her operational and leadership competencies extend across all HR functions including management, finance, process reengineering, employment law, insurance management, work health and safety, risk, compliance and procurement.

Annette is active within AHRI and is a past member of the National Safety Council of Australia, the Institute of Industrial Engineers and ANZIIF and a past Board member of a Private Education college.

4. Georgia Argyropoulos

Executive Manager Strategy & Major Projects and Company Secretary, BA (Econ).

Georgia Argyropoulos is a skilled executive with extensive experience in the banking and logistics industries. Georgia began her career with the Commonwealth Bank where she spent more than 14 years working first in retail banking and communications before moving into project management in a variety of fields including performance monitoring and reporting, and business process analysis and re-engineering, before joining Procurement Australia in 2014.

At Procurement Australasia Georgia is responsible for Board matters, strategy execution across the business and the account management of the Information Technology and Quality Management portfolios. Georgia is also responsible for key cross functional business projects, their performance monitoring and reporting, and risk management.

5. Devraj Kanakappan

Director of Finance BAcc, CA, CPA.

Devraj is a professionally qualified and experienced finance executive with extensive senior level commercial, financial and accounting experience gained from working in the manufacturing, import, wholesale, retail, and construction industries in Australia, and overseas in Oman and India. Prior to joining Procurement Australasia in 2016, he was the Financial Controller with Australia's national furniture and particle board manufacturer and importer, the DIM Group based in Melbourne, Devraj is responsible for the company's annual budgets and forecasts, statutory accounts and monthly financial management reporting together with managing the company's investments, cash flow and treasury functions. His well-honed skills enable him to contribute constructively to strategic business planning, contract governance and administration.

6. Mark Hopcroft

Director, Marketing & Commercial Services.

Mark joined Church Resources in 2011, and became part of the Procurement Australasia executive team after divestment by the Church to Procurement Australasia in 2017. Mark has extensive experience in Marketing, Property and Business Management from a background in Senior Management in Banking & Finance, Sourcing, Manufacturing and Distribution (FMCG) sector business. Mark has an eye for 'future innovation' through experience gained as executive director and shareholder of a large Australian third-party manufacturing business and some ground-breaking work in business reengineering and person centred approaches after joining the NFP sector in 2005.

7. Jason Mackenzie

Director, Sales.

Joining Procurement Australasia at the beginning of 2019 as Sales Director, Jason Mackenzie has more than 25 years' sales and general management experience spanning a range of industries including security, B2B consumables, warehousing and logistics. Prior to this, Jason was Head of Sales with Office Max, a company with whom he held a number of sales and managerial roles over a 20+ year career including as State, Regional and General Manager. Having held full P&L responsibility across sales, customer service, purchasing, warehousing and logistics, Jason is now responsible for sales and relationship management at Procurement Australasia with a focus on delivering sustainable, long term growth for the group. He is recognised for his strong people management and leadership skills together with adopting a passionate strategic and tactical work approach.

Director's report.

The Directors present their report together with the financial statements of Procurement Australasia Limited ("the Company") for the year ended 30 September 2019 and the Auditors' Report thereon.

Directors

The Directors of the Company in office at any time during or since the financial year are:

Mr Ken McNamara

C.E, DIP CE, DipAppSc Tp, BApp ScPlan, FIE (Aust), FIMM, FAICD
(Chair of Board of Directors)
Appointed: 21 December 1992
Chair from: 1996 to 2007, and 21 February 2014 to present day.
Town Planner
Consultant Civil Engineer

Ms Susan Riley

(Non-Executive Director)
Appointed: 18 September 2009
Councillor – City of Melbourne.

Ms Lydia C. Wilson

BA, BSW, GAICD, FAIM
(Non-Executive Director)
Appointed: 26 February 2010.
Practitioner at Lydia Wilson Leadership Development.

Mr Stephen Griffin

BApp Sc, DipEd, Grad Dip, L.G., M.B. Man
(Non-Executive Director)
Appointed: 23 May 2014.
Chief Executive Office – Victoria State Emergency Service.

Ms Vijaya Vaidyanath

MBA, MA (Economics), F John Kennedy School of Government, FNZIM, MSLGM, ICMA (USA), ALGA, MAV, LGPA
(Non-Executive Director)
Appointed: 23 May 2014
Chief Executive Officer – Yarra City Council.

Mr Glenn Patterson

Bachelor of Business (RMIT), Master of Business (RMIT), Graduate Australian Institute of Company Directors
(Non-Executive Director)
Appointed: 26 May 2015.
Chief Executive Officer – Casey City Council

Mr Brendan McGrath

BAppSc, PG Dip Business Management
(Non-Executive Director)
Appointed: 25 September 2015.
Chief Executive Officer – Rural City of Wangaratta.

Ms Tricia Klinger

B Ec. M Comm. GAIDC
(Non-Executive Director)
Appointed: 22 February 2019.
Director – Oxbranch, Australia.

Company Secretary

Georgia Argyropoulos

Appointed: 22 April 2016.

Directors' Meetings

The number of Directors' Meetings including meetings of Committees of Directors and number of meetings attended by each of the Directors of the Company during the financial year are:

	Directors' Meetings		Finance & Governance Committee Meetings	
Director	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Mr. Ken McNamara	5	4	4	4
Mr. Stephen Griffin	5	5	4	4
Mr. Glenn Patterson	5	4	–	–
Mr. Brendan McGrath	5	3	–	–
Ms. Susan Riley	5	5	–	–
Ms. Vijaya Vaidyanath	5	5	4	4
Ms. Lydia Wilson	5	4	–	–
Ms Tricia Klinger	5	5	–	–

Number eligible to attend – reflects the number of meetings held for the time the Director held office during the year.
Number attended – number of meetings attended by each member in the reporting year.

Principal Activities

The principal activities of the Company during the financial year were the establishment and management of general supply contracts and Procurement consultancy services.

Review of Operations

Financial Results

The financial results for the company include the consolidated financials for Procurement Australia and Church Resources brands.

The operating profit for the year ended September 30, 2019 attributable to the members of Procurement Australasia Limited was $1,781,079 (The result for the year ended 30 September 2018 was a profit of $3,161,540).

A substantial portion of the operating profit for the year ended 30 September 2018 included a non – recurring Energy Contract Access fees amounting to $1,763,881.

Revenues

Total revenues from ordinary activities were $15,588,093 ($18,413,926 year end 30th Sep 2018).

This decline in revenue was due to the following significant changes in the different revenue streams.

- The non-recurring Energy Contract Access fees was $139,264 ($1,763,881 in FY 2018)
- Trading Sales amounted to $4,260,857 ($5,128,270 in FY 2018)
- Rebate Revenue increased to $8,810,562 ($8,260,937 in FY 2018)
- Consultancy Income declined to $1,319,846 ($2,546,044 in FY 2018)

Rebates from Contracts

Rebate revenue from contracts across both brands accounted for 57% of total revenue in 2019 (44% in 2018)

Trading Sales

Trading Sales accounted for 27% of total revenue in 2019 (28% in FY 2018)

Conferences

For the year ending September 2019, the company held the fifth of the new 'One Day' conferences. This was a successful event with strong engagement opportunities with stakeholders, delegates, suppliers and importantly sponsors. The event was held again at the Melbourne Convention and Exhibition Centre.

Expenditure

Expenditure decreased to $13,807,014 ($15,252,386 in 2018). The decrease was significantly driven by

- Cost of Trading Sales decreased to $3,783,228 ($4,874,058 in FY 2018) reflecting the decline in Direct Sales
- Consultancy Purchases increased to $1,142,995 ($2,009,394 in FY 2018) reflecting the decline in Consultancy Income

Dividends

Dividends paid or declared by the Company since the end of the previous financial year were:

Declared and paid during the year:
A final unfranked ordinary dividend of 25 cents per share amounting to $99,215 in respect of the year ended 30 September 2019 was declared (29 cents for 30th Sep 2018 totalling $115,090). The 2018 dividend was remitted to shareholding members on 18 December 2018.

State of Affairs

During the course of the year the Company made no issue of ordinary shares.

In the opinion of the Directors there were no significant changes in the state of affairs of the Company during the financial year under review.

Environmental Regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Auditor's Declaration under Section 307C of the Corporations Act 2001.

The lead Auditor's Independence Declaration is set out on page 50 and forms part of the Directors' Report for the year ended 30 September 2019.

Likely Developments

The Company will seek to resume its policy of increasing profitability through consolidation and steady growth in existing markets and products, while at the same time continuing to develop and introduce other innovative opportunities across its markets.

Directors' Interests and Benefits

During the year ended 30 September 2019 no Director of the Company had received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the financial statements) because of a contract made by the Company or a related body corporate with the Director or with a firm of which the Director is a member, or with an entity in which the Director has a substantial interest.

During the year ended 30 September 2019, no Director of the Company had any personal interest in the Company. Some Directors held shares in trust for their respective employer organisations.

Indemnification and Insurance of Directors and Officers

Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability, any person who is or has been an officer or auditor of the Company.

Insurance

The Company has paid premiums for Directors' and Officers' Liability and Corporate Reimbursement Insurance for current Directors and Officers of the Company

As disclosure is prohibited under the terms of the contract, The Directors have not included details of the nature of the liabilities covered or premiums paid in respect of Directors' and Officers' liability insurance.

Signed in accordance with a resolution of the Directors:

Ken McNamara (Chair of Board of Directors and Finance & Governance Committee)

Dated at Melbourne this 13th Day of December 2019.



FINANCIAL REPORT.

Independent Auditor's Report

Victorian Auditor-General's Office

To the Directors of Procurement Australasia Ltd

Opinion

I have audited the financial report of Procurement Australasia Ltd (the company) which comprises the:

- statement of financial position as at 30 September 2019
- statement of profit or loss and other comprehensive income for the year then ended
- statement of changes in equity for the year then ended
- statement of cash flows for the year then ended
- notes to the financial statements, including significant accounting policies
- declaration by directors.

In my opinion the financial report is in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the financial position of the company as at 30 September 2019 and its financial performance and cash flows for the year then ended
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Directors' responsibilities for the financial report

The Directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

MELBOURNE
18 December 2019

Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria

VAGO
Victorian Auditor-General's Office

Auditor-General's Independence Declaration

To the Directors, Procurement Australasia Ltd

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for Procurement Australasia Ltd for the year ended 30 September 2019, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
18 December 2019

Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria

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Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 September 2019.

	Notes	2019 $	2018 $
Revenue from Ordinary Activities			
Sales Rebate Revenue		8,810,562	8,260,937
Trading Sales		4,260,857	5,128,270
Consultancy Income		1,319,846	2,384,993
Interest		121,770	93,681
Revenue from Ordinary Activities	2	1,075,059	2,546,044
		15,588,093	**18,413,926**
Expense from Ordinary Activities			
Trading Sales – Cost of Sales		3,783,228	4,874,058
Consultancy – Purchases		1,142,995	2,009,394
Employee Expenses		5,013,099	4,763,563
Leasing Rent and Outgoings		734,460	700,159
Consultancy Fees		502,261	667,434
Promotional Activities		502,587	507,864
Incidentals		542,889	266,704
Expense from Ordinary Activities	3	1,585,496	1,463,210
		13,807,014	**15,252,386**
Profit for the year		**1,781,079**	**3,161,540**
Other Comprehensive Income		–	–
Total Comprehensive Income		**1,781,079**	**3,161,540**

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

for the year ended 30 September 2019.

	Notes	2019 $	2018 $
Assets			
Current Assets			
Cash and cash equivalents	5	6,401,783	5,833,705
Trade and other receivables	6	2,494,377	2,312,354
Inventories	7	5,270	5,236
Other assets	8	383,690	199,194
Investment and other financial assets	9	845,105	–
Total Current Assets		**10,130,225**	**8,350,489**
Non-Current Assets			
Plant & Equipment	10	648,750	698,429
Intangible Assets	11	1,475,828	1,355,099
Total Non-Current Assets		**2,124,578**	**2,053,528**
Total Assets		**12,254,803**	**10,404,017**
Liabilities			
Current Liabilities			
Trade and other Payables	12	1,343,777	1,511,611
Provisions	13	921,642	571,908
Total Current Liabilities		**2,265,419**	**2,083,519**
Non-Current Liabilities			
Provisions	13	104,193	117,171
Total Non-Current Liabilities		**104,193**	**117,171**
Total Liabilities		**2,369,612**	**2,200,690**
Net Assets		**9,885,191**	**8,203,327**
Equity			
Contributed Capital	14a	403,862	403,862
Retained Earnings	14b	9,481,329	7,799,465
Total Equity		**9,885,191**	**8,203,327**

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

Statement of Changes in Equity

for the year ended 30 September 2019.

	Notes	Contributed capital $	Retained earnings $	Total $
Balance at 01 October 2017		403,862	4,753,015	5,156,877
Profit for the year		–	3,161,540	3,161,540
Other comprehensive income		–	–	–
Dividends paid /or provided for	14c	–	(115,090)	(115,090)
Balance at 30 September 2018		403,862	7,799,465	8,203,327
Profit for the year		–	1,781,079	1,781,079
Other comprehensive income	14c	–	–	–
Dividends paid /or provided for	14c	–	(99,215)	(99,215)
Balance at 30 September 2019		**403,862**	**9,481,329**	**9,885,191**

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

Statement of Cash Flows

for the year ended 30 September 2019.

	Notes	2019 $	2018 $
Cash flows from operating activities			
Receipts from Customers		16,783,485	17,973,962
Interest Received		121,770	93,681
Employee Salaries and Benefits		(4,853,312)	(4,687,876)
Payments to Suppliers		(10,148,820)	(10,087,541)
Net cash flows from operating activities	15	**1,903,123**	**3,292,226**
Cash flows from investing activities			
Purchase of plant & equipment		(175,180)	(26,729)
Payments for intangibles		(244,980)	(62,200)
Payments for financial assets		(815,670)	–
Proceeds from sale of plant & equipment	4	–	–
Net cash flows from investing activities		**(1,235,830)**	**(88,929)**
Cash flows from financing activities			
Dividends paid	14c	(99,215)	(115,090)
Net cash flows from financing activities		**(99,215)**	**(115,090)**
Net increase in cash held		**568,078**	**3,088,207**
Cash and cash equivalents at 1st October 2018		**5,833,705**	**2,745,498**
Cash and cash equivalents at 30 September 2019	5, 15b	**6,401,783**	**5,833,705**

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

Notes

for the year ended 30 September 2019.

Note 1: Statement of Accounting Policies

The financial statements are for Procurement Australasia Ltd (the company), an individual entity limited by shares. The company was incorporated on 14th December 1992, and is domiciled in Australia. The purpose of the Company is to negotiate and facilitate contracts for common use goods and services on behalf of its members.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected balances. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

(b) Trade and other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(c) Plant and Equipment

All non-financial physical assets are measured initially at cost less accumulated depreciation and impairment.

Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 10 Plant and Equipment.

The fair value of plant and equipment, is normally determined by reference to the asset's depreciated replacement cost.

For the accounting policy on impairment of non-financial physical assets, refer to impairment of assets under Note 1(o) Impairment of assets.

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives commencing from the time the asset is held ready for use. A summary of the depreciation method and depreciation rates for each class of attached is as follows:

Class of Asset	Depreciation Rate	Method
Plant & Equipment	20-33%	S/L
Rates used are consistent with prior year.		

(d) Trade and other Payables

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid..

The normal credit terms are net 30 days.

(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(f) Income Tax

The Australian Taxation Office provided the Company with Income Tax exemption on 29 December 1995 stating that "the Company is exempt from income tax under paragraph 23(d) of the Income Tax Assessment Act (1936) on the grounds that it is a 'public authority'. This exemption is effective for the years ending on or after 30 September 1996. Under this exemption, the Company will not be required to lodge a return for income tax purposes.

(g) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(h) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset are transferred to the company (but not the legal ownership) are classified as finance leases. Finance leases are capitalised, recording as asset value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(i) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs, including super and payroll tax. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits, including related on - costs. Those cash flows are discounted using market yields on National Government Bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

(j) Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The Company has adopted AASB 15 Revenue from Contracts with Customers for the first time in the current year with a date of initial application of 1 July, 2018. There have been no key changes in the company's accounting policies or impact on the financial statements from applying AASB 15.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

Rent

Rent revenue is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Rebates Revenue

Sales to the company members not reported by suppliers at balance date are used as a base for the accrual of rebate revenue.

(k) Comparative Information

Where necessary the previous year's figures have been reclassified to facilitate comparisons.

(l) Financial Instruments

Recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately. Subsequent to initial recognition these instruments are measured as set out below:

Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method less any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive income.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired.

(m) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement. Such assets are subsequently measured at fair value.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

(n) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less accumulated impairment losses.

The amount of goodwill recognised on acquisition of each subsidiary in which the Company holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Company can elect in most circumstances to measure the non-controlling interest in the acquire either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the Company determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Company's cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(o) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives.

(p) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Note 1: Statement of Accounting Policies (continued)

Key estimates

(i) Fair Value of non-financial physical assets

At each balance date, the Company reviews the carrying value of the individual classes of non-financial physical assets to ensure that each asset materially approximates its fair value. Where the carrying value materially differs from the fair value the class of assets is revalued.

The Directors have made an assessment that the written down value of the plant and equipment the Company holds is a reasonable approximation of their fair values, based on the nature of these assets and insignificant fluctuation in their replacement cost.

(ii) Accrual of rebate revenue

At the end of each reporting period, the Company makes an estimate of the rebate revenues earned on sales made before the end of the reporting period, but had not been reported by the supplier to the Company at year end.

The Directors make this estimate based on previous reporting activity received and invoiced. The Directors believe this provides a reasonable basis for estimating this revenue earned.

Key judgements

(i) Impairment

The Company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.

With respect to cash flow projections for cash-generating units, growth rates of 10% have been factored into valuation models for the next five years on the basis of management's expectations regarding the Company's continued growth. Cash flow growth rates of 5% subsequent to this period have been used as this reflects historical averages. Discount rates of 15.31% have been used in all models. Goodwill, which management considers to be particularly subject to variability in respect of these assumptions, are carried in the statement of financial position at a written-down value of $1,221,664. No impairment has been recognised in respect of goodwill at the end of the reporting period.

In the current year, the Directors were of the opinion that no such indicators of impairment existed over the Company's long-term assets, and no detailed impairment assessment was undertaken.

(ii) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

(iii) Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the Company expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the Directors consider that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

(q) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(r) Changes in accounting standards

The entity has adopted AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customer that are mandatory for the current reporting period. Based on managements assessment, the impact of those new standards are immaterial. No other new or amended Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

– AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. Although the directors anticipate that the adoption of AASB 16 will impact the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

(s) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note, refer to Note 16 Capital & Leasing Commitments at their nominal value and inclusive of the GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(t) Events After the Reporting Period

There were no events which occurred after the reporting date that require disclosure as a subsequent event.

(u) Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 19 Contingent assets and contingent liabilities) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Note 2: Revenue

Revenue from Operating Activities	2019 $	2018 $
Energy Contract Access Fees	139,264	1,763,881
Tenders Online	12,850	20,792
Awards Dinner and Conference	159,400	110,098
Forums & Seminars Revenue	68,761	31,060
OneCard Fuel & Management Fee Revenues	171,441	172,028
Rental Income	472,038	390,015
Sundry Revenue	13,547	58,170
Dividends	8,323	–
Increase in Fair Value of Investments	29,435	–
Total Revenue from Ordinary Activities	**1,075,059**	**2,546,044**

Note 3: Expenditure

	2019 $	2018 $
Depreciation Plant & Equipment	211,482	192,324
Amortisation of Intangible Assets	136,118	121,473
Doubtful Debt Provision	–	783
Auditors Remuneration – Audit Services (Refer Note 17)	16,870	18,500
Awards Dinner and Conference	143,666	121,487
Business Development	7,346	3,315
Printing Postage Stationery	40,078	30,605
Travel Accommodation and Entertainment	213,720	238,755
Computer	419,484	372,728
Insurance	47,278	38,633
Utilities and Maintenance	51,485	38,281
Financial Legal Secretarial	60,055	43,690
Directors' Fees	236,402	238,701
Loss on Sale / disposal of Fixed Assets (Refer Note 4)	1,511	3,935
Total Expenses from Ordinary Activities	**1,585,496**	**1,463,210**

Note 4: Sale of non-current assets

	2019 $	2018 $
Non-Current Assets – Sales with Profit		
Proceeds from Disposals of Assets	–	–
Less: Written-Down Value of Assets Sold	(1,511)	(3,935)
Loss returned on sale of Non-Current Assets	(1,511)	(3,935)
Net Gain (Loss) on Disposal	**(1,511)**	**(3,935)**

Note 5: Cash and cash equivalents

	2019 $	2018 $
Cash on Hand and at Bank	2,676,487	1,173,098
Short Term Deposit	3,725,296	4,660,607
	6,401,783	**5,833,705**

Short Term Deposits have an effective interest rate of 1.78 % and an average maturity of 3 months (2018: 2.65% and 3 months).

Note 6: Trade and other receivables

	2019 $	2018 $
Trade debtors	1,648,638	1,479,491
Accrued Revenue	846,184	833,646
Other Receivables	338	–
Less Provision for Impairment of Receivables	(783)	(783)
Total Receivables	**2,494,377**	**2,312,354**

Note 6(a): Provision for impairment of receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. No provision for impairment is recognised.

Movement in the provision for impairment of receivables is as follows:

	Opening balance 1/10/18 $	Change for the year 2018-19 $	Amount written-off 2018-19 $	Closing balance 30/09/19 $
Current trade receivables	783	–	–	783
	783	**–**	**–**	**783**

	Opening balance 1/10/17 $	Change for the year 2017-18 $	Amount written-off 2017-18 $	Closing balance 30/09/18 $
Current trade receivables	–	783	–	783
	–	**783**	**–**	**783**

There are no balances within trade or other receivables that contain assets that are not impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full.

Note 7: Inventories

	2019 $	2018 $
Stock in Trade	5,270	5,236
	5,270	**5,236**

Note 8: Other assets

	2019 $	2018 $
Deposits	48,859	2,251
Prepayments	334,831	196,943
	383,690	**199,194**

Note 9: Investments and other financial assets

	2019 $	2018 $
Listed Ordinary Shares – held for trading	547,476	–
Listed Managed Funds – held for trading	268,194	–
Fair value adjustment through profit or loss	29,435	–
	845,105	**–**

Note 10: Plant & equipment

	2019 $	2018 $
Fair Value		
Plant & Equipment	1,272,013	1,125,226
Less Accumulated Depreciation	(623,263)	(426,798)
	648,750	698,429
Total Plant & Equipment at Fair Value	**648,750**	**698,429**

Fair Value Measurement Hierarchy for Assets as at 30 September 2019

	Carrying amount as at 30 Sept 19	Fair Value measurement at end of reporting period using: Level 1	Level 3	Level 3
Plant and equipment at fair value				
Plant and equipment	648,750	–	–	648,750
Total of plant, equipment and vehicles at fair value	**648,750**	**–**	**–**	**648,750**

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 September 2019.

For all assets measured at fair value, the current use is considered the highest and best use.

Reconciliations of the carrying amounts of plant & equipment at the beginning and end of the current financial year is set out opposite

Level 3 Tangible Assets – identified as:
Assets whose valuation techniques for which the lowest level input that is significant to the fair value measurement are unobservable.

	Plant & Equipment 2019 $	Plant & Equipment 2018 $
Opening Balance	**698,429**	**867,959**
Additions	163,313	26,729
Acquired in a Business Combination	–	–
Disposals	(1,511)	(3,935)
Transfers	–	–
Depreciation (see note 3)	(211,482)	(192,324)
Closing Balance	**648,750**	**698,429**

Description of significant unobservable inputs to Level 3 Tangible Asset valuations:
There have been no changes to inputs of ranges since the prior year.

	Valuation Technique	Significant Unobservable Inputs	Range / Cost (weighted average)	Sensitivity of Fair Value measurement to changes in Significant Observable Inputs.
Plant & Equipment	Cost	Cost per unit $	240 to 20,000 (average 4,330 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of plant & equipment	2 to 5 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

Note 11: Intangible assets

	2019 $	2018 $
Computer software, website and branding:		
At Cost	1,370,300	1,113,453
Accumulated Impairment Losses	(482,437)	(482,437)
Accumulated Amortisation	(633,699)	(497,581)
Net Carrying Value	**254,164**	**133,435**
Goodwill:		
At Cost	1,221,664	1,221,664
Accumulated Impairment Losses	–	–
Net Carrying Value	1,221,664	1,221,664
Total intangible assets	**1,475,828**	**1,355,099**

Reconciliation of Carrying Amounts:

	Software Systems		Websites and Portals		Goodwill	
	$ 2019	$ 2018	$ 2019	$ 2018	$ 2019	$ 2018
Opening Balance	**30,710**	**66,618**	**102,727**	**126,091**	**1,221,664**	**1,221,664**
Additions	247,247	–	9,598	62,200	–	–
Acquired in a Business Combination	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
Transfers	–	–	–	–	–	–
Impairment Provision	–	–	–	–	–	–
Amortisation (see note 3)	(69,699)	(35,908)	(66,419)	(85,564)	–	–
Closing Balance	**208,258**	**30,710**	**45,906**	**102,727**	**1,221,664**	**1,221,664**

Reconciliation of Carrying Amounts:

	Total	
	$ 2019	$ 2018
Opening Balance	**1,355,101**	**1,414,373**
Additions	256,845	62,199
Acquired in a Business Combination		
Disposals		
Transfers		
Impairment Provision		
Amortisation (see note 3)	(136,118)	(121,473)
Closing Balance	**1,475,828**	**1,355,099**

Impairment assessment of goodwill.

The carrying amount of goodwill is allocated to cash-generating units (CGUs) (being the relevant operations to which goodwill relates), which represent the lowest level at which goodwill is monitored by management. No impairment has been recognised in respect of goodwill for the year ended 30 September 2019. The key assumptions used in calculating the recoverable amount include current revenues derived by the Company from the operations of Church Resources, less rebates plus the residual profits of CGUs accruing to the Company. In calculating the value in use, cash flows over a 5-year period have been discounted at 15.31%. A growth rate of 10% has been assumed in the forecasts.

Note 12: Trade and other payables

	2019 $	2018 $
Trade Creditors	452,407	882,171
Security Deposit	14,351	14,001
Accrued Expenses	493,839	262,906
PAYG and GST Payable	250,227	206,801
Superannuation	33,738	30,642
Dividends Payable	99,215	115,090
	1,343,777	**1,511,611**

Note 13: Provisions

	2019 $	2018 $
Short Term		
Accrued staff bonuses	444,657	148,336
Annual Leave	259,145	236,407
Long Service Leave – expected to be settled within 12 months	133,390	81,110
Unpaid FBT	3,799	6,055
Other provisions	80,651	100,000
Total	**921,642**	**571,908**
Long Term		
Long Service Leave – expected to be settled after 12 months	104,193	117,171
Total Provisions	**1,025,835**	**689,079**

Note 14: Equity and reserves

(a) Contributed Equity		
396,862 (2018: 396,862) ordinary shares fully paid	403,862	403,862
(b) Retained Earnings		
Retained Earnings at the beginning of the year	7,799,465	4,753,015
Net Result for the year	1,781,079	3,161,540
Dividends Paid	(99,215)	(115,090)
Retained Earnings at the end of the year	**9,481,329**	**7,799,465**
(c) Dividends		
Dividends recognised in the current year by the Company are: 25 cents per share – (2018: final unfranked ordinary dividend - 29.cents).	(99,215)	(115,090)

Note 15: Reconciliation of net result for the year to net cash flows from operating activities

	2019 $	2018 $
(a) Reconciliation of net cash used in operating result		
Profit from ordinary activities after income tax	1,781,079	3,161,540
Non-Cash Movements		
Depreciation	211,482	192,324
Amortisation	136,118	121,473
Movement in Market Value	(29,435)	–
Doubtful Debts prov/(prov write back)	–	783
Loss / (Gain) on disposal of non-current assets	1,511	3,935
Decrease/(Increase) in Receivables	(182,023)	(346,283)
Increase/(Decrease) in Payables	(167,834)	112,821
Decrease/(Increase) in Prepayments	(184,496)	(26,900)
Increase/(decrease) in inventories	(34)	(3,154)
Increase/(decrease) in provisions	336,755	75,687
Net Cash From Operating Activities	**1,903,123**	**3,292,226**

(b) 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 on Hand and at Bank	2,676,487	1,173,098
Term Deposits	3,725,296	4,660,607
Cash and Cash Equivalents	**6,401,783**	**5,833,704**

Note 16: Capital and leasing commitments

	2019 $	2018 $
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable		
not later than 1 year	913,032	594,247
later than 1 year but not later than 5 years	3,017,405	1,787,208
later than 5 years	2,823,406	–
	6,753,843	**2,381,455**

A seven-year lease has been signed for the Victorian and National offices on Level 18, Bourke Street, Melbourne, VIC 3000 whose expiry is set for 31st May 2023.

A license agreement has been signed for the NSW office at Level 5, 9 Help Street, Chatswood, NSW 2057 whose expiry is set for March 2021.

A ten-year lease has been signed for the Space Station offices on Level 10, 440 Collins Street, Melbourne, VIC 3000 whose expiry is set for 5th September 2029.

(b) Capital Commitments

At 30 September 2019, the Company has the following capital commitments. Contract has been signed with Office Design Consultants Pty Ltd for providing Fit Outs and furnishing the Office Premises at 440 Collins Street, Melbourne for $1,573,490. This amount will be payable in less than 1 year.

Note 17: Auditor's remuneration

	2019 $	2018 $
Amounts received, or due and receivable for auditing the accounts by:	16,870	18,500
– Victorian Auditor-General (External Audit)	**16,870**	**18,500**

Note 18: Related party transactions

(a) The names of Directors who have held office during the financial year are:

Mr Ken McNamara, Ms Susan Riley, Ms Lydia Wilson, Ms Vijaya Vaidyanath, Mr Stephen Griffin, Mr Glenn Patterson, Mr Brendan McGrath, Ms Tricia Anne Klinger.

No Director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year end.

	2019 $	2018 $
(b) Income paid or payable to Directors	214,219	215,169
No. of Directors whose income from the company was within the following bands:		
$1,000-$9,999	–	–
$10,000-$19,999	–	–
$20,000-$29,999	7	5
$30,000-$39,999	–	1
$40,000-$49,999	1	1
	8	**7**
(c) Amounts of a prescribed benefit given during the year by the company to a prescribed superannuation fund on behalf of Directors.	13,234	12,514
(d) Other Transactions of Responsible Persons and their Related Entities.	–	–
	–	–

The company did not make payments to other contractors charged with significant management responsibilities from 1st October 2018 to 30 September 2019.

(e) Executive Officers' Remuneration

The number of executive officers, other than responsible persons, whose total remuneration falls within the bands above $100,000 at 30 September 2019 are as follows:

Income band ($)	2019	2018
$0-$99,999	–	–
$100,000-$109,999	3	5
$110,000-$119,999	3	7
$120,000-$129,999	1	1
$130,000-$139,999	4	1
$140,000-$149,999	3	2
$160,000-$169,999	1	–
$180,000-$189,999	–	1
$190,000-$199,999	1	–
$200,000-$209,999	–	1
$210,000-$219,999	–	1
$240,000-$249,999	1	–
$280,000-$289,999	1	1
Total number of employees for the above bands	**18**	**20**
Aggregate remuneration for bandings above	**2,645,546**	**2,908,637**

Note 19: Contingent assets and contingent liabilities

	2019 $	2018 $
Contingent Liabilities		
Bank Guarantees related to Level 18, 461 Bourke Street, Melbourne, Victoria 3000	97,366	97,366
Bank Guarantees related to Level 5, 9 Help Street, Chatswood, NSW 2067	198,952	198,952
Bank Guarantees related to Level 10, 440 Collins Street, Melbourne, VIC 3000	523,600	–
Total Contingent Liabilities	**819,918**	**296,318**

There are no known contingent assets for the company.

Note 20: Events occurring after reporting date

Since 30 September 2019 no matter or circumstance has arisen which has significantly affected, or which may significantly affect, the operations of the organisation or of a related entity.

Note 21: Financial instruments

a) Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks, short term investments, accounts receivables and payables and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

The main risks the entity is exposed to through its financial instruments are market risk, funding risk, interest rate risk, credit risk and liquidity risk.

Market Risk

The entity in its daily operations is exposed to a number of market risks. Market risks relate to the risk that market rates and prices will change and that this will have an adverse affect on the operating result and/or net worth of the entity.

There has been no significant change in the entity's exposure, or its objectives, policies and processes for managing market risk or the methods used to measure this risk from the previous reporting period.

Interest Rate Risk
The entity has no long term borrowings, and so is not exposed to any borrowing interest rate risk. The entity has minimal exposure to interest rate risk through its holding of cash assets and other financial assets. The entity manages its interest rate risk by maintaining a diversified investment portfolio.

Sharemarket Risk
The entity has no share portfolio, and so no sharemarket risk.

Foreign Exchange Risk
The entity has no exposure to changes in the foreign exchange rate

Other Price Risk
The entity has no significant exposure to Other Price Risk

Funding Risk

Funding risk is the risk of over reliance on a funding source to the extent that a change in that funding source could impact on the operating result for the current year and future years.

There has been no significant change in the entity's exposure, or its objectives, policies and processes for managing funding risk or the methods used to measure this risk from the previous reporting period.

Credit risk exposures

The entity's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

Concentration of Credit Risk

The entity minimises concentrations of credit risk in relation to trade accounts receivable by not undertaking transactions with many customers due to the nature of the entity operations.

Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days from date of invoice.
- payments are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity. Payables are normally settled on 30 day terms.
- debtors with accounts in excess of 30 days are sent a statement of account, indicating terms to make payment.
- debtors with arrears are sent a reminder notice to make payment before reference of their debt to a debt collection agency.
- debtors which represent government departments or agencies are not referred to a debt collection agency, but managed by the entity directly with agency contacts.

Liquidity risk

Liquidity risk is the risk of being unable to meet financial obligations as they fall due.

The entity manages liquidity risk by monitoring cash flows and ensuring that maximum funds are available for investment and payment of financial liabilities.

There has been no significant change in the entity's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

The entity's financial liability maturities have been disclosed at Note 21 (b)

b) Interest Rate Risk

The entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities.

Financial Instruments	Non-Interest-Bearing		Floating Interest Rate		Fixed Interest Rate Maturing In:						Total Carrying Amount Per Balance Sheet	
					1 year or less		1 to 5 years		Over 5 years			
	$ 2019	$ 2018	$ 2019	$ 2018	$ 2019	$ 2018	$ 2019	$ 2018	$ 2019	$ 2018	$ 2019	$ 2018
Financial Assets												
Cash	–	–	2,676,487	1,173,098	3,725,296	4,660,607	–	–	–	–	6,401,783	5,833,705
Receivables	2,494,377	2,312,354	–	–	–	–	–	–	–	–	2,494,377	2,312,354
Other financial assets	845,105	–	–	–	–	–	–	–	–	–	845,105	–
Total Financial Assets	**3,339,482**	**2,312,354**	**2,676,487**	**1,173,098**	**3,725,296**	**4,660,607**	**–**	**–**	**–**	**–**	**9,741,265**	**8,146,059**
Financial Liabilities												
Payables	1,343,777	1,511,611	–	–	–	–	–	–	–	–	1,343,777	1,511,611
Total Financial Liabilities	**1,343,777**	**1,511,611**	–	–	–	–	–	–	–	–	**1,343,777**	**1,511,611**
Net Financial Asset/ Liabilities	**1,995,705**	**800,743**	**2,676,487**	**1,173,098**	**3,725,296**	**4,660,607**	–	–	–	–	**8,397,488**	**6,634,448**
Weighted average interest rate			1.0%	1.0%	1.7%	2.7%						

Note 21: Financial instruments (continued)

c) Market Risk on Financial Instruments

The objective of managing interest risk is to minimise and control the risks of losses due to interest rate changes and to take advantage of potential profits.

Policy in managing the interest risk:

Interest risk is managed by monitoring the outlook for interest rates and holding cash in cheque and term deposits.

Sensitivity analysis on interest risk:

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of financial markets, the entity believes the following movements are 'reasonably possible' over the next 12 months:

– A parallel shift of between -1+1 % and -1+1 % in interest rates from year-end rates

The following tables disclose the impact on net operating result and equity for each category of financial instrument held by the entity at year end as presented to key management personnel.

Interest Rate Exposure 2019	Current Rate (%)	Amount	Annual return at current rate	Rates move by:	
				-1% Possible effect Profit or loss	1% Possible effect Profit or loss
Financial Assets					
Cash at Bank	1.00%	2,676,487	26,764	(26,764)	26,764
Short term deposit	1.78%	3,725,296	66,310	(37,253)	37,253
Receivables	0.00%	2,494,377	–	–	–
Other Financial Assets	0.00%	845,105	–	–	–
Total Financial Assets		**9,741,265**	**93,074**	**(64,016)**	**64,016**
Financial Liabilities					
Trade creditors and accruals	0.00%	1,343,777	–	–	–
Total Financial Liabilities		**1,343,777**	**–**	**–**	**–**
Possible effect movement in interest income in profit or loss				**(64,016)**	**64,016**

Note 21: Financial instruments (continued)

Interest Rate Exposure 2018	Current Rate (%)	Amount	Annual return at current rate	Rates move by:	
				-1% Possible effect Profit or loss	1% Possible effect Profit or loss
Financial Assets					
Cash at Bank	1.00%	1,173,098	11,730	(11,730)	11,730
Short term deposit	2.65%	4,660,607	123,506	(46,606)	46,606
Receivables	0.00%	2,312,354	–	–	–
Total Financial Assets		**8,146,058**	**135,236**	**(58,336)**	**58,336**
Financial Liabilities					
Trade creditors and accruals	0.00%	1,511,611	–	–	–
Total Financial Liabilities		**1,511,611**	**–**	**–**	**–**
Possible effect movement in interest income in profit or loss				**(58,336)**	**58,336**

d) Fair Value Valuation

The carrying amounts and fair values of financial assets and financial liabilities at balance date are:

Financial instruments	2019		2018	
	Carrying Value $	Fair Value $	Carrying Value $	Fair Value $
Financial Assets				
Cash and cash equivalents	6,401,783	6,401,783	5,833,705	5,833,705
Receivables	2,494,377	2,494,377	2,312,354	2,312,354
Other financial assets	845,105	845,105	–	–
Total Financial Assets	9,741,265	9,741,265	8,146,059	8,146,059
Financial Liabilities				
Trade creditors and accruals	1,343,777	1,343,777	1,511,611	1,511,611
Total Financial Liabilities	**1,343,777**	**1,343,777**	**1,511,611**	**1,511,611**

The fair value of instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the entity is the current bid price.

Cash, cash equivalents and non-interest bearing financial assets and financial liabilities are carried at cost, which approximates their fair value.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

The fair value of financial liabilities for disclosure purposes is estimated by discounting future cash flows at the current market interest rate that is available to the entity for similar financial assets.

Procurement Australasia Ltd
Declaration by Directors.

for the year ended 30 September 2019.

In accordance with a resolution of the directors of Procurement Australasia Ltd, the directors of the company declare that

1. The financial statements and notes of the company set out on pages 47 to 72 are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with international Financial Reporting Standards, and

   (b) gives a true and fair view of the company's financial position as at 30 September 2019 and of the performance for the year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Ken McNamara,
Chair of Board of Directors and Finance, Risk & Governance Committee.

Dated this 13th day of December 2019.



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CIPS CORPORATE CERTIFICATION
Standard Award
Number: 0434 – Valid to: 10/2021

Certified System
Quality
ISO 9001
SAI GLOBAL

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